

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
SECOND SESSION  
**LEGISLATIVE BILL 984**

Introduced by Sullivan, 41; Mello, 5.

Read first time January 17, 2014

Committee: Education

A BILL

1 FOR AN ACT relating to schools; to amend section 79-1101, Reissue  
2 Revised Statutes of Nebraska, and sections 9-812 and  
3 79-2306, Revised Statutes Supplement, 2013; to change  
4 allocations from the Education Innovation Fund; to state  
5 intent relating to early childhood education programs and  
6 appropriations; to harmonize provisions; to repeal the  
7 original sections; and to declare an emergency.  
8 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 9-812, Revised Statutes Supplement,  
2   2013, is amended to read:

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

17           (2) A portion of the dollar amount of the lottery tickets  
18   which have been sold on an annualized basis shall be transferred from  
19   the State Lottery Operation Trust Fund to the Education Innovation  
20   Fund, the Nebraska Opportunity Grant Fund, the Nebraska Education  
21   Improvement Fund, the Nebraska Environmental Trust Fund, the Nebraska  
22   State Fair Board, and the Compulsive Gamblers Assistance Fund as  
23   provided in subsection (3) of this section. The dollar amount  
24   transferred pursuant to this subsection shall equal the greater of  
25   (a) the dollar amount transferred to the funds in fiscal year 2002-03

1 or (b) any amount which constitutes at least twenty-two percent and  
2 no more than twenty-five percent of the dollar amount of the lottery  
3 tickets which have been sold on an annualized basis. To the extent  
4 that funds are available, the Tax Commissioner and director may  
5 authorize a transfer exceeding twenty-five percent of the dollar  
6 amount of the lottery tickets sold on an annualized basis.

7 (3) Of the money available to be transferred to the  
8 Education Innovation Fund, the Nebraska Opportunity Grant Fund, the  
9 Nebraska Education Improvement Fund, the Nebraska Environmental Trust  
10 Fund, the Nebraska State Fair Board, and the Compulsive Gamblers  
11 Assistance Fund:

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

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

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

25 (d) Through June 30, 2016, twenty-four and three-fourths

1 percent of the money remaining after the payment of prizes and  
2 operating expenses and the initial transfer to the Compulsive  
3 Gamblers Assistance Fund shall be transferred to the Nebraska  
4 Opportunity Grant Fund;

5 (e) Forty-four and one-half percent of the money  
6 remaining after the payment of prizes and operating expenses and the  
7 initial transfer to the Compulsive Gamblers Assistance Fund shall be  
8 transferred to the Nebraska Environmental Trust Fund to be used as  
9 provided in the Nebraska Environmental Trust Act;

10 (f) Ten percent of the money remaining after the payment  
11 of prizes and operating expenses and the initial transfer to the  
12 Compulsive Gamblers Assistance Fund shall be transferred to the  
13 Nebraska State Fair Board if the most populous city within the county  
14 in which the fair is located provides matching funds equivalent to  
15 ten percent of the funds available for transfer. Such matching funds  
16 may be obtained from the city and any other private or public entity,  
17 except that no portion of such matching funds shall be provided by  
18 the state. If the Nebraska State Fair ceases operations, ten percent  
19 of the money remaining after the payment of prizes and operating  
20 expenses and the initial transfer to the Compulsive Gamblers  
21 Assistance Fund shall be transferred to the General Fund; and

22 (g) One percent of the money remaining after the payment  
23 of prizes and operating expenses and the initial transfer to the  
24 Compulsive Gamblers Assistance Fund shall be transferred to the  
25 Compulsive Gamblers Assistance Fund to be used as provided in section

1 9-1006.

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

5 ~~(b) For fiscal year 2012-13, the Education Innovation~~  
6 ~~Fund shall be allocated as follows: (i) The first forty five thousand~~  
7 ~~dollars shall be transferred to the Excellence in Teaching Cash Fund~~  
8 ~~to fund the Attracting Excellence to Teaching Program; (ii) the next~~  
9 ~~three million three hundred sixty five thousand nine hundred sixty-~~  
10 ~~two dollars shall be distributed to school districts as grants~~  
11 ~~pursuant to the Early Childhood Education Grant Program; (iii) the~~  
12 ~~next two million one hundred seventy five thousand six hundred~~  
13 ~~seventy three dollars shall be distributed to local systems as grants~~  
14 ~~for approved accelerated or differentiated curriculum programs for~~  
15 ~~students identified as learners with high ability pursuant to section~~  
16 ~~79-1108.02; (iv) the next one hundred eight thousand one hundred~~  
17 ~~thirty six dollars shall be used by the State Department of Education~~  
18 ~~for the development of an integrated early childhood, elementary,~~  
19 ~~secondary, and postsecondary student information system; (v) the next~~  
20 ~~four hundred fifty thousand dollars shall fund the Center for Student~~  
21 ~~Leadership and Extended Learning Act; (vi) the next one hundred~~  
22 ~~fourteen thousand six hundred twenty nine dollars shall be used by~~  
23 ~~the department to fund the multicultural education program created~~  
24 ~~under section 79-720; (vii) the next one hundred twenty three~~  
25 ~~thousand four hundred sixty eight dollars shall be used by the~~

1 ~~department to employ persons to investigate and prosecute alleged~~  
2 ~~violations as provided in section 79-868; (viii) up to the next one~~  
3 ~~hundred sixty thousand dollars shall be used by the department to~~  
4 ~~implement section 79-759; (ix) the next twenty seven thousand two~~  
5 ~~hundred dollars shall be used to fund the Interstate Compact on~~  
6 ~~Educational Opportunity for Military Children; (x) the next two~~  
7 ~~hundred thousand dollars shall be used to provide grants to establish~~  
8 ~~bridge programs pursuant to sections 79-1189 to 79-1195; and (xi) the~~  
9 ~~amount remaining shall be allocated, after administrative expenses,~~  
10 ~~for distance education equipment and incentives pursuant to sections~~  
11 ~~79-1336 and 79-1337. No funds received as allocations from the~~  
12 ~~Education Innovation Fund pursuant to this subdivision may be~~  
13 ~~obligated for payment to be made after June 30, 2016.~~

14 ~~(e)~~ (b) For fiscal year 2013-14, the Education Innovation  
15 Fund shall be allocated as follows: (i) The first one million dollars  
16 shall be transferred to the Excellence in Teaching Cash Fund to fund  
17 the Excellence in Teaching Act; (ii) the next allocation shall be  
18 distributed to local systems as grants for approved accelerated or  
19 differentiated curriculum programs for students identified as  
20 learners with high ability pursuant to section 79-1108.02 in an  
21 aggregated amount up to the amount distributed in the prior fiscal  
22 year for such purposes increased by the basic allowable growth rate  
23 pursuant to section 79-1025; (iii) up to the next one hundred sixty  
24 thousand dollars shall be used by the State Department of Education  
25 to implement section 79-759; (iv) the next one million seven hundred

1 fifty thousand dollars shall be allocated to early childhood  
2 education grants awarded by the department pursuant to section  
3 79-1103; (v) the next one million dollars shall be transferred to the  
4 Early Childhood Education Endowment Cash Fund for use pursuant to  
5 section 79-1104.02; (vi) the next two hundred thousand dollars shall  
6 be used to provide grants to establish bridge programs pursuant to  
7 sections 79-1189 to 79-1195; (vii) the next ten thousand dollars  
8 shall be used to fund the Interstate Compact on Educational  
9 Opportunity for Military Children; (viii) the next eighty-five  
10 thousand five hundred fifty dollars shall be allocated to the State  
11 Department of Education for distribution pursuant to section 79-2306;  
12 and (ix) the amount remaining shall be allocated, after  
13 administrative expenses, for distance education equipment and  
14 incentives pursuant to sections 79-1336 and 79-1337. No funds  
15 received as allocations from the Education Innovation Fund pursuant  
16 to this subdivision may be obligated for payment to be made after  
17 June 30, 2016.

18 ~~(d)~~(c) For fiscal year 2014-15, the Education Innovation  
19 Fund shall be allocated as follows: (i) The first one million dollars  
20 shall be transferred to the Excellence in Teaching Cash Fund to fund  
21 the Excellence in Teaching Act; (ii) the next allocation shall be  
22 distributed to local systems as grants for approved accelerated or  
23 differentiated curriculum programs for students identified as  
24 learners with high ability pursuant to section 79-1108.02 in an  
25 aggregated amount up to the amount distributed in the prior fiscal

1 year for such purposes increased by the basic allowable growth rate  
2 pursuant to section 79-1025; (iii) the next one million eight hundred  
3 fifty thousand dollars shall be allocated to early childhood  
4 education grants awarded by the State Department of Education  
5 pursuant to section 79-1103; (iv) the next one million dollars shall  
6 be transferred to the Early Childhood Education Endowment Cash Fund  
7 for use pursuant to section 79-1104.02; (v) the next two hundred  
8 thousand dollars shall be used to provide grants to establish bridge  
9 programs pursuant to sections 79-1189 to 79-1195; (vi) the next ten  
10 thousand dollars shall be used to fund the Interstate Compact on  
11 Educational Opportunity for Military Children; and (vii) the amount  
12 remaining shall be allocated, after administrative expenses, for  
13 distance education equipment and incentives pursuant to sections  
14 79-1336 and 79-1337. ~~No~~ Except for funds allocated to early childhood  
15 education grants awarded by the department pursuant to section  
16 79-1103 and funds transferred to the Early Childhood Education  
17 Endowment Cash Fund, no funds received as allocations from the  
18 Education Innovation Fund pursuant to this subdivision may be  
19 obligated for payment to be made after June 30, 2016 and such funds  
20 received as allocations from the Education Innovation Fund that have  
21 not been used for their designated purpose as of such date shall be  
22 transferred to the Nebraska Education Improvement Fund on or before  
23 August 1, 2016.

24                   ~~(e)~~-(d) For fiscal year 2015-16, the Education Innovation  
25 Fund shall be allocated as follows: (i) The first one million dollars

1 shall be transferred to the Excellence in Teaching Cash Fund to fund  
2 the Excellence in Teaching Act; (ii) the next allocation shall be  
3 distributed to local systems as grants for approved accelerated or  
4 differentiated curriculum programs for students identified as  
5 learners with high ability pursuant to section 79-1108.02 in an  
6 aggregated amount up to the amount distributed in the prior fiscal  
7 year for such purposes increased by the basic allowable growth rate  
8 pursuant to section 79-1025; (iii) the next one million nine hundred  
9 fifty thousand dollars shall be allocated to early childhood  
10 education grants awarded by the State Department of Education  
11 pursuant to section 79-1103; (iv) the next one million dollars shall  
12 be transferred to the Early Childhood Education Endowment Cash Fund  
13 for use pursuant to section 79-1104.02; (v) the next ten thousand  
14 dollars shall be used to fund the Interstate Compact on Educational  
15 Opportunity for Military Children; ~~and (vi) the amount remaining next~~  
16 two million five hundred thousand dollars shall be allocated, after  
17 ~~administrative expenses,~~ for distance education equipment and  
18 incentives pursuant to sections 79-1336 and 79-1337; and (vii) of the  
19 amount remaining, (A) three million dollars shall be retained in the  
20 Education Innovation Fund to transfer to the Nebraska Education  
21 Improvement Fund on June 30, 2016, and (B) the rest, after  
22 administrative expenses, shall be allocated, in addition to the  
23 allocation pursuant to subdivision (4)(d)(iii) of this section, to  
24 early childhood education grants awarded by the State Department of  
25 Education pursuant to section 79-1103. No Except for funds allocated

1 to early childhood education grants awarded by the department  
2 pursuant to section 79-1103 and funds transferred to the Early  
3 Childhood Education Endowment Cash Fund, no funds received as  
4 allocations from the Education Innovation Fund pursuant to this  
5 subdivision may be obligated for payment to be made after June 30,  
6 2016, and funds received as allocations from the Education Innovation  
7 Fund that have not been used for their designated purpose as of such  
8 date shall be transferred to the Nebraska Education Improvement Fund  
9 on or before August 1, 2016.

10           ~~(f)~~(e) The Education Innovation Fund terminates on June  
11 30, 2016. Any money in the fund on such date shall be transferred to  
12 the Nebraska Education Improvement Fund on such date.

13           (5) The Nebraska Education Improvement Fund is created.  
14 The fund shall consist of money transferred pursuant to subsections  
15 (3) and (4) of this section, money transferred pursuant to section  
16 85-1920, and any other funds appropriated by the Legislature. Any  
17 money in the fund available for investment shall be invested by the  
18 state investment officer pursuant to the Nebraska Capital Expansion  
19 Act and the Nebraska State Funds Investment Act.

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

25           (7) Unclaimed prize money on a winning lottery ticket

1 shall be retained for a period of time prescribed by rules and  
2 regulations. If no claim is made within such period, the prize money  
3 shall be used at the discretion of the Tax Commissioner for any of  
4 the purposes prescribed in this section.

5 (8) It is the intent of the Legislature to replace  
6 funding from the Education Innovation Fund with General Fund  
7 appropriations to the State Department of Education beginning with  
8 FY2013-14 for (a) the integrated early childhood, elementary,  
9 secondary, and postsecondary student information system, (b) the  
10 Center for Student Leadership and Extended Learning Act, (c) the  
11 multicultural education program created under section 79-720, and (d)  
12 the employment of persons to investigate and prosecute alleged  
13 violations as provided in section 79-868.

14 Sec. 2. Section 79-1101, Reissue Revised Statutes of  
15 Nebraska, is amended to read:

16 79-1101 (1) The Legislature finds and declares that: (a)  
17 Early childhood education programs can assist children in achieving  
18 their potential as citizens, workers, and human beings and can  
19 strengthen families; (b) early childhood education has been proven to  
20 be a sound public investment of funds not only in assuring  
21 productive, taxpaying workers in the economy but also in avoidance of  
22 increasingly expensive social costs for those who drop out as  
23 productive members of society; (c) the key ingredient in an effective  
24 early childhood education program is a strong family development and  
25 support component because the role of the parent is of critical

1 importance; (d) while all children can benefit from quality,  
2 developmentally appropriate early childhood education experiences,  
3 such experiences are especially important for at-risk infants and  
4 children; (e) current early childhood education programs serve only a  
5 fraction of Nebraska's children and the quality of current programs  
6 varies widely; (f) well-designed early childhood education programs  
7 increase the likelihood that children who participate will enter  
8 school prepared to achieve high standards; (g) effective early  
9 childhood education programs require staff with knowledge about child  
10 growth, development, and learning and family systems; and (h) both  
11 public and nonpublic programs which meet recognized standards of  
12 quality can address the growth, development, and learning needs of  
13 young children.

14           (2)(a) It is the intent of the Legislature and the public  
15 policy of this state to encourage schools and community-based  
16 organizations to work together to provide high-quality early  
17 childhood education programs for infants and young children which  
18 include family involvement, with the goal of assuring that every  
19 family in Nebraska has access to such programs for, at the minimum,  
20 the school year prior to the school year for which the child will be  
21 eligible to attend kindergarten. The purposes of sections 79-1101 to  
22 79-1104.05 are to provide state assistance to selected school  
23 districts, cooperatives of school districts, and educational service  
24 units for early childhood education, to encourage coordination  
25 between public and private service providers of early childhood

1 education and child care programs, and to provide state support for  
2 efforts to improve training opportunities for staff in such programs;  
3 and -

4 (b) It is the further intent of the Legislature to  
5 appropriate an additional four million six hundred thousand dollars  
6 for FY2014-15 for early childhood education grants pursuant to  
7 section 79-1103 to assist schools and community-based organizations  
8 in working together to expand the access to such high-quality early  
9 childhood education programs for children for the school year prior  
10 to the school year for which the child will be eligible to attend  
11 kindergarten and to reappropriate the unobligated balance of such  
12 appropriation for such purpose for FY2015-16 and FY2016-17.

13 (3) For purposes of sections 79-1101 to 79-1104.05:

14 (a) Board of trustees means the Early Childhood Education  
15 Endowment Board of Trustees;

16 (b) Early childhood education program means any  
17 prekindergarten part-day or full-day program or in-home family  
18 support program with a stated purpose of promoting social, emotional,  
19 intellectual, language, physical, and aesthetic development and  
20 learning for children from birth to kindergarten-entrance age and  
21 family development and support;

22 (c) Endowment agreement means an agreement between the  
23 State Department of Education and an endowment provider entered into  
24 pursuant to section 79-1104.01; and

25 (d) Endowment provider means an endowment that has met

1 the criteria described in section 79-1104.01 and that has entered  
2 into an endowment agreement.

3           Sec. 3. Section 79-2306, Revised Statutes Supplement,  
4 2013, is amended to read:

5           79-2306 Using the funds allocated from the Education  
6 Innovation Fund pursuant to subdivision ~~(4)(c)(viii)~~ (4)(b)(viii) of  
7 section 9-812, the State Department of Education shall provide each  
8 institution offering a high school equivalency program a one-time  
9 payment for the acquisition and upgrade of equipment and software  
10 necessary to administer examinations for diplomas of high school  
11 equivalency.

12           Sec. 4. Original section 79-1101, Reissue Revised  
13 Statutes of Nebraska, and sections 9-812 and 79-2306, Revised  
14 Statutes Supplement, 2013, are repealed.

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