

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 512

Introduced by Education Committee: Groene, 42, Chairperson; Ebke, 32; Erdman, 47; Kolowski, 31; Linehan, 39; Morfeld, 46; Pansing Brooks, 28; Walz, 15.

Read first time January 18, 2017

Committee: Education

1 A BILL FOR AN ACT relating to education; to amend sections 79-319,
2 79-575, 79-746, 79-1065, 79-1108.02, 79-1144, 79-1218, 79-1221,
3 79-1225, 85-308, 85-917, 85-933, and 85-949, Reissue Revised
4 Statutes of Nebraska, and sections 9-812, 79-237, 79-2,144, 79-1003,
5 79-1007.11, 79-1017.01, and 79-1054, Revised Statutes Cumulative
6 Supplement, 2016; to fund provisions related to the Nebraska
7 Education Improvement Fund; to change option enrollment; to change a
8 deadline for the state school security director; to transfer duties
9 and eliminate the State Board of Vocational Education; to change
10 reorganization provisions for low-enrollment school districts; to
11 change provisions for school board secretaries and treasurers; to
12 eliminate the best practices allowance and best practices aid; to
13 provide for repayment of federal funds; to repeal the Council on
14 Student Attendance; to eliminate obsolete provisions; to harmonize
15 provisions; to repeal the original sections; to outright repeal
16 sections 79-321, 79-527.01, 79-738, 79-739, 79-740, 79-741, 79-742,
17 79-743, and 79-744, Reissue Revised Statutes of Nebraska, and
18 section 79-1004, Revised Statutes Cumulative Supplement, 2016; and
19 to declare an emergency.
20 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 (c) ~~(e)~~ Forty-four and one-half percent of the money remaining after
19 the payment of prizes and operating expenses and the initial transfer to
20 the Compulsive Gamblers Assistance Fund shall be transferred to the
21 Nebraska Environmental Trust Fund to be used as provided in the Nebraska
22 Environmental Trust Act;

23 ~~(d)~~ ~~(f)~~ Ten percent of the money remaining after the payment of
24 prizes 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 ~~(e) (g)~~ One percent of the money remaining after the payment of
5 prizes 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 ~~(4) (5) The Nebraska Education Improvement Fund is created. The fund~~
27 ~~shall consist of money transferred pursuant to subsection subsections (3)~~
28 ~~and (4) of this section, money transferred pursuant to section 85-1920,~~
29 ~~and any other funds appropriated by the Legislature. The fund shall be~~
30 ~~allocated, after actual and necessary administrative expenses, as~~
31 ~~provided in this section for fiscal years 2016-17 through 2020-21. A~~

1 portion of each allocation may be retained by the agency to which the
2 allocation is made or the agency administering the fund to which the
3 allocation is made for actual and necessary expenses incurred by such
4 agency for administration, evaluation, and technical assistance related
5 to the purposes of the allocation, except that no amount of the
6 allocation to the Nebraska Opportunity Grant Fund may be used for such
7 purposes. On or before December 31, 2019, the Education Committee of the
8 Legislature shall electronically submit recommendations to the Clerk of
9 the Legislature regarding how the fund should be allocated to best
10 advance the educational priorities of the state for the five-year period
11 beginning with fiscal year 2021-22. For fiscal year 2016-17, an amount
12 equal to ten percent of the revenue allocated to the Education Innovation
13 Fund and to the Nebraska Opportunity Grant Fund for fiscal year 2015-16
14 shall be retained in the Nebraska Education Improvement Fund. For fiscal
15 years 2017-18 through 2020-21, an amount equal to ten percent of the
16 revenue received by the Nebraska Education Improvement Fund in the prior
17 fiscal year shall be retained in the fund. For fiscal years 2016-17
18 through 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) Seventeen percent of the allocated funds to the Department of
25 Education Innovative Grant Fund to be used (i) for competitive innovation
26 grants pursuant to section 79-1054 and (ii) ~~for school fiscal year~~
27 ~~2017-18,~~ to carry out the purposes of section 79-759;

28 (c) Nine percent of the allocated funds to the Community College Gap
29 Assistance Program Fund to carry out the community college gap assistance
30 program;

31 (d) Eight percent of the allocated funds to the Excellence in

1 Teaching Cash Fund to carry out the Excellence in Teaching Act;

2 (e) Sixty-two percent of the allocated funds to the Nebraska
3 Opportunity Grant Fund to carry out the Nebraska Opportunity Grant Act in
4 conjunction with appropriations from the General Fund; and

5 (f) Three percent of the allocated funds to fund distance education
6 incentives pursuant to section 79-1337.

7 (5) ~~(6)~~ Any money in the State Lottery Operation Trust Fund, the
8 State Lottery Operation Cash Fund, the State Lottery Prize Trust Fund,
9 the Nebraska Education Improvement Fund, or the Education Innovation Fund
10 available for investment shall be invested by the state investment
11 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
12 State Funds Investment Act.

13 (6) ~~(7)~~ Unclaimed prize money on a winning lottery ticket shall be
14 retained for a period of time prescribed by rules and regulations. If no
15 claim is made within such period, the prize money shall be used at the
16 discretion of the Tax Commissioner for any of the purposes prescribed in
17 this section.

18 Sec. 2. Section 79-237, Revised Statutes Cumulative Supplement,
19 2016, is amended to read:

20 79-237 (1) For a student to begin attendance as an option student in
21 an option school district in which the student resides, the student's
22 parent or legal guardian shall submit an application to the school board
23 of the option school district between September 1 and March 15 for
24 attendance during the following and subsequent school years. Except as
25 provided in subsection (2) of this section, applications submitted after
26 March 15 shall contain a release approval from the resident school
27 district on the application form prescribed and furnished by the State
28 Department of Education pursuant to subsection (8) of this section. A
29 district may not accept or approve any applications submitted after such
30 date without such a release approval. The option school district shall
31 provide the resident school district with the name of the applicant on or

1 before April 1 or, in the case of an application submitted after March
2 15, within sixty days after submission. The option school district shall
3 notify, in writing, the parent or legal guardian of the student and the
4 resident school district whether the application is accepted or rejected
5 on or before April 1 or, in the case of an application submitted after
6 March 15, within sixty days after submission. An option school district
7 that is a member of a learning community may not approve an application
8 pursuant to this section for a student who resides in such learning
9 community to attend prior to school year 2017-18.

10 (2) A student who relocates to a different resident school district
11 after February 1 or whose option school district merges with another
12 district effective after February 1 may submit an application to the
13 school board of an option school district for attendance during the
14 current or immediately following and subsequent school years unless the
15 applicant is a resident of a learning community and the application is
16 for attendance to begin prior to school year 2017-18 in an option school
17 district that is also a member of such learning community. Such
18 application does not require the release approval of the resident school
19 district. The option school district shall accept or reject such
20 application within forty-five days.

21 (3) A parent or guardian may provide information on the application
22 for an option school district that is a member of a learning community
23 regarding the applicant's potential qualification for free or reduced-
24 price lunches. Any such information provided shall be subject to
25 verification and shall only be used for the purposes of subsection (4) of
26 section 79-238. Nothing in this subsection requires a parent or guardian
27 to provide such information. Determinations about an applicant's
28 qualification for free or reduced-price lunches for purposes of
29 subsection (4) of section 79-238 shall be based on any verified
30 information provided on the application. If no such information is
31 provided, the student shall be presumed not to qualify for free or

1 reduced-price lunches for the purposes of subsection (4) of section
2 79-238.

3 (4) Applications for students who do not actually attend the option
4 school district may be withdrawn in good standing upon mutual agreement
5 by both the resident and option school districts.

6 (5) No option student shall attend an option school district for
7 less than one school year unless the student relocates to a different
8 resident school district, completes requirements for graduation prior to
9 the end of his or her senior year, transfers to a private or parochial
10 school, or upon mutual agreement of the resident and option school
11 districts cancels the enrollment option and returns to the resident
12 school district.

13 (6) Except as provided in subsection (5) of this section or, for
14 open enrollment option students, in section 79-235.01, the option student
15 shall attend the option school district until graduation unless the
16 student relocates in a different resident school district, transfers to a
17 private or parochial school, or chooses to return to the resident school
18 district.

19 (7) In each case of cancellation pursuant to subsections (5) and (6)
20 of this section, the student's parent or legal guardian shall provide
21 written notification to the school board of the option school district
22 and the resident school district on forms prescribed and furnished by the
23 department under subsection (8) of this section in advance of such
24 cancellation.

25 (8) The application and cancellation forms shall be prescribed and
26 furnished by the State Department of Education.

27 (9) An option student who subsequently chooses to attend a private
28 or parochial school and who is not an open enrollment option student
29 shall be automatically accepted to return to either the resident school
30 district or option school district upon the completion of the grade
31 levels offered at the private or parochial school. If such student

1 chooses to return to the option school district, the student's parent or
2 legal guardian shall submit another application to the school board of
3 the option school district which shall be automatically accepted, and the
4 deadlines prescribed in this section shall be waived.

5 Sec. 3. Section 79-2,144, Revised Statutes Cumulative Supplement,
6 2016, is amended to read:

7 79-2,144 The state school security director appointed pursuant to
8 section 79-2,143 shall be responsible for providing leadership and
9 support for safety and security for the public schools. Duties of the
10 director include, but are not limited to:

11 (1) Collecting safety and security plans, required pursuant to rules
12 and regulations of the State Department of Education relating to
13 accreditation of schools, and other school security information from each
14 school system in Nebraska. School districts shall provide the state
15 school security director with the safety and security plans of the school
16 district and any other security information requested by the director,
17 but any plans or information submitted by a school district may be
18 withheld by the department pursuant to subdivision (8) of section
19 84-712.05;

20 (2) Recommending minimum standards for school security on or before
21 January 1, 2016, to the State Board of Education;

22 (3) Conducting an assessment of the security of each public school
23 building, which assessment shall be completed by August 31, 2019 ~~2017~~;

24 (4) Identifying deficiencies in school security based on the minimum
25 standards adopted by the State Board of Education and making
26 recommendations to school boards for remedying such deficiencies;

27 (5) Establishing security awareness and preparedness tools and
28 training programs for public school staff;

29 (6) Establishing research-based model instructional programs for
30 staff, students, and parents to address the underlying causes for violent
31 attacks on schools;

1 (7) Overseeing suicide awareness and prevention training in public
2 schools pursuant to section 79-2,146;

3 (8) Establishing tornado preparedness standards which shall include,
4 but not be limited to, ensuring that every school conduct at least two
5 tornado drills per year;

6 (9) Responding to inquiries and requests for assistance relating to
7 school security from private, denominational, and parochial schools; and

8 (10) Recommending curricular and extracurricular materials to assist
9 school districts in preventing and responding to cyberbullying and
10 digital citizenship issues.

11 Sec. 4. Section 79-319, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 79-319 The State Board of Education has the authority to (1) provide
14 for the education of and approve special educational facilities and
15 programs provided in the public schools for children with disabilities,
16 (2) act as the state's authority for the approval of all types of
17 veterans educational programs and have jurisdiction over the
18 administration and supervision of on-the-job and apprenticeship training,
19 on-the-farm training, and flight training programs for veterans which are
20 financially supported in whole or in part by the federal government, (3)
21 supervise and administer any educational or training program established
22 within the state by the federal government, except postsecondary
23 education in approved colleges, (4) coordinate educational activities in
24 the state that pertain to elementary and secondary education and such
25 other educational programs as are placed by statute under the
26 jurisdiction of the board, (5) administer any state or federal career and
27 technical education laws and funding as directed, (6) receive and
28 distribute according to law any money, commodities, goods, or services
29 made available to the board from the state or federal government or from
30 any other source and distribute money in accordance with the terms of any
31 grant received, including the distribution of money from grants by the

1 federal government to schools, preschools, day care centers, day care
2 homes, nonprofit agencies, and political subdivisions of the state or
3 institutions of learning not owned or exclusively controlled by the state
4 or a political subdivision thereof, so long as no public funds of the
5 state, any political subdivision, or any public corporation are added to
6 such federal grants, (7) ~~(6)~~ publish, from time to time, directories of
7 schools and educators, pamphlets, curriculum guides, rules and
8 regulations, handbooks on school constitution and other matters of
9 interest to educators, and similar publications. Such publications may be
10 distributed without charge to schools and school officials within this
11 state or may be sold at a price not less than the actual cost of
12 printing. The proceeds of such sale shall be remitted to the State
13 Treasurer for credit to the State Department of Education Cash Fund which
14 may be used by the State Department of Education for the purpose of
15 printing and distributing further such publications on a nonprofit basis.
16 Copies of such publications shall be provided to the Nebraska
17 Publications Clearinghouse pursuant to section 51-413, and (8) ~~(7)~~ when
18 necessary for the proper administration of the functions of the
19 department and with the approval of the Governor and the Department of
20 Administrative Services, rent or lease space outside the State Capitol.

21 Sec. 5. Section 79-575, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 79-575 The secretary, treasurer, or person delegated by the school
24 board of a school district shall draw and sign all orders upon the
25 treasurer for all money to be disbursed by the district and all warrants
26 upon the county treasurer for money raised for district purposes or
27 apportioned to the district by the county treasurer and shall present the
28 same to the president to be countersigned. No warrant, check, or other
29 instrument drawn upon bank depository funds of the district shall be
30 issued until so countersigned. No warrant, check, or other instrument
31 drawn upon bank depository funds of the district shall be countersigned

1 by the president until the amount for which it is drawn is written upon
2 its face. Facsimile signatures of board members may be used, and a person
3 or persons delegated by the board may sign and validate all warrants,
4 checks, and other instruments drawn upon bank depository funds of the
5 district.

6 Sec. 6. Section 79-746, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 79-746 Any public school district in this state may enter into an
9 agreement with any other public school district in this state to provide
10 and share vocational educational programs, particularly programs
11 involving recent technological developments such as electronics, computer
12 science, and communications. The agreement's terms shall be approved by
13 the school board or board of education of each school district
14 participating in the agreement. The terms of the agreement shall include,
15 but not be limited to, the method of sharing or hiring personnel,
16 purchasing equipment and materials, and course curriculum.

17 The State Board of ~~Vocational~~ Education shall be apprised of all
18 interdistrict school agreements at the time such agreements are executed.

19 Sec. 7. Section 79-1003, Revised Statutes Cumulative Supplement,
20 2016, is amended to read:

21 79-1003 For purposes of the Tax Equity and Educational Opportunities
22 Support Act:

23 (1) Adjusted general fund operating expenditures means (a) for
24 school fiscal years 2013-14 through 2015-16, the difference of the
25 general fund operating expenditures as calculated pursuant to subdivision
26 (23) of this section increased by the cost growth factor calculated
27 pursuant to section 79-1007.10, minus the transportation allowance,
28 special receipts allowance, poverty allowance, limited English
29 proficiency allowance, distance education and telecommunications
30 allowance, elementary site allowance, summer school allowance,
31 instructional time allowance, teacher education allowance, and focus

1 school and program allowance, (b) for school fiscal years 2016-17 through
2 2018-19, the difference of the general fund operating expenditures as
3 calculated pursuant to subdivision (23) of this section increased by the
4 cost growth factor calculated pursuant to section 79-1007.10, minus the
5 transportation allowance, special receipts allowance, poverty allowance,
6 limited English proficiency allowance, distance education and
7 telecommunications allowance, elementary site allowance, summer school
8 allowance, ~~best practices allowance~~, and focus school and program
9 allowance, and (c) for school fiscal year 2019-20 and each school fiscal
10 year thereafter, the difference of the general fund operating
11 expenditures as calculated pursuant to subdivision (23) of this section
12 increased by the cost growth factor calculated pursuant to section
13 79-1007.10, minus the transportation allowance, special receipts
14 allowance, poverty allowance, limited English proficiency allowance,
15 distance education and telecommunications allowance, elementary site
16 allowance, summer school allowance, ~~best practices allowance~~, community
17 achievement plan allowance, and focus school and program allowance;

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

28 (3) Allocated income tax funds means the amount of assistance paid
29 to a local system pursuant to section 79-1005.01 as adjusted, for school
30 fiscal years prior to school fiscal year 2017-18, by the minimum levy
31 adjustment pursuant to section 79-1008.02;

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

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

9 (6) Board means the school board of each school district;

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

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

18 (9) Converted contract means an expired contract that was in effect
19 for at least fifteen school years beginning prior to school year 2012-13
20 for the education of students in a nonresident district in exchange for
21 tuition from the resident district when the expiration of such contract
22 results in the nonresident district educating students, who would have
23 been covered by the contract if the contract were still in effect, as
24 option students pursuant to the enrollment option program established in
25 section 79-234;

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

1 (11) Department means the State Department of Education;

2 (12) District means any Class I, II, III, IV, V, or VI school
3 district ~~or and, beginning with the calculation of state aid for school~~
4 ~~fiscal year 2011-12 and each school fiscal year thereafter,~~ a unified
5 system as defined in section 79-4,108;

6 (13) Ensuing school fiscal year means the school fiscal year
7 following the current school fiscal year;

8 (14) Equalization aid means the amount of assistance calculated to
9 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,
10 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

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

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

17 (17) Formula students means:

18 (a) For state aid certified pursuant to section 79-1022, the sum of
19 the product of fall membership from the school fiscal year immediately
20 preceding the school fiscal year in which the aid is to be paid
21 multiplied by the average ratio of average daily membership to fall
22 membership for the second school fiscal year immediately preceding the
23 school fiscal year in which the aid is to be paid and the prior two
24 school fiscal years plus sixty percent of the qualified early childhood
25 education fall membership plus tuitioned students from the school fiscal
26 year immediately preceding the school fiscal year in which aid is to be
27 paid minus the product of the number of students enrolled in kindergarten
28 that is not full-day kindergarten from the fall membership multiplied by
29 0.5; and

30 (b) For the final calculation of state aid pursuant to section
31 79-1065, the sum of average daily membership plus sixty percent of the

1 qualified early childhood education average daily membership plus
2 tuitioned students minus the product of the number of students enrolled
3 in kindergarten that is not full-day kindergarten from the average daily
4 membership multiplied by 0.5 from the school fiscal year immediately
5 preceding the school fiscal year in which aid was paid;

6 (18) Free lunch and free milk calculated students means, using the
7 most recent data available on November 1 of the school fiscal year
8 immediately preceding the school fiscal year in which aid is to be paid,
9 (a) for schools that did not provide free meals to all students pursuant
10 to the community eligibility provision, students who individually
11 qualified for free lunches or free milk pursuant to the federal Richard
12 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the
13 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts
14 and sections existed on January 1, 2015, and rules and regulations
15 adopted thereunder, plus (b) for schools that provided free meals to all
16 students pursuant to the community eligibility provision, (i) for school
17 fiscal year 2016-17, the product of the students who attended such school
18 multiplied by the identified student percentage calculated pursuant to
19 such federal provision or (ii) for school fiscal year 2017-18 and each
20 school fiscal year thereafter, the greater of the number of students in
21 such school who individually qualified for free lunch or free milk using
22 the most recent school fiscal year for which the school did not provide
23 free meals to all students pursuant to the community eligibility
24 provision or one hundred ten percent of the product of the students who
25 qualified for free meals at such school pursuant to the community
26 eligibility provision multiplied by the identified student percentage
27 calculated pursuant to such federal provision, except that the free lunch
28 and free milk students calculated for any school pursuant to subdivision
29 (18)(b)(ii) of this section shall not exceed one hundred percent of the
30 students qualified for free meals at such school pursuant to the
31 community eligibility provision;

1 (19) Free lunch and free milk student means, for school fiscal years
2 prior to school fiscal year 2016-17, a student who qualified for free
3 lunches or free milk from the most recent data available on November 1 of
4 the school fiscal year immediately preceding the school fiscal year in
5 which aid is to be paid;

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

8 (21) General fund budget of expenditures means the total budget of
9 disbursements and transfers for general fund purposes as certified in the
10 budget statement adopted pursuant to the Nebraska Budget Act, except that
11 for purposes of the limitation imposed in section 79-1023 and the
12 calculation pursuant to subdivision (2) of section 79-1027.01, the
13 general fund budget of expenditures does not include any special grant
14 funds, exclusive of local matching funds, received by a district;

15 (22) General fund expenditures means all expenditures from the
16 general fund;

17 (23) General fund operating expenditures means for state aid
18 calculated for school fiscal years 2012-13 and each school fiscal year
19 thereafter, as reported on the annual financial report for the second
20 school fiscal year immediately preceding the school fiscal year in which
21 aid is to be paid, the total general fund expenditures minus (a) the
22 amount of all receipts to the general fund, to the extent that such
23 receipts are not included in local system formula resources, from early
24 childhood education tuition, summer school tuition, educational entities
25 as defined in section 79-1201.01 for providing distance education courses
26 through the Educational Service Unit Coordinating Council to such
27 educational entities, private foundations, individuals, associations,
28 charitable organizations, the textbook loan program authorized by section
29 79-734, federal impact aid, and levy override elections pursuant to
30 section 77-3444, (b) the amount of expenditures for categorical funds,
31 tuition paid, transportation fees paid to other districts, adult

1 education, community services, redemption of the principal portion of
2 general fund debt service, retirement incentive plans authorized by
3 section 79-855, and staff development assistance authorized by section
4 79-856, (c) the amount of any transfers from the general fund to any bond
5 fund and transfers from other funds into the general fund, (d) any legal
6 expenses in excess of fifteen-hundredths of one percent of the formula
7 need for the school fiscal year in which the expenses occurred, (e)
8 expenditures to pay for sums agreed to be paid by a school district to
9 certificated employees in exchange for a voluntary termination occurring
10 prior to July 1, 2009, occurring on or after the last day of the 2010-11
11 school year and prior to the first day of the 2013-14 school year, or, to
12 the extent that a district has demonstrated to the State Board of
13 Education pursuant to section 79-1028.01 that the agreement will result
14 in a net savings in salary and benefit costs to the school district over
15 a five-year period, occurring on or after the first day of the 2013-14
16 school year, (f)(i) expenditures to pay for employer contributions
17 pursuant to subsection (2) of section 79-958 to the School Employees
18 Retirement System of the State of Nebraska to the extent that such
19 expenditures exceed the employer contributions under such subsection that
20 would have been made at a contribution rate of seven and thirty-five
21 hundredths percent or (ii) expenditures to pay for school district
22 contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to
23 the retirement system established pursuant to the Class V School
24 Employees Retirement Act to the extent that such expenditures exceed the
25 school district contributions under such subdivision that would have been
26 made at a contribution rate of seven and thirty-seven hundredths percent,
27 and (g) any amounts paid by the district for lobbyist fees and expenses
28 reported to the Clerk of the Legislature pursuant to section 49-1483.

29 For purposes of this subdivision (23) of this section, receipts from
30 levy override elections shall equal ninety-nine percent of the difference
31 of the total general fund levy minus a levy of one dollar and five cents

1 per one hundred dollars of taxable valuation multiplied by the assessed
2 valuation for school districts that have voted pursuant to section
3 77-3444 to override the maximum levy provided pursuant to section
4 77-3442;

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

7 (25) Income tax liability means the amount of the reported income
8 tax liability for resident individuals pursuant to the Nebraska Revenue
9 Act of 1967 less all nonrefundable credits earned and refunds made;

10 (26) Income tax receipts means the amount of income tax collected
11 pursuant to the Nebraska Revenue Act of 1967 less all nonrefundable
12 credits earned and refunds made;

13 (27) Limited English proficiency students means the number of
14 students with limited English proficiency in a district from the most
15 recent data available on November 1 of the school fiscal year preceding
16 the school fiscal year in which aid is to be paid plus the difference of
17 such students with limited English proficiency minus the average number
18 of limited English proficiency students for such district, prior to such
19 addition, for the three immediately preceding school fiscal years if such
20 difference is greater than zero;

21 (28) Local system means a learning community for purposes of
22 calculation of state aid for each school fiscal year prior to school
23 fiscal year 2017-18, a unified system, a Class VI district and the
24 associated Class I districts, or a Class II, III, IV, or V district and
25 any affiliated Class I districts or portions of Class I districts. The
26 membership, expenditures, and resources of Class I districts that are
27 affiliated with multiple high school districts will be attributed to
28 local systems based on the percent of the Class I valuation that is
29 affiliated with each high school district;

30 (29) Low-income child means (a) for school fiscal years prior to
31 2016-17, a child under nineteen years of age living in a household having

1 an annual adjusted gross income for the second calendar year preceding
2 the beginning of the school fiscal year for which aid is being calculated
3 equal to or less than the maximum household income that would allow a
4 student from a family of four people to be a free lunch and free milk
5 student during the school fiscal year immediately preceding the school
6 fiscal year for which aid is being calculated and (b) for school fiscal
7 year 2016-17 and each school fiscal year thereafter, a child under
8 nineteen years of age living in a household having an annual adjusted
9 gross income for the second calendar year preceding the beginning of the
10 school fiscal year for which aid is being calculated equal to or less
11 than the maximum household income pursuant to sections 9(b)(1) and 17(c)
12 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.
13 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)
14 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)
15 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections
16 existed on January 1, 2015, for a household of that size that would have
17 allowed the child to meet the income qualifications for free meals during
18 the school fiscal year immediately preceding the school fiscal year for
19 which aid is being calculated;

20 (30) Low-income students means the number of low-income children
21 within the district multiplied by the ratio of the formula students in
22 the district divided by the total children under nineteen years of age
23 residing in the district as derived from income tax information;

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

30 (32) Poverty students means (a) for school fiscal years prior to
31 2016-17, the number of low-income students or the number of students who

1 are free lunch and free milk students in a district plus the difference
2 of the number of low-income students or the number of students who are
3 free lunch and free milk students in a district, whichever is greater,
4 minus the average number of poverty students for such district, prior to
5 such addition, for the three immediately preceding school fiscal years if
6 such difference is greater than zero and (b) for school fiscal year
7 2016-17 and each school fiscal year thereafter, the unadjusted poverty
8 students plus the difference of such unadjusted poverty students minus
9 the average number of poverty students for such district, prior to such
10 addition, for the three immediately preceding school fiscal years if such
11 difference is greater than zero;

12 (33) Qualified early childhood education average daily membership
13 means the product of the average daily membership for school fiscal year
14 2006-07 and each school fiscal year thereafter of students who will be
15 eligible to attend kindergarten the following school year and are
16 enrolled in an early childhood education program approved by the
17 department pursuant to section 79-1103 for such school district for such
18 school year multiplied by the ratio of the actual instructional hours of
19 the program divided by one thousand thirty-two if: (a) The program is
20 receiving a grant pursuant to such section for the third year; (b) the
21 program has already received grants pursuant to such section for three
22 years; or (c) the program has been approved pursuant to subsection (5) of
23 section 79-1103 for such school year and the two preceding school years,
24 including any such students in portions of any of such programs receiving
25 an expansion grant;

26 (34) Qualified early childhood education fall membership means the
27 product of membership on the last Friday in September 2006 and each year
28 thereafter of students who will be eligible to attend kindergarten the
29 following school year and are enrolled in an early childhood education
30 program approved by the department pursuant to section 79-1103 for such
31 school district for such school year multiplied by the ratio of the

1 planned instructional hours of the program divided by one thousand
2 thirty-two if: (a) The program is receiving a grant pursuant to such
3 section for the third year; (b) the program has already received grants
4 pursuant to such section for three years; or (c) the program has been
5 approved pursuant to subsection (5) of section 79-1103 for such school
6 year and the two preceding school years, including any such students in
7 portions of any of such programs receiving an expansion grant;

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

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

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

15 (38) Sparse local system means a local system that is not a very
16 sparse local system but which meets the following criteria:

17 (a)(i) Less than two students per square mile in the county in which
18 each high school is located, based on the school district census, (ii)
19 less than one formula student per square mile in the local system, and
20 (iii) more than ten miles between each high school attendance center and
21 the next closest high school attendance center on paved roads;

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

26 (c)(i) Less than one and one-half formula students per square mile
27 in the local system and (ii) more than two hundred seventy-five square
28 miles in the local system; or

29 (d)(i) Less than two formula students per square mile in the local
30 system and (ii) the local system includes an area equal to ninety-five
31 percent or more of the square miles in the largest county in which a high

1 school attendance center is located in the local system;

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

5 (40) Special grant funds means the budgeted receipts for grants,
6 including, but not limited to, categorical funds, reimbursements for
7 wards of the court, short-term borrowings including, but not limited to,
8 registered warrants and tax anticipation notes, interfund loans,
9 insurance settlements, and reimbursements to county government for
10 previous overpayment. The state board shall approve a listing of grants
11 that qualify as special grant funds;

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

14 (42) State board means the State Board of Education;

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

18 (44) Statewide average basic funding per formula student means the
19 statewide total basic funding for all districts divided by the statewide
20 total formula students for all districts;

21 (45) Statewide average general fund operating expenditures per
22 formula student means the statewide total general fund operating
23 expenditures for all districts divided by the statewide total formula
24 students for all districts;

25 (46) Teacher has the definition found in section 79-101;

26 (47) Temporary aid adjustment factor means (a) for school fiscal
27 years before school fiscal year 2007-08, one and one-fourth percent of
28 the sum of the local system's transportation allowance, the local
29 system's special receipts allowance, and the product of the local
30 system's adjusted formula students multiplied by the average formula cost
31 per student in the local system's cost grouping and (b) for school fiscal

1 year 2007-08, one and one-fourth percent of the sum of the local system's
2 transportation allowance, special receipts allowance, and distance
3 education and telecommunications allowance and the product of the local
4 system's adjusted formula students multiplied by the average formula cost
5 per student in the local system's cost grouping;

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

10 (49) Tuitioned students means students in kindergarten through grade
11 twelve of the district whose tuition is paid by the district to some
12 other district or education agency;

13 (50) Unadjusted poverty students means, for school fiscal year
14 2016-17 and each school fiscal year thereafter, the greater of the number
15 of low-income students or the free lunch and free milk calculated
16 students in a district; and

17 (51) Very sparse local system means a local system that has:

18 (a)(i) Less than one-half student per square mile in each county in
19 which each high school attendance center is located based on the school
20 district census, (ii) less than one formula student per square mile in
21 the local system, and (iii) more than fifteen miles between the high
22 school attendance center and the next closest high school attendance
23 center on paved roads; or

24 (b)(i) More than four hundred fifty square miles in the local
25 system, (ii) less than one-half student per square mile in the local
26 system, and (iii) more than fifteen miles between each high school
27 attendance center and the next closest high school attendance center on
28 paved roads.

29 Sec. 8. Section 79-1007.11, Revised Statutes Cumulative Supplement,
30 2016, is amended to read:

31 79-1007.11 (1) Except as otherwise provided in this section, for

1 school fiscal years 2013-14 through 2015-16, each school district's
2 formula need shall equal the difference of the sum of the school
3 district's basic funding, poverty allowance, limited English proficiency
4 allowance, focus school and program allowance, summer school allowance,
5 special receipts allowance, transportation allowance, elementary site
6 allowance, instructional time allowance, teacher education allowance,
7 distance education and telecommunications allowance, averaging
8 adjustment, new learning community transportation adjustment, student
9 growth adjustment, any positive student growth adjustment correction, and
10 new school adjustment, minus the sum of the limited English proficiency
11 allowance correction, poverty allowance correction, and any negative
12 student growth adjustment correction.

13 (2) Except as otherwise provided in this section, for school fiscal
14 year 2016-17, each school district's formula need shall equal the
15 difference of the sum of the school district's basic funding, poverty
16 allowance, limited English proficiency allowance, focus school and
17 program allowance, summer school allowance, special receipts allowance,
18 transportation allowance, elementary site allowance, ~~best practices~~
19 ~~allowance~~, distance education and telecommunications allowance, averaging
20 adjustment, new learning community transportation adjustment, student
21 growth adjustment, any positive student growth adjustment correction, and
22 new school adjustment, minus the sum of the limited English proficiency
23 allowance correction, poverty allowance correction, and any negative
24 student growth adjustment correction.

25 (3) Except as otherwise provided in this section, for school fiscal
26 years 2017-18 and 2018-19, each school district's formula need shall
27 equal the difference of the sum of the school district's basic funding,
28 poverty allowance, poverty allowance adjustment, limited English
29 proficiency allowance, focus school and program allowance, summer school
30 allowance, special receipts allowance, transportation allowance,
31 elementary site allowance, ~~best practices allowance~~, distance education

1 and telecommunications allowance, averaging adjustment, new community
2 achievement plan adjustment, student growth adjustment, any positive
3 student growth adjustment correction, and new school adjustment minus the
4 sum of the limited English proficiency allowance correction, poverty
5 allowance correction, and any negative student growth adjustment
6 correction.

7 (4) Except as otherwise provided in this section, for school fiscal
8 year 2019-20 and each school fiscal year thereafter, each school
9 district's formula need shall equal the difference of the sum of the
10 school district's basic funding, poverty allowance, limited English
11 proficiency allowance, focus school and program allowance, summer school
12 allowance, special receipts allowance, transportation allowance,
13 elementary site allowance, ~~best practices allowance~~, distance education
14 and telecommunications allowance, community achievement plan allowance,
15 averaging adjustment, new community achievement plan adjustment, student
16 growth adjustment, any positive student growth adjustment correction, and
17 new school adjustment minus the sum of the limited English proficiency
18 allowance correction, poverty allowance correction, and any negative
19 student growth adjustment correction.

20 (5) If the formula need calculated for a school district pursuant to
21 subsections (1) through (4) of this section is less than one hundred
22 percent of the formula need for such district for the school fiscal year
23 immediately preceding the school fiscal year for which aid is being
24 calculated, the formula need for such district shall equal one hundred
25 percent of the formula need for such district for the school fiscal year
26 immediately preceding the school fiscal year for which aid is being
27 calculated.

28 (6) If the formula need calculated for a school district pursuant to
29 subsections (1) through (4) of this section is more than one hundred
30 twelve percent of the formula need for such district for the school
31 fiscal year immediately preceding the school fiscal year for which aid is

1 being calculated, the formula need for such district shall equal one
2 hundred twelve percent of the formula need for such district for the
3 school fiscal year immediately preceding the school fiscal year for which
4 aid is being calculated, except that the formula need shall not be
5 reduced pursuant to this subsection for any district receiving a student
6 growth adjustment for the school fiscal year for which aid is being
7 calculated.

8 (7) For purposes of subsections (5) and (6) of this section, the
9 formula need for the school fiscal year immediately preceding the school
10 fiscal year for which aid is being calculated shall be the formula need
11 used in the final calculation of aid pursuant to section 79-1065 and for
12 districts that were affected by a reorganization with an effective date
13 in the calendar year preceding the calendar year in which aid is
14 certified for the school fiscal year for which aid is being calculated,
15 the formula need for the school fiscal year immediately preceding the
16 school fiscal year for which aid is being calculated shall be attributed
17 to the affected school districts based on information provided to the
18 department by the school districts or proportionally based on the
19 adjusted valuation transferred if sufficient information has not been
20 provided to the department.

21 Sec. 9. Section 79-1017.01, Revised Statutes Cumulative Supplement,
22 2016, is amended to read:

23 79-1017.01 (1) For state aid calculated for school fiscal years
24 2014-15 and 2015-16, local system formula resources includes other actual
25 receipts determined pursuant to section 79-1018.01, net option funding
26 determined pursuant to section 79-1009, teacher education aid determined
27 pursuant to section 79-1007.25, instructional time aid determined
28 pursuant to subsection (2) of section 79-1007.23, allocated income tax
29 funds determined pursuant to section 79-1005.01, and minimum levy
30 adjustments determined pursuant to section 79-1008.02 and is reduced by
31 amounts paid by the district in the most recently available complete data

1 year as property tax refunds pursuant to or in the manner prescribed by
2 section 77-1736.06.

3 (2) For state aid calculated for school fiscal year 2016-17 and each
4 school fiscal year thereafter, local system formula resources includes
5 other actual receipts determined pursuant to section 79-1018.01, net
6 option funding determined pursuant to section 79-1009, ~~best practices aid~~
7 ~~determined pursuant to section 79-1004, if any districts in the local~~
8 ~~system qualify,~~ allocated income tax funds determined pursuant to section
9 79-1005.01, community achievement plan aid determined pursuant to section
10 79-1005, and minimum levy adjustments determined pursuant to section
11 79-1008.02 for school fiscal years prior to school fiscal year 2017-18,
12 and is reduced by amounts paid by the district in the most recently
13 available complete data year as property tax refunds pursuant to or in
14 the manner prescribed by section 77-1736.06.

15 Sec. 10. Section 79-1054, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 79-1054 (1) The State Board of Education shall establish a
18 competitive innovation grant program with funding from the Nebraska
19 Education Improvement Fund pursuant to section 9-812. Grantees shall be a
20 school district, an educational service unit, or a combination of
21 entities that includes at least one school district or educational
22 service unit. For grantees that consist of a combination of entities, a
23 participating school district or educational service unit shall be
24 designated to act as the fiscal agent and administer the program funded
25 by the grant. The state board shall only award grants pursuant to
26 applications that the state board deems to be sufficiently innovative and
27 to have a high chance of success.

28 (2) An application for a grant pursuant to subsection (1) of this
29 section shall describe:

30 (a) Specific measurable objectives for improving education outcomes
31 for early childhood students, elementary students, middle school

1 students, or high school students or for improving the transitions
2 between any successive stages of education or between education and the
3 workforce;

4 (b) The method for annually evaluating progress toward a measurable
5 objective, with a summative evaluation of progress submitted to the state
6 board and electronically to the Education Committee of the Legislature on
7 or before July 1, 2019;

8 (c) The potential for the project to be both scalable and
9 replicable; and

10 (d) Any cost savings that could be achieved by reductions in other
11 programs if the funded program is successful.

12 (3) Based on evaluations received on or before July 1, 2019, for
13 each grant, the State Board of Education shall recommend the grant
14 project as:

15 (a) Representing a best practice;

16 (b) A model for a state-supported program; or

17 (c) A local issue for further study.

18 ~~(4) For grant projects that are recommended as best practices, the~~
19 ~~State Board of Education may establish criteria allowing such best~~
20 ~~practices to be included in the best practices allowance to school~~
21 ~~districts pursuant to section 79-1004 beginning with aid calculated for~~
22 ~~school fiscal year 2021-22. The criteria shall:~~

23 ~~(a) Specify qualifications for a school district to participate in~~
24 ~~the best practices allowance for each best practice to be included in the~~
25 ~~allowance;~~

26 ~~(b) Specify a best practices dollar amount based on eighty five~~
27 ~~percent of the estimated costs related to each best practice included in~~
28 ~~the allowance that would not otherwise be incurred without the best~~
29 ~~practice, that do not replace other such costs, and that are not included~~
30 ~~in another allowance;~~

31 ~~(c) Specify an accountability process which will result in a future~~

1 ~~aid correction if a school district is found to be in violation of any of~~
2 ~~the qualifications; and~~

3 ~~(d) Specify any other criteria deemed relevant by the state board.~~

4 ~~(5) On or before November 1, 2020, and on or before November 1 of~~
5 ~~each year thereafter, the department shall certify to each qualifying~~
6 ~~school district the amount of the best practices cost pursuant to this~~
7 ~~section for such school district and the total best practices cost for~~
8 ~~all qualifying school districts to be included in the calculation of~~
9 ~~state aid for the next school fiscal year.~~

10 (4) ~~(6)~~ On or before December 1, 2017, and on or before December 1
11 of each year thereafter, the state board shall electronically submit a
12 report to the Clerk of the Legislature on all such grants, including, but
13 not limited to, the results of the evaluations for each grant ~~and on the~~
14 ~~best practices allowance if the allowance has been implemented.~~ The state
15 board may adopt and promulgate rules and regulations to carry out this
16 section, including, but not limited to, application procedures, selection
17 procedures, and annual evaluation reporting procedures.

18 (5) ~~(7)~~ The Department of Education Innovative Grant Fund is
19 created. The fund shall be administered by the State Department of
20 Education and shall consist of transfers pursuant to section 9-812,
21 repayments of grant funds, and interest payments received in the course
22 of administering this section. The fund shall be used to carry out this
23 section. Any money in the fund available for investment shall be invested
24 by the state investment officer pursuant to the Nebraska Capital
25 Expansion Act and the Nebraska State Funds Investment Act.

26 Sec. 11. Section 79-1065, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 79-1065 The State Department of Education shall adjust payments of
29 state funds provided under Chapter 79 or federal funds provided under
30 federal law to school districts which, after final determination,
31 received funds not equal to the appropriate allocation for the previous

1 school fiscal year such that the district will receive the funds to which
2 it was finally determined to be entitled. If the total adjustment cannot
3 be made from the funds to be provided in the current school fiscal year,
4 the adjustment shall be prorated, with additional adjustments made to
5 payments for future school fiscal years. The department shall maintain an
6 accurate account and a record of the reasons the adjustments were made
7 and the amount of such adjustments.

8 Sec. 12. Section 79-1108.02, Reissue Revised Statutes of Nebraska,
9 is amended to read:

10 79-1108.02 (1) The department shall distribute funds appropriated
11 ~~amounts from the Education Innovation Fund pursuant to section 9-812~~ for
12 purposes of ~~subsection (2) of~~ this section to local systems as defined in
13 section 79-1003 annually on or before October 15. The funds distributed
14 pursuant to this section shall be distributed based on a pro rata share
15 of the eligible costs submitted in grant applications.

16 (2) Local systems may apply to the department for base funds and
17 matching funds pursuant to this section to be spent on approved
18 accelerated or differentiated curriculum programs. Each eligible local
19 system shall receive one-tenth of one percent of the appropriation as
20 base funds plus a pro rata share of the remainder of the appropriation
21 based on identified students participating in an accelerated or
22 differentiated curriculum program, up to ten percent of the prior year's
23 fall membership as defined in section 79-1003, as matching funds.
24 Eligible local systems shall:

25 (a) Provide an approved accelerated or differentiated curriculum
26 program for students identified as learners with high ability;

27 (b) Provide funds from other sources for the approved accelerated or
28 differentiated curriculum program greater than or equal to fifty percent
29 of the matching funds received pursuant to this subsection;

30 (c) Provide an accounting of the funds received pursuant to this
31 section, funds required by subdivision (b) of this subsection, and the

1 total cost of the program on or before August 1 of the year following the
2 receipt of funds in a manner prescribed by the department, not to exceed
3 one report per year;

4 (d) Provide data regarding the academic progress of students
5 participating in the accelerated or differentiated curriculum program in
6 a manner prescribed by the department, not to exceed one report per year;
7 and

8 (e) Include identified students from Class I districts that are part
9 of the local system in the accelerated or differentiated curriculum
10 program.

11 If a local system will not be providing the necessary matching funds
12 pursuant to subdivision (b) of this subsection, the local system shall
13 request a reduction in the amount received pursuant to this subsection
14 such that the local system will be in compliance with such subdivision.
15 Local systems not complying with the requirements of this subsection
16 shall not be eligible local systems in the following year.

17 Sec. 13. Section 79-1144, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 79-1144 (1) Funds shall be appropriated by the Legislature to carry
20 out sections 79-1142 to 79-1144 and 79-1147. Such funds shall be
21 channeled through the State Department of Education. The department is
22 authorized to expend such funds upon proper vouchers approved by the
23 department and warrants issued by the Director of Administrative Services
24 for financial reimbursement to school districts, educational service
25 units, special education cooperatives created by school districts,
26 agencies, and parents or guardians, including (1) reimbursement pursuant
27 to section 79-1129 for actual transportation expenses per year for
28 children with disabilities a pro rata amount which shall be determined by
29 the State Board of Education from appropriations for special education
30 approved by the Legislature based on all actual allowable transportation
31 costs, (2) reimbursement for instructional aids and consultative,

1 supervisory, research, and testing services to school districts, and (3)
2 reimbursement for salaries, wages, maintenance, supplies, travel, and
3 other expenses essential to carrying out the provisions for special
4 education programs. Minor building modifications shall not be eligible
5 for state reimbursement as an allowable expense. Applications for state
6 reimbursement for actual transportation expenses shall be submitted to
7 the department annually on a date and on forms prescribed by the
8 department. Amendments to applications for actual transportation expenses
9 shall be submitted on dates prescribed by the department during the
10 school year in which the original application was made.

11 (2) Any adjustment of payments pursuant to section 79-1065 caused by
12 the failure of a school district to meet federal spending requirements
13 under the federal Individuals with Disabilities Education Act as such act
14 existed on January 1, 2017, may be used by the department to reimburse
15 the United States Department of Education in the amount of the federal
16 funds awarded to such school district or the amount of such adjustment,
17 whichever is less.

18 Sec. 14. Section 79-1218, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 79-1218 The board of each educational service unit shall meet and
21 organize by naming one of its members as president and ~~and~~ one as vice
22 president, ~~and one as secretary~~. The board shall either name one of its
23 members as secretary or employ a secretary and shall employ a treasurer
24 who shall be paid a salary to be fixed by the board.

25 The board of the educational service unit shall determine the
26 participation of the educational service unit in providing supplementary
27 educational services. If the board of the educational service unit does
28 not provide supplementary educational services, it shall meet during each
29 succeeding January to determine the participation in providing
30 supplementary educational services for that calendar year. Meetings may
31 be held by means of videoconferencing or telephone conference in

1 accordance with subsections (2) and (3) of section 84-1411.

2 Sec. 15. Section 79-1221, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 79-1221 (1) The treasurer shall be the custodian of all funds of
5 the board of the educational service unit. He or she shall attend
6 meetings of the board, shall prepare and submit in writing a monthly
7 report of the state of its finances, and shall pay out money of the board
8 only upon a warrant signed by the president, or in his or her absence by
9 the vice president, and countersigned by the secretary, treasurer, or
10 persons delegated by the board. Facsimile signatures of board members may
11 be used, and a person or persons delegated by the board may sign and
12 validate all warrants, checks, or other instruments drawn upon bank
13 depository funds of the educational service unit.

14 (2) The treasurer shall give bond or evidence of equivalent
15 insurance coverage, payable to the board, in such sum as the board shall
16 determine conditioned for the faithful performance of the duties as
17 treasurer of the board and for the safekeeping and proper disbursement of
18 all funds of the board collected or received by him or her. Such bond
19 shall be signed by a corporate surety company or insurance company
20 authorized to do business within this state. Such bond or insurance
21 coverage may be enlarged at any time the board deems such enlargement
22 necessary or advisable. The cost of such bond or insurance coverage shall
23 be paid out of funds of the board.

24 Sec. 16. Section 79-1225, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 79-1225 (1) After the adoption of its budget statement, the board
27 for each educational service unit, except as provided in subsection (2)
28 of this section, may levy a tax in the amount which it requires under its
29 adopted budget statement to be received from taxation. The levy shall be
30 subject to the limits established by section 77-3442. The amount of such
31 levy shall be certified by the secretary or other designee of the

1 educational service unit board to the county board of equalization of
2 each county in which any part of the geographical area of the educational
3 service unit is located on or before September 20 of each year. Such tax
4 shall be levied and assessed in the same manner as other property taxes
5 and entered on the books of the county treasurer. The proceeds of such
6 tax, as collected, shall be remitted to the treasurer of the board on or
7 before the fifteenth day of each month or more frequently as provided in
8 section 77-1759.

9 (2) For fiscal year 2013-14 and each fiscal year thereafter, only an
10 educational service unit which has four or more member school districts
11 or an educational service unit composed of a single Class IV or Class V
12 school district may levy a tax on the taxable value of the taxable
13 property within the geographic boundaries of the educational service
14 unit.

15 Sec. 17. Section 85-308, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 85-308 The purpose of the state colleges is the training and
18 instruction of persons, both male and female, in the arts of teaching and
19 managing schools, the principles and practice of the various branches of
20 learning taught in our public schools, and the arts and sciences
21 generally. The Board of Trustees of the Nebraska State Colleges shall
22 have power to prescribe, for the state colleges, such courses of
23 instruction as will best fit such persons for teaching and managing the
24 public schools, and their instruction in the arts and sciences generally
25 as provided in sections ~~79-741, 79-744,~~ 85-194, 85-308, 85-606.01, 85-917
26 to 85-966, and 85-1511.

27 Sec. 18. Section 85-917, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 85-917 The Legislature hereby declares that it is the intent and
30 purpose of sections ~~79-741, 79-744,~~ 85-194, 85-308, 85-606.01, 85-917 to
31 85-966, and 85-1511 to provide statements of role and mission for the

1 state's systems and institutions of postsecondary education which will:

2 (1) Provide for a coordinated state system of postsecondary
3 education;

4 (2) Provide for the maintenance and development of quality
5 postsecondary educational programs and services for all citizens in all
6 regions of the state;

7 (3) Insure student and community access to comprehensive educational
8 programs;

9 (4) Limit unnecessary program and facility duplication through a
10 coordinated planning and review process;

11 (5) Encourage statewide long-term academic and fiscal planning for
12 postsecondary education in the state;

13 (6) Establish a legislative review process to insure that (a) role
14 and mission statements are updated as necessary and (b) postsecondary
15 institutions are complying with role and mission assignments and are
16 serving a valuable purpose to the state within their current role and
17 mission assignments; and

18 (7) Provide a mechanism for (a) implementing an extensive change in
19 the scope, role, and mission of a campus, (b) closing a campus, (c)
20 merging campuses, and (d) changing a campus to serve a completely
21 different public purpose.

22 Sec. 19. Section 85-933, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 85-933 No funds generated or received from a General Fund
25 appropriation, state aid assistance program, or receipts from a tax levy
26 authorized by statute shall be expended in support of programs or
27 activities which are in conflict with the role and mission assignments
28 applicable to the University of Nebraska, state colleges, or community
29 colleges under sections ~~79-741, 79-744,~~ 85-194, 85-308, 85-606.01, 85-917
30 to 85-966, and 85-1511.

31 Sec. 20. Section 85-949, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 85-949 The role and mission assignments enumerated in sections
3 85-950 to 85-958 shall apply to the state college system and its
4 institutions. Such assignments shall prohibit, limit, or restrict only
5 those programs or services provided for under such sections. The Board of
6 Trustees of the Nebraska State Colleges shall adopt and promulgate
7 policies and procedures necessary to assure compliance with sections
8 ~~79-741, 79-744,~~ 85-194, 85-308, 85-606.01, 85-917 to 85-966, and 85-1511.

9 Sec. 21. Original sections 79-319, 79-575, 79-746, 79-1065,
10 79-1108.02, 79-1144, 79-1218, 79-1221, 79-1225, 85-308, 85-917, 85-933,
11 and 85-949, Reissue Revised Statutes of Nebraska, and sections 9-812,
12 79-237, 79-2,144, 79-1003, 79-1007.11, 79-1017.01, and 79-1054, Revised
13 Statutes Cumulative Supplement, 2016, are repealed.

14 Sec. 22. The following sections are outright repealed: Sections
15 79-321, 79-527.01, 79-738, 79-739, 79-740, 79-741, 79-742, 79-743, and
16 79-744, Reissue Revised Statutes of Nebraska, and section 79-1004,
17 Revised Statutes Cumulative Supplement, 2016.

18 Sec. 23. Since an emergency exists, this act takes effect when
19 passed and approved according to law.