

LEGISLATIVE BILL 967

Approved by the Governor April 2, 2014

Introduced by Education Committee: Sullivan, 41, Chairperson; Avery, 28; Cook, 13; Davis, 43; Haar, 21; Kolowski, 31; Scheer, 19; Seiler, 33.

FOR AN ACT relating to education; to amend sections 1-116, 79-526, 79-535, 79-1101, 79-1102, and 79-1337, Reissue Revised Statutes of Nebraska, sections 72-201, 79-319, 79-759, 79-8,133, 79-8,137.01, 79-8,137.05, 79-1011, 79-1012, and 85-2407, Revised Statutes Cumulative Supplement, 2012, and sections 9-812, 79-1003, 79-1007.11, 79-1007.23, 79-1007.25, 79-1017.01, 79-1028.01, 79-1118.01, 79-2306, 85-1603, 85-1604, and 85-2405, Revised Statutes Supplement, 2013; to change provisions relating to accountant licensing examination accreditation, education funding, compensation of members of the Board of Educational Lands and Funds, powers and duties of school boards, boards of education, the State Board of Education, the State Department of Education, and the Coordinating Commission for Postsecondary Education, the Attracting Excellence to Teaching Program, the Enhancing Excellence in Teaching Program, the Tax Equity and Educational Opportunities Support Act, and early childhood education programs; to provide for appointment of a student achievement coordinator; to redefine disability relating to special education; to change provisions relating to distance education program incentives and regulation; to change provisions relating to the Private Postsecondary Career School Act; to harmonize provisions; to repeal the original sections; and to declare an emergency.

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

Section 1. Section 1-116, Reissue Revised Statutes of Nebraska, is amended to read:

1-116 Prior to January 1, 1998, a person shall be eligible to take the examination described in section 1-114 if he or she meets the requirements of subdivision (1)(a) of section 1-114.

Any person making initial application on or after January 1, 1998, to take the examination described in section 1-114 shall be eligible to take the examination if he or she has completed at least one hundred fifty semester hours or two hundred twenty-five quarter hours of postsecondary academic credit and has earned a baccalaureate or higher degree from a college or university accredited by the North Central Association of Colleges and Universities a regional accrediting agency recognized by the United States Department of Education or a similar agency as determined to be acceptable by the board. The person shall demonstrate that accounting, auditing, business, and other subjects at the appropriate academic level as required by the board are included within the required hours of postsecondary academic credit. A person who expects to complete the postsecondary academic credit and earn the degree as required by this section within sixty days following when the examination is held shall be eligible to take such examination, but such person shall not receive any credit for such examination unless evidence satisfactory to the board showing that such person has completed the postsecondary academic credit and earned the degree as required by this section is received by the board within ninety days following when the examination is held. The board shall not prescribe the specific curricula of colleges or universities. If the applicant is an individual, the application shall include the applicant's social security number.

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

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

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

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

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

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

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

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

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

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

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

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

~~(b) For fiscal year 2012-13, the Education Innovation Fund shall be allocated as follows: (i) The first forty-five thousand dollars shall be transferred to the Excellence in Teaching Cash Fund to fund the Attracting Excellence to Teaching Program; (ii) the next three million three hundred sixty-five thousand nine hundred sixty-two dollars shall be distributed to school districts as grants pursuant to the Early Childhood Education Grant Program; (iii) the next two million one hundred seventy-five thousand six hundred seventy-three dollars shall be distributed to local systems as grants for approved accelerated or differentiated curriculum programs for students identified as learners with high ability pursuant to section 79-1108.02; (iv) the next one hundred eight thousand one hundred thirty-six dollars shall be used by the State Department of Education for the development of an integrated early childhood, elementary, secondary, and postsecondary student information system; (v) the next four hundred fifty thousand dollars shall fund the Center for Student Leadership and Extended Learning Act; (vi) the next one hundred fourteen thousand six hundred twenty-nine dollars shall be~~

used by the department to fund the multicultural education program created under section 79-720; ~~(vii) the next one hundred twenty-three thousand four hundred sixty-eight dollars shall be used by the department to employ persons to investigate and prosecute alleged violations as provided in section 79-868;~~ ~~(viii) up to the next one hundred sixty thousand dollars shall be used by the department to implement section 79-759;~~ ~~(ix) the next twenty-seven thousand two hundred dollars shall be used to fund the Interstate Compact on Educational Opportunity for Military Children;~~ ~~(x) the next two hundred thousand dollars shall be used to provide grants to establish bridge programs pursuant to sections 79-1189 to 79-1195;~~ and ~~(xi) the amount remaining shall be allocated, after administrative expenses, for distance education equipment and incentives pursuant to sections 79-1336 and 79-1337. No funds received as allocations from the Education Innovation Fund pursuant to this subdivision may be obligated for payment to be made after June 30, 2016.~~

~~(e)~~ (b) For fiscal year 2013-14, the Education Innovation Fund shall be allocated as follows: (i) The first one million dollars shall be transferred to the Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act; (ii) the next allocation shall be distributed to local systems as grants for approved accelerated or differentiated curriculum programs for students identified as learners with high ability pursuant to section 79-1108.02 in an aggregated amount up to the amount distributed in the prior fiscal year for such purposes increased by the basic allowable growth rate pursuant to section 79-1025; (iii) up to the next one hundred sixty thousand dollars shall be used by the State Department of Education to implement section 79-759; (iv) the next one million seven hundred fifty thousand dollars shall be allocated to early childhood education grants awarded by the department pursuant to section 79-1103; (v) the next one million dollars shall be transferred to the Early Childhood Education Endowment Cash Fund for use pursuant to section 79-1104.02; (vi) the next two hundred thousand dollars shall be used to provide grants to establish bridge programs pursuant to sections 79-1189 to 79-1195; (vii) the next ten thousand dollars shall be used to fund the Interstate Compact on Educational Opportunity for Military Children; (viii) the next eighty-five thousand five hundred fifty dollars shall be allocated to the State Department of Education for distribution pursuant to section 79-2306; and (ix) the amount remaining shall be allocated, after administrative expenses, for distance education equipment and incentives pursuant to sections 79-1336 and 79-1337. No funds received as allocations from the Education Innovation Fund pursuant to this subdivision may be obligated for payment to be made after June 30, 2016.

~~(d)~~ (c) For fiscal year 2014-15, the Education Innovation Fund shall be allocated, after administrative expenses, as follows: (i) The first one million two hundred thousand dollars shall be transferred to the Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act; (ii) the next allocation shall be distributed to local systems as grants for approved accelerated or differentiated curriculum programs for students identified as learners with high ability pursuant to section 79-1108.02 in an aggregated amount up to the amount distributed in the prior fiscal year for such purposes increased by the basic allowable growth rate pursuant to section 79-1025; (iii) the next one million eight hundred fifty thousand dollars shall be allocated to early childhood education grants awarded by the State Department of Education pursuant to section 79-1103; (iv) the next one million dollars shall be transferred to the Early Childhood Education Endowment Cash Fund for use pursuant to section 79-1104.02; (v) the next two hundred thousand dollars shall be used to provide grants to establish bridge programs pursuant to sections 79-1189 to 79-1195; (vi) the next ten thousand dollars shall be used to fund the Interstate Compact on Educational Opportunity for Military Children; and (vii) the amount remaining next two million dollars shall be allocated, ~~after administrative expenses,~~ for distance education equipment and incentives pursuant to sections 79-1336 and 79-1337; (viii) the next one million dollars shall be transferred to the School District Reorganization Fund; (ix) up to the next one hundred forty-five thousand dollars shall be used by the State Department of Education to implement section 79-759; and (x) the next three hundred thirty-five thousand dollars shall be allocated to local systems as grants awarded by the State Department of Education to assist schools in evaluating and improving career education programs to align such programs with the state's economic and workforce needs. Except for funds transferred to the School District Reorganization Fund, the Early Childhood Education Endowment Cash Fund, or the department for early childhood education grants pursuant to section 79-1103, no ~~-~~ No funds received as allocations from the Education Innovation Fund pursuant to this subdivision may be obligated for payment to be made after June 30, 2016, and such funds received as transfers or allocations from the Education Innovation Fund that have not been

used for their designated purpose as of such date shall be transferred to the Nebraska Education Improvement Fund on or before August 1, 2016.

~~(e)~~ (d) For fiscal year 2015-16, the Education Innovation Fund shall be allocated, after administrative expenses, as follows: (i) The first one million two hundred thousand dollars shall be transferred to the Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act; (ii) the next allocation shall be distributed to local systems as grants for approved accelerated or differentiated curriculum programs for students identified as learners with high ability pursuant to section 79-1108.02 in an aggregated amount up to the amount distributed in the prior fiscal year for such purposes increased by the basic allowable growth rate pursuant to section 79-1025; (iii) the next one million nine hundred fifty thousand dollars shall be allocated to early childhood education grants awarded by the State Department of Education pursuant to section 79-1103; (iv) the next one million dollars shall be transferred to the Early Childhood Education Endowment Cash Fund for use pursuant to section 79-1104.02; (v) the next ten thousand dollars shall be used to fund the Interstate Compact on Educational Opportunity for Military Children; and (vi) the amount remaining the next two million five hundred thousand dollars shall be allocated, after administrative expenses, for distance education equipment and incentives pursuant to sections 79-1336 and 79-1337; (vii) the next one million dollars shall be transferred to the School District Reorganization Fund; (viii) up to the next one hundred forty-five thousand dollars shall be used by the State Department of Education to implement section 79-759; and (ix) of the amount remaining, (A) three million dollars shall be retained in the Education Innovation Fund to transfer to the Nebraska Education Improvement Fund on June 30, 2016, and (B) the remaining amount shall be allocated to local systems as grants awarded by the State Department of Education to assist schools in evaluating and improving career education programs to align such programs with the state's economic and workforce needs. Except for funds transferred to the School District Reorganization Fund, the Early Childhood Education Endowment Cash Fund, or the department for early childhood education grants pursuant to section 79-1103, no funds received as allocations from the Education Innovation Fund pursuant to this subdivision may be obligated for payment to be made after June 30, 2016, and such funds received as transfers or allocations from the Education Innovation Fund that have not been used for their designated purpose as of such date shall be transferred to the Nebraska Education Improvement Fund on or before August 1, 2016.

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

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

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

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

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

Sec. 3. Section 72-201, Revised Statutes Cumulative Supplement, 2012, is amended to read:

72-201 (1) The Board of Educational Lands and Funds shall consist of five members to be appointed by the Governor with the consent of a majority of the members elected to the Legislature. One member shall be appointed from each of the congressional districts as the districts were constituted on January 1, 1961, and a fifth member shall be appointed from the state at large. One member of the board shall be competent in the field of investments.

The initial members shall be appointed to take office on October 1, 1955, and shall hold office for the following periods of time: The member from the first congressional district for one year; the member from the second congressional district for two years; the member from the third congressional district for three years; the member from the fourth congressional district for four years; and the member from the state at large for five years. As the terms of the members expire, the Governor shall appoint or reappoint a member of the board for a term of five years, except members appointed to fill vacancies whose tenures shall be the unexpired terms for which they are appointed. If the Legislature is not in session when such members, or some of them, are appointed by the Governor, such members shall take office and act as recess appointees until the Legislature next thereafter convenes. ~~Until October 1, 2011, the~~ The compensation of the members shall be ~~forty~~ fifty dollars per day for each day's time actually engaged in the performance of the duties of their office. ~~Before, on, and after October 1, 2011, each~~ Each member shall be paid his or her necessary traveling expenses incurred while upon business of the board as provided in sections 81-1174 to 81-1177. The board shall cause all school, university, agricultural college, and state college lands, owned by or the title to which may hereafter vest in the state, to be registered, leased, and sold as provided in sections 72-201 to 72-251 and shall have the general management and control of such lands and make necessary rules not provided by law. The funds arising from these lands shall be disposed of in the manner provided by the Constitution of Nebraska, sections 72-201 to 72-251, and other laws of Nebraska not inconsistent herewith.

(2) No person shall be eligible to membership on the board who is actively engaged in the teaching profession, who holds or has any financial interest in a school land lease, who is a holder of or a candidate for any state office or a member of any state board or commission, or who has not resided in this state for at least three years.

(3) The board shall elect one of its members as chairperson of the Board of Educational Lands and Funds. In the absence of the chairperson, any member of the board may, upon motion duly carried, act in his or her behalf as such chairperson. It shall keep a record of all proceedings and orders made by it. No order shall be made except upon the concurrence of at least three members of the board. It shall make all orders pertaining to the handling of all lands and funds set apart for educational purposes.

(4) The board shall maintain an office in Lincoln and shall meet in its office not less than once each month.

(5) The board may appoint a secretary for the board. The compensation of the secretary shall be payable monthly, as fixed by the board.

Sec. 4. Section 79-319, Revised Statutes Cumulative Supplement, 2012, is amended to read:

79-319 The State Board of Education has the authority to (1) provide for the education of and approve special educational facilities and programs provided in the public schools for children with disabilities, (2) act as the state's authority for the approval of all types of veterans educational programs and have jurisdiction over the administration and supervision of on-the-job and apprenticeship training, on-the-farm training, and flight training programs for veterans which are financially supported in whole or in part by the federal government, (3) supervise and administer any educational or training program established within the state by the federal government, except postsecondary education in approved colleges, (4) coordinate educational activities in the state that pertain to elementary and secondary education and such other educational programs as are placed by statute under the jurisdiction of the board, (5) receive and distribute according to law any money, commodities, goods, or services made available to the board from the state or federal government or from any other source and distribute money in accordance with the terms of any grant received, including the distribution of money from grants by the federal government to schools, preschools, day care centers, day care homes, nonprofit agencies, and political subdivisions of the state or institutions of learning not owned or exclusively controlled by the state or a political subdivision thereof, so long as no public funds of the state, any political subdivision, or any public corporation are added to such federal grants, (6) publish, from time to time, directories of schools and educators, pamphlets, curriculum guides, rules and regulations, handbooks on school constitution and other matters of interest to educators, and similar publications. Such publications may be distributed without charge to schools and school officials within this state or may be sold at a price not less than the actual cost of printing. The proceeds of such sale shall be remitted to the State Treasurer for credit to the State Department of Education Cash Fund which may be used by the State Department of Education for the purpose of printing and distributing further

such publications on a nonprofit basis. ~~The board shall furnish eight copies~~ Copies of such publications shall be provided to the Nebraska Publications Clearinghouse pursuant to section 51-413, and (7) when necessary for the proper administration of the functions of the department and with the approval of the Governor and the Department of Administrative Services, rent or lease space outside the State Capitol.

Sec. 5. Section 79-526, Reissue Revised Statutes of Nebraska, is amended to read:

79-526 (1) The school board or board of education of a Class I, II, III, IV, or VI school district has responsibility for the general care and upkeep of the schools, shall provide the necessary supplies and equipment, and, except as otherwise provided, has the power to cause pupils to be taught in such branches and classified in such grades or departments as may seem best adapted to a course of study which the board shall establish with the consent and advice of the State Department of Education. The board shall make provision for pupils that may enter at any time during the school year. The board shall have a record kept of the advancement of all pupils in each branch of study. The board shall make rules and regulations as it deems necessary for the government and health of the pupils and devise any means as may seem best to secure the regular attendance and progress of children at school.

(2) The school board may make expenditures for supplies, equipment, travel, meals, and lodging for school programs and activities, including extracurricular and interscholastic activities, appropriate for the benefit, government, and health of pupils enrolled in the school district.

Sec. 6. Section 79-535, Reissue Revised Statutes of Nebraska, is amended to read:

79-535 All Class V school districts shall be under the direction and control of the school board or board of education authorized by section 79-552. The school board or board of education may make expenditures for supplies, equipment, travel, meals, and lodging for school programs and activities, including extracurricular and interscholastic activities, appropriate for the benefit, government, and health of pupils enrolled in the school district.

Sec. 7. Section 79-759, Revised Statutes Cumulative Supplement, 2012, is amended to read:

79-759 Beginning with the 2011-12 school year, the State Department of Education may implement a ~~three-year~~ pilot project for the districtwide administration of a standard college admission test, selected by the State Board of Education, to students in the eleventh grade attending a public school in a participating school district to determine if such test (1) would improve the college-going rate and career readiness of Nebraska students and (2) could be utilized as the assessment for the one grade in high school as required under section 79-760.03. Participation by school districts in the pilot project shall be voluntary and shall be subject to the approval of the board. On or before September 1, 2012, and on or before September 1 each year thereafter through ~~2014,~~ 2016, the department shall report to the Governor, the Clerk of the Legislature, and the chairperson of the Education Committee of the Legislature on the pilot project. The report submitted to the Clerk of the Legislature and the committee shall be submitted electronically. The project shall continue through school year 2015-16. The project shall be paid for with funds from the Education Innovation Fund as provided in section 9-812.

Sec. 8. Section 79-8,133, Revised Statutes Cumulative Supplement, 2012, is amended to read:

79-8,133 The Attracting Excellence to Teaching Program is created. For purposes of the Attracting Excellence to Teaching Program:

(1) Department means the State Department of Education;

(2) Eligible institution means a not-for-profit college or university which (a) is located in Nebraska, (b) is accredited by ~~the North Central Association of Colleges and Schools,~~ a regional accrediting agency recognized by the United States Department of Education as determined to be acceptable by the State Board of Education, (c) has a teacher education program, and (d) if a privately funded college or university, has not opted out of the program pursuant to rules and regulations;

(3) Eligible student means an individual who (a) is a full-time student, (b) is enrolled in an eligible institution in an undergraduate or a graduate teacher education program working toward his or her initial certificate to teach in Nebraska, (c) if enrolled at a state-funded eligible institution, is a resident student as described in section 85-502 or, if enrolled in a privately funded eligible institution, would be deemed a resident student if enrolled in a state-funded eligible institution, (d) for applicants applying for the first time on or after April 23, 2009, is a

student majoring in a shortage area, and (e) for applicants applying to receive a loan during fiscal year 2011-12 or 2012-13, is a student who previously received a loan pursuant to the Attracting Excellence to Teaching Program in the fiscal year immediately preceding the fiscal year in which the new loan would be received;

(4) Full-time student means, in the aggregate, the equivalent of a student who in a twelve-month period is enrolled in twenty-four semester credit hours for undergraduate students or eighteen semester credit hours for graduate students of classroom, laboratory, clinical, practicum, or independent study course work;

(5) Majoring in a shortage area means pursuing a degree which will allow an individual to be properly endorsed to teach in a shortage area;

(6) Shortage area means a secular field of teaching for which there is a shortage, as determined by the department, of properly endorsed teachers at the time the borrower first receives funds pursuant to the program; and

(7) Teacher education program means a program of study approved by the State Board of Education pursuant to subdivision (5)(g) of section 79-318.

Sec. 9. Section 79-8,137.01, Revised Statutes Cumulative Supplement, 2012, is amended to read:

79-8,137.01 The Enhancing Excellence in Teaching Program is created. For purposes of the Enhancing Excellence in Teaching Program:

(1) Department means the State Department of Education;

(2) Eligible graduate program means a program of study offered by an eligible institution which results in obtaining a graduate degree;

(3) Eligible institution means a not-for-profit college or university which (a) is located in Nebraska, (b) is accredited by ~~the North Central Association of Colleges and Schools~~, a regional accrediting agency recognized by the United States Department of Education as determined to be acceptable by the State Board of Education, (c) has a teacher education program, and (d) if a privately funded college or university, has not opted out of the Enhancing Excellence in Teaching Program pursuant to rules and regulations;

(4) Eligible student means an individual who (a) is a certificated teacher employed to teach in an approved or accredited school in Nebraska, (b) is enrolled in an eligible graduate program, (c) if enrolled at a state-funded eligible institution, is a resident student as described in section 85-502 or, if enrolled in a privately funded eligible institution, would be deemed a resident student if enrolled in a state-funded eligible institution, (d) is majoring in a shortage area, curriculum and instruction, a subject area in which the individual already holds a secular teaching endorsement, or a subject area that will result in an additional secular teaching endorsement which the superintendent of the school district or head administrator of the private, denominational, or parochial school employing the individual believes will be beneficial to the students of such school district or school as evidenced by a statement signed by the superintendent or head administrator, and (e) is applying for a loan pursuant to the Enhancing Excellence in Teaching Program to be received at a time other than during fiscal year 2011-12 or 2012-13;

(5) Majoring in a shortage area or subject area means pursuing a degree which will allow an individual to be properly endorsed to teach in such shortage area or subject area; and

(6) Shortage area means a secular field of teaching for which there is a shortage, as determined by the department, of properly endorsed teachers at the time the borrower first receives funds pursuant to the Enhancing Excellence in Teaching Program.

Sec. 10. Section 79-8,137.05, Revised Statutes Cumulative Supplement, 2012, is amended to read:

79-8,137.05 (1) The Excellence in Teaching Cash Fund is created. The fund shall consist of appropriations by the Legislature, transfers pursuant to section 9-812, and loan repayments, penalties, and interest payments received in the course of administering the Attracting Excellence to Teaching Program and the Enhancing Excellence in Teaching Program.

(2) For all fiscal years except fiscal years 2011-12 and 2012-13, the department shall allocate on an annual basis up to four hundred thousand dollars in the aggregate of the funds to be distributed for the Attracting Excellence to Teaching Program to all eligible institutions according to the distribution formula as determined by rule and regulation. The eligible institutions shall act as agents of the department in the distribution of the funds for the Attracting Excellence to Teaching Program to eligible students. The remaining available funds shall be distributed by the department to eligible students for the Enhancing Excellence in Teaching Program.

(3) For fiscal years 2011-12 and 2012-13, the department shall

allocate on an annual basis funds to be distributed for the Attracting Excellence to Teaching Program to all eligible institutions receiving applications from eligible students for loans to be received during such fiscal years. The distribution for each of fiscal years 2011-12 and 2012-13 shall be proportional based on the amounts applied for by eligible students at each institution, except that no more than one hundred percent of such amounts shall be distributed. The eligible institutions shall act as agents of the department in the distribution of the funds for the Attracting Excellence to Teaching Program to eligible students.

(4) Any money remaining in the fund on August 1, 2016, shall be transferred to the Nebraska Education Improvement Fund on such date.

~~(4)~~ (5) Any money in the fund Excellence in Teaching Cash Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 11. Section 79-1003, Revised Statutes Supplement, 2013, is amended to read:

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

(1) Adjusted general fund operating expenditures means ~~(a) for school fiscal years 2010-11 through 2012-13, the difference of the general fund operating expenditures as calculated pursuant to subdivision (22) of this section increased by, or for aid calculated for school fiscal year 2010-11 multiplied by, the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, elementary class size allowance, summer school allowance, instructional time allowance, teacher education allowance, and focus school and program allowance, and (b) for school fiscal year 2013-14 and each school fiscal year thereafter, (a) for school fiscal years 2013-14 through 2015-16, the difference of the general fund operating expenditures as calculated pursuant to subdivision (22) of this section increased by the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, instructional time allowance, teacher education allowance, and focus school and program allowance, and (b) for school fiscal year 2016-17 and each school fiscal year thereafter, the difference of the general fund operating expenditures as calculated pursuant to subdivision (22) of this section increased by the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, and focus school and program allowance;~~

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

(3) Allocated income tax funds means the amount of assistance paid to a local system pursuant to section 79-1005.01 as adjusted by the minimum levy adjustment pursuant to section 79-1008.02;

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

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

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

(7) Categorical funds means funds limited to a specific purpose by federal or state law, including, but not limited to, Title I funds, Title VI funds, federal vocational education funds, federal school lunch funds, Indian education funds, Head Start funds, and funds from the Education Innovation Fund. Categorical funds does not include funds received pursuant to section 79-1028.02 or 79-1028.04;

(8) Consolidate means to voluntarily reduce the number of school

districts providing education to a grade group and does not include dissolution pursuant to section 79-498;

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

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

(11) Department means the State Department of Education;

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

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

(14) Equalization aid means the amount of assistance calculated to be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23, 79-1007.25, 79-1008.01 to 79-1022, 79-1022.02, 79-1028.02, and 79-1028.04;

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

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

(17) Formula students means:

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

(b) For the final calculation of state aid pursuant to section 79-1065, the sum of average daily membership plus sixty percent of the qualified early childhood education average daily membership plus tuitioned students minus the product of the number of students enrolled in kindergarten that is not full-day kindergarten from the average daily membership multiplied by 0.5 from the school fiscal year immediately preceding the school fiscal year in which aid was paid;

(18) Free lunch and free milk student means a student who qualified for free lunches or free milk from the most recent data available on November 1 of the school fiscal year immediately preceding the school fiscal year in which aid is to be paid;

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

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

(21) General fund expenditures means all expenditures from the general fund;

(22) General fund operating expenditures means for state aid calculated for school fiscal years 2012-13 and each school fiscal year thereafter, as reported on the annual financial report for the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid, the total general fund expenditures minus (a) the amount of all receipts to the general fund, to the extent that such receipts are not included in local system formula resources, from early childhood

education tuition, summer school tuition, educational entities as defined in section 79-1201.01 for providing distance education courses through the Educational Service Unit Coordinating Council to such educational entities, private foundations, individuals, associations, charitable organizations, the textbook loan program authorized by section 79-734, federal impact aid, and levy override elections pursuant to section 77-3444, (b) the amount of expenditures for categorical funds, tuition paid, transportation fees paid to other districts, adult education, community services, redemption of the principal portion of general fund debt service, retirement incentive plans authorized by section 79-855, and staff development assistance authorized by section 79-856, (c) the amount of any transfers from the general fund to any bond fund and transfers from other funds into the general fund, (d) any legal expenses in excess of fifteen-hundredths of one percent of the formula need for the school fiscal year in which the expenses occurred, (e) expenditures to pay for sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination occurring prior to July 1, 2009, occurring on or after the last day of the 2010-11 school year and prior to the first day of the 2013-14 school year, or, to the extent that a district has demonstrated to the State Board of Education pursuant to section 79-1028.01 that the agreement will result in a net savings in salary and benefit costs to the school district over a five-year period, occurring on or after the first day of the 2013-14 school year, (f) (i) expenditures to pay for employer contributions pursuant to subsection (2) of section 79-958 to the School Employees Retirement System of the State of Nebraska to the extent that such expenditures exceed the employer contributions under such subsection that would have been made at a contribution rate of seven and thirty-five hundredths percent or (ii) expenditures to pay for school district contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to the retirement system established pursuant to the Class V School Employees Retirement Act to the extent that such expenditures exceed the school district contributions under such subdivision that would have been made at a contribution rate of seven and thirty-seven hundredths percent, and (g) any amounts paid by the district for lobbyist fees and expenses reported to the Clerk of the Legislature pursuant to section 49-1483.

For purposes of this subdivision (22) of this section, receipts from levy override elections shall equal ninety-nine percent of the difference of the total general fund levy minus a levy of one dollar and five cents per one hundred dollars of taxable valuation multiplied by the assessed valuation for school districts that have voted pursuant to section 77-3444 to override the maximum levy provided pursuant to section 77-3442;

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

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

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

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

(27) Local system means a learning community for purposes of calculation of state aid for the second full school fiscal year after becoming a learning community and each school fiscal year thereafter, a unified system, a Class VI district and the associated Class I districts, or a Class II, III, IV, or V district and any affiliated Class I districts or portions of Class I districts. The membership, expenditures, and resources of Class I districts that are affiliated with multiple high school districts will be attributed to local systems based on the percent of the Class I valuation that is affiliated with each high school district;

(28) Low-income child means a child under nineteen years of age living in a household having an annual adjusted gross income for the second calendar year preceding the beginning of the school fiscal year for which aid is being calculated equal to or less than the maximum household income that would allow a student from a family of four people to be a free lunch and free milk student during the school fiscal year immediately preceding the school fiscal year for which aid is being calculated;

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

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

(31) Poverty students means the number of low-income students or the number of students who are free lunch and free milk students in a district plus the difference of the number of low-income students or the number of students who are free lunch and free milk students in a district, whichever is greater, minus the average number of poverty students for such district, prior to such addition, for the three immediately preceding school fiscal years if such difference is greater than zero;

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

(33) Qualified early childhood education fall membership means the product of membership on the last Friday in September 2006 and each year thereafter of students who will be eligible to attend kindergarten the following school year and are enrolled in an early childhood education program approved by the department pursuant to section 79-1103 for such school district for such school year multiplied by the ratio of the planned instructional hours of the program divided by one thousand thirty-two if: (a) The program is receiving a grant pursuant to such section for the third year; (b) the program has already received grants pursuant to such section for three years; or (c) the program has been approved pursuant to subsection (5) of section 79-1103 for such school year and the two preceding school years, including any such students in portions of any of such programs receiving an expansion grant;

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

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

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

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

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

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

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

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

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

(39) Special grant funds means the budgeted receipts for grants, including, but not limited to, categorical funds, reimbursements for wards of

the court, short-term borrowings including, but not limited to, registered warrants and tax anticipation notes, interfund loans, insurance settlements, and reimbursements to county government for previous overpayment. The state board shall approve a listing of grants that qualify as special grant funds;

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

(41) State board means the State Board of Education;

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

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

(44) Statewide average general fund operating expenditures per formula student means the statewide total general fund operating expenditures for all districts divided by the statewide total formula students for all districts;

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

(46) Temporary aid adjustment factor means (a) for school fiscal years before school fiscal year 2007-08, one and one-fourth percent of the sum of the local system's transportation allowance, the local system's special receipts allowance, and the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping and (b) for school fiscal year 2007-08, one and one-fourth percent of the sum of the local system's transportation allowance, special receipts allowance, and distance education and telecommunications allowance and the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping;

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

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

(49) Very sparse local system means a local system that has:

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

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

Sec. 12. Section 79-1007.11, Revised Statutes Supplement, 2013, is amended to read:

79-1007.11 ~~(1) Except as otherwise provided in this section, for school fiscal years 2011-12 and 2012-13, each school district's formula need shall equal the difference of the sum of the school district's basic funding, poverty allowance, limited English proficiency allowance, elementary class size allowance, focus school and program allowance, summer school allowance, special receipts allowance, transportation allowance, elementary site allowance, instructional time allowance, teacher education allowance, distance education and telecommunications allowance, averaging adjustment, new learning community transportation adjustment, student growth adjustment, any positive student growth adjustment correction, and new school adjustment, minus the sum of the limited English proficiency allowance correction, poverty allowance correction, any negative student growth adjustment correction, and local choice adjustment.~~

~~(2) (1) Except as otherwise provided in this section, for school fiscal year 2013-14 and each school fiscal year thereafter, years 2013-14 through 2015-16, each school district's formula need shall equal the difference of the sum of the school district's basic funding, poverty allowance, limited English proficiency allowance, focus school and program allowance, summer school allowance, special receipts allowance, transportation allowance, elementary site allowance, instructional time allowance, teacher education allowance, distance education and telecommunications allowance, averaging adjustment, new learning community transportation adjustment, student growth adjustment, any positive student growth adjustment correction,~~

and new school adjustment, minus the sum of the limited English proficiency allowance correction, poverty allowance correction, and any negative student growth adjustment correction.

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

(3) If the formula need calculated for a school district pursuant to subsections (1) and (2) of this section is less than one hundred percent of the formula need for such district for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated, the formula need for such district shall equal one hundred percent of the formula need for such district for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated.

(4) Except as provided in subsection (6) of this section, if the formula need calculated for a school district pursuant to subsections (1) and (2) of this section is more than one hundred twelve percent of the formula need for such district for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated, the formula need for such district shall equal one hundred twelve percent of the formula need for such district for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated, except that the formula need shall not be reduced pursuant to this subsection for any district receiving a student growth adjustment for the school fiscal year for which aid is being calculated.

(5) For purposes of subsections (3) and (4) of this section, the formula need for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated shall be the formula need used in the final calculation of aid pursuant to section 79-1065 and for districts that were affected by a reorganization with an effective date in the calendar year preceding the calendar year in which aid is certified for the school fiscal year for which aid is being calculated, the formula need for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated shall be attributed to the affected school districts based on information provided to the department by the school districts or proportionally based on the adjusted valuation transferred if sufficient information has not been provided to the department.

(6) For state aid calculated for the first full school fiscal year of a new learning community, if the formula need calculated for a member school district pursuant to subsections (1) through (3) of this section is less than the sum of the school district's state aid certified for the school fiscal year immediately preceding the first full school fiscal year of the learning community plus the school district's other actual receipts included in local system formula resources pursuant to section 79-1018.01 for such school fiscal year plus the product of the school district's general fund levy for such school fiscal year up to one dollar and five cents multiplied by the school district's assessed valuation for such school fiscal year, the formula need for such school district for the school fiscal year for which aid is being calculated shall equal such sum.

Sec. 13. Section 79-1007.23, Revised Statutes Supplement, 2013, is amended to read:

79-1007.23 (1)(a) For state aid calculated for school fiscal years through school fiscal year 2012-13, the department shall calculate an instructional time allowance for each district which submits the information required for the calculation on a form prescribed by the department on or before October 15 of the school fiscal year preceding the school fiscal year for which aid is being calculated. The instructional time allowance shall be equal to the product of the formula students of such district multiplied by the instructional time factor for such district multiplied by eighty-five percent of the statewide average general fund operating expenditures per formula student.

(b) The instructional time factor shall equal the difference of the ratio of the district's average hours of instruction for each full-time student during the regular school year for the most recently available complete data year divided by the statewide average hours of instruction for

each full-time student during the regular school year for the most recently available complete data year minus one, except that if the result is less than zero, the instructional time factor shall equal zero.

(c) The average hours of instruction shall be defined by the department and shall be based on scheduled time for courses and the number of students participating in such courses as reported to the department for the most recently available complete data year. Hours of instruction shall not include extracurricular activities outside of the regular school day or time designated for students to eat lunch. The statewide average hours of instruction for each student shall be an average of the averages for all school districts.

(2) (a) For state aid calculated for school fiscal year 2013-14 and each school fiscal year thereafter, years 2013-14 through 2015-16, the department shall calculate an instructional time allowance for a school district if the average days in session for such school district exceeds one hundred seventy-five days for the most recently available complete data year.

(b) For purposes of this subsection:

(i) The allowance student days for each qualifying school district shall equal the formula students for such district multiplied by the difference of the average days in session for such school district minus one hundred seventy-five days;

(ii) The average days in session for each school district shall equal a weighted average of the days in session for all schools in the school district as defined by the department; and

(iii) The statewide allowance student days shall equal the sum of the allowance student days for all qualifying school districts.

(c) ~~The~~ For school fiscal years 2013-14 and 2014-15, the instructional time allowance for each qualifying school district shall equal the product of twenty million dollars multiplied by the ratio of the allowance student days for such school district divided by the statewide allowance student days.

(d) For school fiscal year 2015-16, the instructional time allowance for each qualifying school district shall equal the product of ten million dollars multiplied by the ratio of the allowance student days for such school district divided by the statewide allowance student days.

~~(d)~~ (e) Fifty percent of the instructional time allowance calculated pursuant to this subsection for each qualifying school district shall be paid to such school district as instructional time aid for the school fiscal year for which aid is being calculated.

Sec. 14. Section 79-1007.25, Revised Statutes Supplement, 2013, is amended to read:

79-1007.25 The For school fiscal years 2013-14 through 2015-16, the department shall calculate a teacher education allowance for each district as follows:

(1) Teacher education points shall be calculated for each district by the department based upon data from the fall personnel report required pursuant to section 79-804 for the school fiscal year immediately preceding the school fiscal year in which aid is to be paid. Each full-time equivalent teacher shall (a) be under contract with a school district as required pursuant to section 79-818 and (b) only be counted one time in awarding any points pursuant to this section. Each district shall receive one point for each full-time equivalent teacher who has earned and been awarded a master's degree or an education specialist's degree and two points for each full-time equivalent teacher who has earned and been awarded a doctoral degree;

~~(2) For school fiscal years prior to school fiscal year 2013-14,~~ a teacher education index shall be calculated for each district by dividing the ratio of teacher education points for the district divided by the number of full-time equivalent teachers in the district by the ratio of teacher education points for all districts divided by the number of full-time equivalent teachers in all districts;

~~(3) For school fiscal years prior to school fiscal year 2013-14,~~ the teacher education allowance for each district shall equal eight and one-half percent of the statewide average general fund operating expenditures per formula student multiplied by the district's formula students and multiplied by the difference of the product of the district's teacher education index minus one, except that if the result is less than zero, the teacher education allowance shall equal zero; and

~~(4)~~ (2) For school fiscal year 2013-14 and each school fiscal year thereafter, years 2013-14 and 2014-15, the teacher education allowance for each district shall equal the product of thirty million dollars multiplied by the ratio of teacher education points calculated for the district divided by the aggregate teacher education points calculated for all districts.

Fifty percent of the teacher education allowance calculated pursuant to this subdivision for each school district shall be paid to such school district as teacher education aid for the school fiscal year for which aid is being calculated; and -

(3) For school fiscal year 2015-16, the teacher education allowance for each district shall equal the product of fifteen million dollars multiplied by the ratio of teacher education points calculated for the district divided by the aggregate teacher education points calculated for all districts. Fifty percent of the teacher education allowance calculated pursuant to this subdivision for each school district shall be paid to such school district as teacher education aid for the school fiscal year for which aid is being calculated.

Sec. 15. Section 79-1011, Revised Statutes Cumulative Supplement, 2012, is amended to read:

79-1011 (1) ~~To encourage consolidation of Class II and III school districts with less than three hundred ninety students, incentives shall be paid to reorganized Class II, III, IV, or V support school districts which consolidate, support grants shall be paid to reorganized Class III school districts resulting from consolidations which meet the requirements of this section. This section shall only apply to consolidations with an effective date after May 31, 2009, and before June 1, 2011, the effective date of this act.~~

(2) ~~To qualify for incentive payments support grants under this section, the consolidation must be approved for incentive payments support grants by the State Committee for the Reorganization of School Districts. Consolidating school districts shall file an application with the state committee on or before June 15, 2009, 2014, or within thirty days following the issuance of the boundary change order pursuant to subsection (1) of section 79-479, whichever is later. The state committee shall approve or disapprove incentive payments support grants within thirty days after receipt of the application.~~

(3) ~~For incentive payments support grants to be approved by the state committee, a reorganization study, including efficiency, demographic, curriculum, facility, financial, and community components, must be completed prior to the reorganization. If a study containing such elements has been completed and the study indicates that the reorganization will most likely result in more efficiency in the delivery of educational services or greater educational opportunities, the state committee may approve incentive payments support grants.~~

(4) ~~Incentive payments shall be based on the number of students moving from Class II or III school districts with less than three hundred ninety students into a reorganized Class II, III, IV, or V school district with at least three hundred ninety students based on the average daily membership in each affected district in the school fiscal year immediately preceding the first school fiscal year the boundary change will be in effect and the average daily membership the consolidated district would have had following the boundary change if it had occurred in the school fiscal year immediately preceding the first school fiscal year the boundary change will be in effect. The incentive amount for each district involved in the reorganization having an average daily membership of less than three hundred ninety students The amount of the support grant for each qualifying consolidation shall equal one hundred twenty-five thousand dollars plus the product of five hundred dollars per student multiplied by the difference of three hundred ninety students minus the average daily membership in such district, multiplied by the number of school districts that are consolidating into the new reorganized Class III school district.~~

(5) ~~Except as otherwise provided in this subsection, base fiscal year incentive payments shall equal fifty percent of the amount calculated pursuant to subsection (4) of this section. Base fiscal year incentive payments support grants shall be calculated as of August 2 immediately preceding the base fiscal year first full school fiscal year the consolidation will be in effect and shall be paid directly to the reorganized Class III district from the School District Reorganization Fund, pursuant to subsection (6) of this section. The payments shall be made in ten as nearly as possible equal payments on the last business day of each month, beginning in September and ending the following June, for the base fiscal year. If the total amount of base fiscal year incentive payments support grants for that school fiscal year exceeds the amount in the School District Reorganization Fund, the base fiscal year incentive payments support grants shall be reduced proportionately so that the total amount of base fiscal year incentive payments support grants equals the amount of funds so appropriated. The base fiscal year incentive payments For support grants approved for school fiscal year 2014-15, an amount~~

equal to any reduction in such support grants for such school fiscal year shall be paid from the amount available in the School District Reorganization Fund for school fiscal year 2015-16 prior to the payment of any support grants approved for school fiscal year 2015-16 and shall not be reduced unless the total for support grants approved for school fiscal year 2014-15 exceeds the total amount available in the School District Reorganization Fund for the combination of school fiscal years 2014-15 and 2015-16. The support grants shall not be included in local system formula resources as calculated under section 79-1018.01.

~~(6) The amount calculated pursuant to subsection (4) of this section minus the amount of base fiscal year incentive payments pursuant to subsection (5) of this section shall be paid out of any remaining funds in the School District Reorganization Fund after base fiscal year incentive payments. If the total amount of second-year incentive payments exceeds the remaining funds, the second-year incentive payments shall be reduced proportionately so that the total amount of second-year incentive payments equals the amount in the fund. Second-year incentive payments shall not be included in local system formula resources as calculated pursuant to section 79-1018.01.~~

Sec. 16. Section 79-1012, Revised Statutes Cumulative Supplement, 2012, is amended to read:

79-1012 The School District Reorganization Fund is created. The fund shall be administered by the department. The fund shall consist of money transferred from the Education Innovation Fund and shall be used to provide payments support grants to reorganized school districts pursuant to section 79-1011. Any unencumbered money remaining in the School District Reorganization Fund on July 1, 2011, shall be transferred to the Education Innovation Fund on such date. Any money remaining in the School District Reorganization Fund on July 1, 2013, shall be transferred to the Education Innovation Fund on such date. Any money in the School District Reorganization Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 17. Section 79-1017.01, Revised Statutes Supplement, 2013, is amended to read:

79-1017.01 ~~(1) For state aid calculated for school fiscal years prior to school fiscal year 2012-13, local system formula resources includes retirement aid determined under section 79-1028.03, allocated income tax funds determined for each such district pursuant to the provisions of section 79-1005.01, and adjustments pursuant to section 79-1008.02.~~

~~(2) For state aid calculated for school fiscal year 2012-13, local system formula resources includes retirement aid determined under section 79-1028.03, allocated income tax funds determined for each district pursuant to section 79-1005.01, and adjustments pursuant to section 79-1008.02, and is reduced by amounts paid by the district in the most recently available complete data year as property tax refunds pursuant to or in the manner prescribed by section 77-1736.06.~~

~~(3) (1) For state aid calculated for school fiscal year 2013-14, local system formula resources includes retirement aid determined under section 79-1028.03, teacher education aid determined for each district pursuant to subdivision (4) (2) of section 79-1007.25, instructional time aid determined pursuant to subsection (2) of section 79-1007.23, allocated income tax funds determined for each district pursuant to section 79-1005.01, and adjustments pursuant to section 79-1008.02 and is reduced by amounts paid by the district in the most recently available complete data year as property tax refunds pursuant to or in the manner prescribed by section 77-1736.06.~~

~~(4) (2) For state aid calculated for school fiscal year 2014-15 and each school fiscal year thereafter, years 2014-15 and 2015-16, local system formula resources includes teacher education aid determined for each district pursuant to subdivision (4) of section 79-1007.25, instructional time aid determined pursuant to subsection (2) of section 79-1007.23, allocated income tax funds determined for each district pursuant to section 79-1005.01, and adjustments pursuant to section 79-1008.02 and is reduced by amounts paid by the district in the most recently available complete data year as property tax refunds pursuant to or in the manner prescribed by section 77-1736.06.~~

(3) For state aid calculated for school fiscal year 2016-17 and each school fiscal year thereafter, local system formula resources includes allocated income tax funds determined for each district pursuant to section 79-1005.01 and adjustments pursuant to section 79-1008.02 and is reduced by amounts paid by the district in the most recently available complete data year as property tax refunds pursuant to or in the manner prescribed by section 77-1736.06.

Sec. 18. Section 79-1028.01, Revised Statutes Supplement, 2013, is

amended to read:

79-1028.01 (1) For each school fiscal year, a school district may exceed its budget authority for the general fund budget of expenditures as calculated pursuant to section 79-1023 for such school fiscal year by a specific dollar amount for the following exclusions:

(a) Expenditures for repairs to infrastructure damaged by a natural disaster which is declared a disaster emergency pursuant to the Emergency Management Act;

(b) Expenditures for judgments, except judgments or orders from the Commission of Industrial Relations, obtained against a school district which require or obligate a school district to pay such judgment, to the extent such judgment is not paid by liability insurance coverage of a school district;

(c) Expenditures pursuant to the Retirement Incentive Plan authorized in section 79-855 or the Staff Development Assistance authorized in section 79-856;

(d) Expenditures of amounts received from educational entities as defined in section 79-1201.01 for providing distance education courses through the Educational Service Unit Coordinating Council to such educational entities;

(e) Expenditures to pay for employer contributions pursuant to subsection (2) of section 79-958 to the School Employees Retirement System of the State of Nebraska to the extent that such expenditures exceed the employer contributions under such subsection that would have been made at a contribution rate of seven and thirty-five hundredths percent;

(f) Expenditures to pay for school district contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to the retirement system established pursuant to the Class V School Employees Retirement Act to the extent that such expenditures exceed the school district contributions under such subdivision that would have been made at a contribution rate of seven and thirty-seven hundredths percent;

(g) Expenditures for sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination occurring prior to July 1, 2009, occurring on or after the last day of the 2010-11 school year and prior to the first day of the 2013-14 school year, or, to the extent that a district demonstrates to the State Board of Education pursuant to subsection (3) of this section that the agreement will result in a net savings in salary and benefit costs to the school district over a five-year period, occurring on or after the first day of the 2013-14 school year;

(h) Any expenditures in school fiscal years 2016-17 and 2017-18 of amounts specified in the notice provided by the Commissioner of Education pursuant to section 79-309.01 for teacher performance pay;

(i) The special education budget of expenditures; and

(j) Expenditures of special grant funds.

(2) For each school fiscal year, a school district may exceed its budget authority for the general fund budget of expenditures as calculated pursuant to section 79-1023 for such school fiscal year by a specific dollar amount and include such dollar amount in the budget of expenditures used to calculate budget authority for the general fund budget of expenditures pursuant to section 79-1023 for future years for the following exclusions:

(a) Expenditures of ~~incentive payments or base fiscal year incentive payments~~ support grants to be received in such school fiscal year pursuant to section 79-1011;

(b) The first school fiscal year the district will be participating in Network Nebraska for the full school fiscal year, for the difference of the estimated expenditures for such school fiscal year for telecommunications services, access to data transmission networks that transmit data to and from the school district, and the transmission of data on such networks as such expenditures are defined by the department for purposes of the distance education and telecommunications allowance minus the dollar amount of such expenditures for the second school fiscal year preceding the first full school fiscal year the district participates in Network Nebraska;

(c) Expenditures for new elementary attendance sites in the first year of operation or the first year of operation after being closed for at least one school year if such elementary attendance site will most likely qualify for the elementary site allowance in the immediately following school fiscal year as determined by the state board;

(d) For the first school fiscal year for which early childhood education membership is included in formula students for the calculation of state aid, expenditures for early childhood education equal to the amount the school district received in early childhood education grants pursuant to section 79-1103 for the prior school fiscal year, increased by the basic allowable growth rate; and

(e) For school fiscal year 2013-14, an amount not to exceed two percent over the previous school year if such increase is approved by a seventy-five percent majority vote of the school board of such district.

(3) The state board shall approve, deny, or modify the amount allowed for any exclusions to the budget authority for the general fund budget of expenditures pursuant to this section.

Sec. 19. Section 79-1101, Reissue Revised Statutes of Nebraska, is amended to read:

79-1101 (1) The Legislature finds and declares that: (a) Early childhood education programs can assist children in achieving their potential as citizens, workers, and human beings and can strengthen families; (b) early childhood education has been proven to be a sound public investment of funds not only in assuring productive, taxpaying workers in the economy but also in avoidance of increasingly expensive social costs for those who drop out as productive members of society; (c) the key ingredient in an effective early childhood education program is a strong family development and support component because the role of the parent is of critical importance; (d) while all children can benefit from quality, developmentally appropriate early childhood education experiences, such experiences are especially important for at-risk infants and children; (e) current early childhood education programs serve only a fraction of Nebraska's children and the quality of current programs varies widely; (f) well-designed early childhood education programs increase the likelihood that children who participate will enter school prepared to achieve high standards; (g) effective early childhood education programs require staff with knowledge about child growth, development, and learning and family systems; and (h) both public and nonpublic programs which meet recognized standards of quality can address the growth, development, and learning needs of young children.

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

(b) It is the further intent of the Legislature that any additional funds appropriated on or after January 1, 2014, for FY2014-15 for early childhood education grants pursuant to section 79-1103 be used to assist schools and community-based organizations in working together to expand the access to such high-quality early childhood education programs for children for the school year prior to the school year for which the child will be eligible to attend kindergarten and that the unobligated balance of any such funds be reappropriated for such purpose for FY2015-16 and FY2016-17.

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

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

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

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

(d) Endowment provider means an endowment that has met the criteria described in section 79-1104.01 and that has entered into an endowment agreement.

Sec. 20. Section 79-1102, Reissue Revised Statutes of Nebraska, is amended to read:

79-1102 (1) ~~On September 1, 2007, an~~ An Early Childhood Training Center shall be established within the State Department of Education. The purpose of the center is to train individuals who provide education and development activities for infants and young children and their parents. The center, taking into consideration existing public and private training efforts, shall provide support and assistance to schools and public and private providers of early childhood education services in developing training

programs for staff. The center, in consultation with the Department of Health and Human Services, shall approve training that is used to satisfy child care licensing criteria for required training, annual inservice training, and training needed for participation or advancement in the quality rating and improvement system established pursuant to the Step Up to Quality Child Care Act. The center, taking into consideration existing public and private training efforts, shall also provide clearinghouse information and publications on available early childhood education training opportunities throughout the state.

(2) The center shall establish a statewide training program to support the development of parent education programs in local communities. The goal of this project is to train individuals who will be able to work with public and private providers of early childhood services to establish parent education programs in their communities.

~~(3) Effective September 1, 2007, the department shall assume the direct responsibility for all operations of the Early Childhood Training Center operated under the jurisdiction of the department by an educational service unit prior to September 1, 2007.~~

~~(4) Any employees of an educational service unit which operated the Early Childhood Training Center prior to September 1, 2007, who separate from employment with the educational service unit effective August 31, 2007, to become employees of the department on September 1, 2007, shall be subject to the following provisions:~~

~~(a) The educational service unit shall transfer to the department all accrued sick leave of each transferred employee and up to a maximum of two hundred eighty accrued vacation leave hours of each transferred employee;~~

~~(b) The educational service unit shall not be required to reimburse the department for any of the value of the accrued sick or vacation leave hours transferred; and~~

~~(c) For purposes of establishing seniority and rates for earning sick and vacation leave, such employees shall have a service date with the department beginning September 1, 2007. Any employee who returns to employment with the department after a break in service of less than five calendar years shall have his or her prior service recognized and the beginning service date adjusted accordingly for the period of absence.~~

Sec. 21. The Commissioner of Education shall appoint a student achievement coordinator, subject to confirmation by a majority vote of the members of the State Board of Education. The coordinator shall have a background and training in addressing the unique educational needs of low-achieving students, including students in poverty, limited English proficient students, and highly mobile students. The coordinator shall evaluate and coordinate existing resources for effective programs to increase achievement for such students across the state and shall review poverty plans submitted to the State Department of Education pursuant to section 79-1013 and limited English proficiency plans submitted to the department pursuant to section 79-1014 to ascertain successful practices being used by school districts in Nebraska and to assist school districts in improving their poverty and limited English proficiency plans, including the evaluation components. The coordinator need not review the poverty and limited English proficiency plans of each school district on an annual basis but shall develop a review schedule which assures that plans are reviewed periodically.

Sec. 22. Section 79-1118.01, Revised Statutes Supplement, 2013, is amended to read:

79-1118.01 Disability means an impairment which causes a child to be diagnosed with an intellectual disability; a hearing, speech, language, or visual impairment; a behavioral disorder; an orthopedic impairment; another health impairment; deafness or blindness; or a developmental delay or as having multiple disabilities or specific learning disabilities, traumatic brain injury, or autism identified as having at least one of the conditions defined in this section and causes such child to need special education and related services. For purposes of this section:

(1) Autism means a developmental disability significantly affecting verbal and nonverbal communication and social interaction, generally evident before age three, that adversely affects a child's educational performance. Other characteristics often associated with autism are engagement in repetitive activities and stereotyped movements, resistance to environmental change or change in daily routines, and unusual responses to sensory experiences. Autism does not apply if a child's educational performance is adversely affected primarily because the child has a serious an emotional disturbance;

(2) Behavior disorder means a condition in which a child exhibits one or more of the following characteristics over a long period of time and to

a marked degree which adversely affects educational performance:

- ~~(a) An inability to learn which cannot be explained by intellectual, sensory, or health factors;~~
- ~~(b) An inability to build or maintain satisfactory interpersonal relationships with peers and teachers;~~
- ~~(c) Inappropriate types of behavior or feelings under normal circumstances;~~
- ~~(d) A general pervasive mood of unhappiness or depression; or~~
- ~~(e) A tendency to develop physical symptoms or fears associated with personal or school problems.~~

Behavior disorder includes schizophrenia but does not include social maladjustment unless the characteristics defined in subdivision (a) or (b) of this subdivision are also present;

~~(3)~~ (2) Blind and visually impaired means partially seeing or blind, which visual impairment, even with correction, adversely affects a child's educational performance;

~~(4)~~ (3) Deaf means a hearing impairment which is so severe that processing linguistic information through hearing, with or without amplification, is impaired to the extent that educational performance is adversely affected;

~~(5)~~ (4) Deaf-blind means concomitant hearing and visual impairments, the combination of which causes such severe communication and other developmental and educational problems that such impairments cannot be accommodated in special education programs solely for children who are deaf or blind;

~~(6)~~ (5) Developmental delay means either (a) a significant delay in function in one or more of the following areas: ~~(a)~~ (i) Cognitive development; ~~(b)~~ (ii) physical development; ~~(c)~~ (iii) communication development; ~~(d)~~ (iv) social or emotional development; or ~~(e)~~ (v) adaptive behavior or skills development, or (b) a diagnosed physical or mental condition that has a high probability of resulting in a substantial delay in function in one or more of such areas;

(6) (a) Emotional disturbance means a condition in which a student exhibits one or more of the following characteristics over a long period of time and to a marked degree which adversely affects educational performance:

- (i) An inability to learn which cannot be explained by intellectual, sensory, or health factors;
- (ii) An inability to build or maintain satisfactory interpersonal relationships with peers and teachers;
- (iii) Inappropriate types of behavior or feelings under normal circumstances;
- (iv) A general pervasive mood of unhappiness or depression; or
- (v) A tendency to develop physical symptoms or fears associated with personal or school problems.

(b) Emotional disturbance includes schizophrenia but does not include social maladjustment unless a characteristic defined in subdivision (6) (a) (i) or (ii) of this section is also present;

(7) Hard of hearing means a hearing impairment, whether permanent or fluctuating, which adversely affects educational performance but is not included under the term deaf in subdivision ~~(4)~~ (3) of this section;

(8) Intellectual disability means a condition in which a child exhibits significantly subaverage general intellectual functioning existing concurrently with deficits in adaptive behavior and manifested during the developmental period which adversely affects educational performance;

(9) Multiple disabilities means concomitant impairments, such as intellectual disability-blind or intellectual disability-orthopedic impairment, the combination of which causes such severe educational problems that a child with such impairments cannot be accommodated in special education programs for one of the impairments. Multiple disabilities does not include deaf-blind;

(10) Orthopedic impairment means a severe orthopedic impairment which adversely affects a child's educational performance. Severe orthopedic impairments include impairments caused by (a) congenital anomaly, including, but not limited to, clubfoot or absence of a member, (b) disease, including, but not limited to, poliomyelitis or bone tuberculosis, or (c) other causes, including, but not limited to, cerebral palsy, amputations, and fractures and burns which cause contractures;

(11) Other health impaired means having limited strength, vitality, or alertness due to chronic or acute health problems, including, but not limited to, a heart condition, tuberculosis, rheumatic fever, nephritis, asthma, sickle cell anemia, hemophilia, epilepsy, lead poisoning, leukemia, or diabetes, which adversely affects a child's educational performance;

(12) Specific learning disability means a disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, which may manifest itself in an imperfect ability to listen, think, speak, read, write, spell, or do mathematical calculations. Specific learning disability includes, but is not limited to, perceptual disabilities, brain injury, minimal brain dysfunction, dyslexia, and developmental aphasia;

(13) Speech-and-language-impaired means having a communication disorder such as stuttering, impaired articulation, language impairments, or voice impairment which adversely affects a child's educational performance; and

(14) Traumatic brain injury means an acquired injury to the brain caused by an external physical force, resulting in total or partial functional disability or psychosocial impairment, or both, that adversely affects a child's educational performance. Traumatic brain injury applies to open or closed head injuries resulting in impairments in one or more areas, including cognition; language; memory; attention; reasoning; abstract thinking; judgment; problem solving; sensory, perceptual, and motor abilities; psychosocial behavior; physical functions; information processing; and speech. Traumatic brain injury does not include brain injuries that are congenital or degenerative or brain injuries induced by birth trauma.

The State Department of Education may group or subdivide the classifications of children with disabilities for the purpose of program description and reporting. The department shall establish eligibility criteria and age ranges for the disability classification of developmental delay.

Sec. 23. Section 79-1337, Reissue Revised Statutes of Nebraska, is amended to read:

79-1337 (1) For fiscal years 2007-08 through 2015-16, the State Department of Education shall provide distance education incentives from the Education Innovation Fund to school districts and educational service units for qualified distance education courses coordinated through the Distance Education Council until July 1, 2008, and the Educational Service Unit Coordinating Council on and after July 1, 2008, as provided in this section.

(2) School districts and educational service units shall apply for incentives annually through calendar year 2015 to the department on or before August 1 on a form specified by the department. The application shall:

(a) For school districts, specify (i) the qualified distance education courses which were received by students in the membership of the district in the then-current school fiscal year and which were not taught by a teacher employed by the school district and (ii) for each such course (A) the number of students in the membership of the district who received the course, (B) the educational entity employing the teacher, and (C) whether the course was a two-way interactive video distance education course; and

(b) For school districts and educational service units, specify (i) the qualified distance education courses which were received by students in the membership of another educational entity in the then-current school fiscal year and which were taught by a teacher employed by the school district or educational service unit, (ii) for each such course for school districts, the number of students in the membership of the district who received the course, and (iii) for each such course (A) the other educational entities in which students received the course and how many students received the course at such educational entities, (B) any school district that is sparse or very sparse as such terms are defined in section 79-1003 that had at least one student in the membership who received the course, and (C) whether the course was a two-way interactive video distance education course.

(3) On or before September 1 of each year through calendar year 2015, the department shall certify the incentives for each school district and educational service unit which shall be paid on or before October 1 of such year. The incentives for each district shall be calculated as follows:

(a) Each district shall receive distance education units for each qualified distance education course as follows:

(i) One distance education unit for each qualified distance education course received as reported pursuant to subdivision (2)(a) of this section if the course was a two-way interactive video distance education course;

(ii) One distance education unit for each qualified distance education course sent as reported pursuant to subdivision (2)(b) of this section if the course was not received by at least one student who was in the membership of another school district which was sparse or very sparse;

(iii) One distance education unit for each qualified distance education course sent as reported pursuant to subdivision (2)(b) of this section if the course was received by at least one student who was in the

membership of another school district which was sparse or very sparse, but the course was not a two-way interactive video distance education course; and

(iv) Two distance education units for each qualified distance education course sent as reported pursuant to subdivision (2)(b) of this section if the course was received by at least one student who was in the membership of another school district which was sparse or very sparse and the course was a two-way interactive video distance education course;

(b) The difference of the amount available for distribution in the Education Innovation Fund on the August 1 when the applications were due minus any amount to be paid to school districts pursuant to section 79-1336 shall be divided by the number of distance education units to determine the incentive per distance education unit, except that the incentive per distance education unit shall not equal an amount greater than one thousand dollars; and

(c) The incentives for each school district shall equal the number of distance education units calculated for the school district multiplied by the incentive per distance education unit.

(4) If there are additional funds available for distribution after equipment reimbursements pursuant to section 79-1336 and incentives calculated pursuant to subsections (1) through (3) of this section, school districts and educational service units may qualify for additional incentives for elementary distance education courses. Such incentives shall be calculated for sending and receiving school districts and educational service units as follows:

(a) The per-hour incentives shall equal the funds available for distribution after equipment reimbursements pursuant to section 79-1336 and incentives calculated pursuant to subsections (1) through (3) of this section divided by the sum of the hours of elementary distance education courses sent or received for each school district and educational service unit submitting an application, except that the per-hour incentives shall not be greater than ten dollars; and

(b) The elementary distance education incentives for each school district and educational service unit shall equal the per-hour incentive multiplied by the hours of elementary distance education courses sent or received by the school district or educational service unit.

(5) The department may verify any or all application information using annual curriculum reports and may request such verification from the council.

(6) On or before October 1 of each year through calendar year 2015, a school district or educational service unit may appeal the denial of incentives for any course by the department to the State Board of Education. The board shall allow a representative of the school district or educational service unit an opportunity to present information concerning the appeal to the board at the November board meeting. If the board finds that the course meets the requirements of this section, the department shall pay the district from the Education Innovation Fund as soon as practical in an amount for which the district or educational service unit should have qualified based on the incentive per distance education unit used in the original certification of incentives pursuant to this section.

(7) The State Board of Education shall adopt and promulgate rules and regulations to carry out this section.

Sec. 24. Section 79-2306, Revised Statutes Supplement, 2013, is amended to read:

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

Sec. 25. Section 85-1603, Revised Statutes Supplement, 2013, is amended to read:

85-1603 For purposes of the Private Postsecondary Career School Act:

(1) Agent means any person who owns any interest in, is employed by, or regularly represents for remuneration a private postsecondary career school located within or outside this state who (a) by solicitation made in this state enrolls or seeks to enroll a resident of this state for education offered by such school, (b) offers to award educational credentials for remuneration on behalf of any such school, or (c) holds himself or herself out to residents of this state as representing such a school;

(2) Agent's permit means a nontransferable, written authorization issued to a natural person by the department which allows that person to solicit or enroll any resident of this state for education in a private postsecondary career school;

(3) Authorization to operate means approval by the department to

operate a private postsecondary career school in this state;

(4) Board means the State Board of Education;

(5) Branch facility means a facility (a) which is separate from a principal facility, (b) which offers a full program and full student services, (c) which is under the supervision of an onsite director or administrator, and (d) (i) the ownership, management, and control of which are the same as the principal facility, which principal facility is responsible for the delivery of all services, or (ii) at which education is offered by a franchisee of a franchisor authorized to operate as a private postsecondary career school pursuant to the act if the franchisor establishes the course curriculum and guidelines for teaching at the franchisee's facility;

(6) Commission means the Coordinating Commission for Postsecondary Education;

(7) Commissioner means the Commissioner of Education;

(8) Course of study or instruction means a program of study, training, or instruction consisting of a series of lessons or classes which are coordinated as a curriculum or program of instruction to prepare or qualify individuals or improve or upgrade the skills needed for employment, career opportunities, or any specific occupation;

(9) Department means the State Department of Education;

(10) Distance education means instruction offered by any means in which the student and faculty member are in separate physical locations and includes, but is not limited to, online, interactive video, and correspondence courses or programs;

~~(10) (11) Education or educational services means any class, course, or program of occupational training, instruction, or study;~~

~~(11) (12) Entity means any individual, company, firm, society, group, association, partnership, limited liability company, corporation, trust, or other person;~~

~~(12) (13) Grant, with respect to educational credentials, means award, sell, confer, bestow, or give;~~

~~(13) Home study school means a school which provides correspondence lesson materials prepared in a sequential and logical order for study and completion by a student on his or her own, with completed lessons returned by the student to the school for evaluation and subsequent return to the student, including those schools which offer instruction by home study in combination with in-residence training;~~

(14) Offer includes, in addition to its usual meaning, advertising, publicizing, soliciting, or encouraging any person, directly or indirectly, in any form, to perform a described act;

(15) Out-of-state school means any private postsecondary career school which has its place of instruction or its principal location outside the boundaries of this state and which offers or conducts courses of instruction or subjects on the premises of the school, ~~or provides correspondence or home study lesson materials,~~ distance education, or offers or provides Nebraska students with courses of instruction or subjects through activities engaged in or conducted outside the boundaries of Nebraska;

(16) Principal facility or main school means a private postsecondary career school located in the State of Nebraska;

(17) Private postsecondary career school means any organization or business enterprise which is not specifically exempt under section 85-1604 and which offers a course of study or instruction for which tuition is charged, even though the organization's or business enterprise's principal efforts may not be exclusively educational in nature;

(18) Resident school means any school offering courses of instruction to its students on the school's premises;

(19) Separate classroom means a supplemental training space (a) which is located near the main school for the purpose of expanding the educational offerings or for training an overflow of students who cannot be accommodated at the main school, (b) which is close enough to the main school to assure immediate supervision and administration of all essential student services by the main school and ready access by students to the student services available, and (c) in which the only required onsite service is teaching; and

(20) Short-term training means classes, courses, or programs of instruction or study that are offered for the purpose of training, preparing, or improving a person for an occupation when (a) the total hours of instruction required for completion is sixteen clock hours or less and (b) no final course grade is given to persons enrolled.

Sec. 26. Section 85-1604, Revised Statutes Supplement, 2013, is amended to read:

85-1604 The following education and schools are exempted from the

Private Postsecondary Career School Act:

(1) Schools exclusively offering instruction at any or all levels from preschool through the twelfth grade;

(2) Education sponsored by a bona fide trade, business, professional, or fraternal organization which is offered solely for that organization's membership or offered without charge;

(3) Education provided by or funded by an employer and offered solely to its employees for the purpose of improving such persons in such employment;

(4) Education solely avocational or recreational in nature as determined by the department;

(5) Educational programs offered by a charitable institution, organization, or agency as long as such education or training is not advertised or promoted as leading toward occupational objectives;

(6) Public postsecondary schools established, operated, and governed by this state or its political subdivisions or similar entities in other states as determined by the department;

(7) Schools or organizations offering education or instruction that is not part of a degree program leading to an associate, a baccalaureate, a graduate, or a professional degree which are licensed and regulated by agencies of this state other than the department, except that such schools or organizations shall not be exempt from the act with respect to agents' permits and the Tuition Recovery Cash Fund;

(8) Schools or organizations which offer education or instruction and which are licensed and regulated solely by an agency of the federal government with respect to curriculum and qualifications of instructional staff;

(9) Any postsecondary institution offering or proposing to offer courses or programs leading to a baccalaureate, graduate, or professional degree, but whose offerings may include associate degree programs, diplomas, and other certificates based on the award of college credit, including any such institutions that were regulated prior to May 5, 2011, as private postsecondary career schools pursuant to the Private Postsecondary Career School Act; and

(10) Entities exclusively offering short-term training; and-

(11) Distance education programs offered by out-of-state schools authorized in accordance with an interstate reciprocity agreement for the provision of postsecondary distance education across state boundaries entered into and administered pursuant to subdivisions (5) and (6) of section 85-2405.

Sec. 27. Section 85-2405, Revised Statutes Supplement, 2013, is amended to read:

85-2405 The commission has the following powers and duties:

(1) To establish levels for recurrent authorizations to operate based on institutional offerings;

(2) To receive, investigate as it may deem necessary, and act upon applications for a recurrent authorization to operate and applications to renew a recurrent authorization to operate;

(3) To establish reporting requirements by campus location either through the federal Integrated Postsecondary Education Data System, 20 U.S.C. 1094(a)(17), as such section existed on January 1, 2011, and 34 C.F.R. 668.14(b)(19), as such regulation existed on January 1, 2011, or directly to the commission for any postsecondary institution which has an authorization to operate;

(4) To maintain a list of postsecondary institutions which have authorization to operate, which list shall be made available to the public;

(5) ~~The~~ After consultation with the State Department of Education regarding the potential impact of such agreement and any modifications thereto on Nebraska students who may participate in distance education offered by out-of-state private postsecondary career schools, to enter into interstate reciprocity agreements regarding for the provision of postsecondary distance education, to across state boundaries;

(6) ~~To administer such agreements,~~ interstate reciprocity agreements entered into pursuant to subdivision (5) of this section and to approve or disapprove, consistent with such agreements, participation in such agreements by postsecondary institutions that have their principal place of business in Nebraska and that choose to participate in such agreements;

~~(7)~~ (7) To establish a notification process when a postsecondary institution which has an authorization to operate changes its address or adds instructional sites within this state;

~~(8)~~ (8) To conduct site visits of postsecondary institutions to carry out the Postsecondary Institution Act;

~~(9)~~ (9) To establish fees for applications for a recurrent

authorization to operate, applications to renew or modify a recurrent authorization to operate, and applications to participate or continue participation in an interstate postsecondary distance education reciprocity agreement, which fees shall be not more than the cost of reviewing and evaluating the applications;

~~(9)~~ (10) To investigate any violations of the act by a postsecondary institution; and

~~(10)~~ (11) To adopt and promulgate rules, regulations, and procedures to administer the act.

Sec. 28. Section 85-2407, Revised Statutes Cumulative Supplement, 2012, is amended to read:

85-2407 The following are exempt from the Postsecondary Institution Act:

(1) Any institution or organization which offers education or instruction and which is licensed and regulated solely by an agency of the federal government with respect to curriculum and qualifications of instructional staff; or

(2) Any private postsecondary career school as defined in the Private Postsecondary Career School Act, except for purposes of interstate reciprocity agreements for the provision of postsecondary distance education across state boundaries entered into and administered pursuant to subdivisions (5) and (6) of section 85-2405.

Sec. 29. Original sections 1-116, 79-526, 79-535, 79-1101, 79-1102, and 79-1337, Reissue Revised Statutes of Nebraska, sections 72-201, 79-319, 79-759, 79-8,133, 79-8,137.01, 79-8,137.05, 79-1011, 79-1012, and 85-2407, Revised Statutes Cumulative Supplement, 2012, and sections 9-812, 79-1003, 79-1007.11, 79-1007.23, 79-1007.25, 79-1017.01, 79-1028.01, 79-1118.01, 79-2306, 85-1603, 85-1604, and 85-2405, Revised Statutes Supplement, 2013, are repealed.

Sec. 30. Since an emergency exists, this act takes effect when passed and approved according to law.