

AMENDMENTS TO LB512

Introduced by Education.

1 1. Strike the original sections and insert the following new
2 sections:

3 Section 1. Sections 1 to 3 of this act shall be known and may be
4 cited as the Student Online Personal Protection Act.

5 Sec. 2. For purposes of the Student Online Personal Protection Act:

6 (1) Covered information means personally identifiable information or
7 material or information that is linked to personally identifiable
8 information or material in any medium or format that is not publicly
9 available and is any of the following:

10 (a) Created or gathered by or provided to an operator by a student,
11 or the student's parent or legal guardian, in the course of the
12 student's, parent's, or legal guardian's use of the operator's site,
13 service, or application for elementary, middle, or high school purposes;

14 (b) Created by or provided to an operator by an employee or agent of
15 an elementary school, middle school, high school, or school district for
16 elementary, middle, or high school purposes; or

17 (c) Gathered by an operator through the operation of its site,
18 service, or application for elementary, middle, or high school purposes
19 and personally identifies a student, including, but not limited to,
20 information in the student's educational record or electronic mail, first
21 and last name, home address, telephone number, electronic mail address,
22 or other information that allows physical or online contact, discipline
23 records, test results, special education data, juvenile dependency
24 records, grades, evaluations, criminal records, medical records, health
25 records, social security number, biometric information, disabilities,
26 socioeconomic information, food purchases, political affiliations,
27 religious information, text messages, documents, student identifiers,

1 search activity, photos, voice recordings, or geolocation information;

2 (2) Interactive computer service has the definition found in 47
3 U.S.C. 230, as such section existed on January 1, 2017;

4 (3) Elementary, middle, or high school purposes means purposes that
5 are directed by or that customarily take place at the direction of an
6 elementary school, a middle school, a high school, a teacher, or a school
7 district or that aid in the administration of school activities,
8 including, but not limited to, instruction in the classroom or at home,
9 administrative activities, collaboration between students, school
10 personnel, or parents, and other purposes that are pursued for the use
11 and benefit of the school or school district;

12 (4) Operator means, to the extent it is operating in this capacity,
13 the operator of an Internet web site, online service, online application,
14 or mobile application with actual knowledge that the site, service, or
15 application is used primarily for elementary, middle, or high school
16 purposes and was designed and marketed for elementary, middle, or high
17 school purposes; and

18 (5) Targeted advertising means presenting advertisements to a
19 student where the advertisement is selected based on information obtained
20 or inferred over time from that student's online behavior, usage of
21 applications, or covered information. It does not include advertising to
22 a student at an online location based upon that student's current visit
23 to that location, or in response to that student's request for
24 information or feedback, without the retention of that student's online
25 activities or requests over time for the purpose of targeting subsequent
26 ads.

27 Sec. 3. (1) An operator shall not knowingly:

28 (a) Engage in targeted advertising on the operator's site, service,
29 or application or targeted advertising on any other site, service, or
30 application if the targeting of the advertising is based on any
31 information, including covered information and persistent unique

1 identifiers, that the operator has acquired because of the use of that
2 operator's site, service, or application for elementary, middle, or high
3 school purposes;

4 (b) Use covered information, including persistent unique
5 identifiers, created or gathered by the operator's site, service, or
6 application to amass a profile about a student except in furtherance of
7 elementary, middle, or high school purposes. Amassing a profile does not
8 include the collection and retention of account information that remains
9 under the control of the student, the student's parent or guardian, or
10 the elementary school, middle school, or high school;

11 (c) Sell or rent a student's covered information. This subdivision
12 does not apply to (i) the purchase, merger, or other type of acquisition
13 of an operator by another entity if the operator or successor entity
14 complies with this section regarding such covered information or (ii) a
15 national assessment provider if the provider secures the express written
16 consent of the student or parent or guardian of the student given in
17 response to clear and conspicuous notice that access to covered
18 information shall only be provided for purposes of obtaining employment,
19 educational scholarships, financial aid, or postsecondary educational
20 opportunities for such student; or

21 (d) Except as otherwise provided in subsection (3) of this section,
22 disclose covered information unless the disclosure is made for the
23 following purposes:

24 (i) In furtherance of the elementary, middle, or high school purpose
25 of the site, service, or application, if the recipient of the covered
26 information disclosed under this subdivision does not further disclose
27 the covered information except to allow or improve operability and
28 functionality of the operator's site, service, or application;

29 (ii) To ensure legal and regulatory compliance or protect against
30 liability;

31 (iii) To respond to or participate in the judicial process;

1 (iv) To protect the safety or integrity of users of the site or
2 other individuals or the security of the site, service, or application;

3 (v) For a school, educational, or employment purpose requested by
4 the student or the student's parent or guardian if the covered
5 information is not used or further disclosed for any other purpose; or

6 (vi) To a third party if the operator contractually prohibits the
7 third party from using any covered information for any purpose other than
8 providing the contracted service to or on behalf of the operator,
9 prohibits the third party from disclosing any covered information
10 provided by the operator with subsequent third parties, and requires the
11 third party to implement and maintain reasonable security procedures and
12 practices.

13 (2) Nothing in this section shall prohibit the operator from using
14 covered information for maintaining, developing, supporting, improving,
15 or diagnosing the operator's site, service, or application.

16 (3) An operator shall:

17 (a) Implement and maintain reasonable security procedures and
18 practices appropriate to the nature of the covered information designed
19 to protect that covered information from unauthorized access,
20 destruction, use, modification, or disclosure; and

21 (b) Delete within a reasonable time period a student's covered
22 information if the elementary school, middle school, high school, or
23 school district requests deletion of covered information under the
24 control of the elementary school, middle school, high school, or school
25 district, unless a student or parent or guardian consents to the
26 maintenance of the covered information.

27 (4) An operator may use or disclose covered information of a student
28 under the following circumstances:

29 (a) If other provisions of federal or state law require the operator
30 to disclose the covered information and the operator complies with the
31 requirements of federal and state law in protecting and disclosing such

1 covered information;

2 (b) As long as no covered information is used for advertising or to
3 amass a profile on the student for purposes other than elementary,
4 middle, or high school purposes, for legitimate research purposes as
5 required by state or federal law and subject to the restrictions under
6 applicable state and federal law or as allowed by state or federal law
7 and in furtherance of elementary, middle, or high school purposes or
8 postsecondary educational purposes; or

9 (c) To state or local educational agencies, including elementary
10 schools, middle schools, high schools, and school districts, for
11 elementary, middle, or high school purposes, as permitted by state or
12 federal law.

13 (4) This section does not prohibit an operator from doing any of the
14 following:

15 (a) Using covered information to improve educational products if
16 such covered information is not associated with an identified student
17 within the operator's site, service, or application or other sites,
18 services, or applications owned by the operator;

19 (b) Using covered information that is not associated with an
20 identified student to demonstrate or market the effectiveness of the
21 operator's products or services;

22 (c) Sharing covered information that is not associated with an
23 identified student for the development and improvement of educational
24 sites, services, or applications;

25 (d) Using recommendation engines to recommend to a student either of
26 the following:

27 (i) Additional content relating to an educational, other learning,
28 or employment opportunity purpose within an online site, service, or
29 application if the recommendation is not determined in whole or in part
30 by payment or other consideration from a third party; or

31 (ii) Additional services relating to an educational, other learning,

1 or employment opportunity purpose within an online site, service, or
2 application if the recommendation is not determined in whole or in part
3 by payment or other consideration from a third party; or

4 (e) Responding to a student's request for information or for
5 feedback without the information or response being determined in whole or
6 in part by payment or other consideration from a third party.

7 (5) This section does not:

8 (a) Limit the authority of a law enforcement agency to obtain any
9 content or covered information from an operator as authorized by law or
10 under a court order;

11 (b) Limit the ability of an operator to use student data, including
12 covered information, for adaptive learning or customized student learning
13 purposes;

14 (c) Apply to general audience Internet web sites, general audience
15 online services, general audience online applications, or general
16 audience mobile applications, even if login credentials created for an
17 operator's site, service, or application may be used to access those
18 general audience sites, services, or applications;

19 (d) Limit service providers from providing Internet connectivity to
20 schools or a student and his or her family;

21 (e) Prohibit an operator of an Internet web site, online service,
22 online application, or mobile application from marketing educational
23 products directly to parents if the marketing did not result from the use
24 of covered information obtained by the operator through the provision of
25 services covered under this section;

26 (f) Impose a duty upon a provider of an electronic store, network
27 gateway, marketplace, or other means of purchasing or downloading
28 software or applications to review or enforce compliance with this
29 section on those applications or software;

30 (g) Impose a duty upon a provider of an interactive computer service
31 to review or enforce compliance with this section by third-party content

1 providers; or

2 (h) Prohibit a student from downloading, exporting, transferring,
3 saving, or maintaining his or her own student data or documents.

4 Sec. 4. Every swimming pool owned, rented, leased, or otherwise
5 used by a school district for practice, competition, or any other school
6 function shall have at least one person present during such use who is
7 currently certified by a nationally recognized aquatic training program
8 in first aid, cardiopulmonary resuscitation, and drowning risk
9 prevention.

10 Sec. 5. Section 9-812, Revised Statutes Cumulative Supplement, 2016,
11 is amended to read:

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

25 (2) A portion of the dollar amount of the lottery tickets which have
26 been sold on an annualized basis shall be transferred from the State
27 Lottery Operation Trust Fund to the Education Innovation Fund, the
28 Nebraska Opportunity Grant Fund, the Nebraska Education Improvement Fund,
29 the Nebraska Environmental Trust Fund, the Nebraska State Fair Board, and
30 the Compulsive Gamblers Assistance Fund as provided in subsection (3) of
31 this section. The dollar amount transferred pursuant to this subsection

1 shall equal the greater of (a) the dollar amount transferred to the funds
2 in fiscal year 2002-03 or (b) any amount which constitutes at least
3 twenty-two percent and no more than twenty-five percent of the dollar
4 amount of the lottery tickets which have been sold on an annualized
5 basis. To the extent that funds are available, the Tax Commissioner and
6 director may authorize a transfer exceeding twenty-five percent of the
7 dollar amount of the lottery tickets sold on an annualized basis.

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

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

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

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

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

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

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

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

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

20 ~~(b) For fiscal year 2014-15, the Education Innovation Fund shall be~~
21 ~~allocated, after administrative expenses, as follows: (i) The first one~~
22 ~~million two hundred thousand dollars shall be transferred to the~~
23 ~~Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act;~~
24 ~~(ii) the next allocation shall be distributed to local systems as grants~~
25 ~~for approved accelerated or differentiated curriculum programs for~~
26 ~~students identified as learners with high ability pursuant to section~~
27 ~~79-1108.02 in an aggregated amount up to the amount distributed in the~~
28 ~~prior fiscal year for such purposes increased by the basic allowable~~
29 ~~growth rate pursuant to section 79-1025; (iii) the next one million eight~~
30 ~~hundred fifty thousand dollars shall be allocated to early childhood~~
31 ~~education grants awarded by the State Department of Education pursuant to~~

1 ~~section 79-1103; (iv) the next one million dollars shall be transferred~~
2 ~~to the Early Childhood Education Endowment Cash Fund for use pursuant to~~
3 ~~section 79-1104.02; (v) the next two hundred thousand dollars shall be~~
4 ~~used to provide grants to establish bridge programs pursuant to sections~~
5 ~~79-1189 to 79-1195; (vi) the next ten thousand dollars shall be used to~~
6 ~~fund the Interstate Compact on Educational Opportunity for Military~~
7 ~~Children; (vii) the next two million dollars shall be allocated for~~
8 ~~distance education equipment and incentives pursuant to sections 79-1336~~
9 ~~and 79-1337; (viii) the next one million dollars shall be transferred to~~
10 ~~the School District Reorganization Fund; (ix) up to the next one hundred~~
11 ~~forty-five thousand dollars shall be used by the State Department of~~
12 ~~Education to implement section 79-759; and (x) the next three hundred~~
13 ~~thirty-five thousand dollars shall be allocated to local systems as~~
14 ~~grants awarded by the State Department of Education to assist schools in~~
15 ~~evaluating and improving career education programs to align such programs~~
16 ~~with the state's economic and workforce needs. Except for funds~~
17 ~~transferred to the School District Reorganization Fund, the Early~~
18 ~~Childhood Education Endowment Cash Fund, or the department for early~~
19 ~~childhood education grants pursuant to section 79-1103, no funds received~~
20 ~~as allocations from the Education Innovation Fund pursuant to this~~
21 ~~subdivision may be obligated for payment to be made after June 30, 2016,~~
22 ~~and such funds received as transfers or allocations from the Education~~
23 ~~Innovation Fund that have not been used for their designated purpose as~~
24 ~~of such date shall be transferred to the Nebraska Education Improvement~~
25 ~~Fund on or before August 1, 2016.~~

26 ~~(c) For fiscal year 2015-16, the Education Innovation Fund shall be~~
27 ~~allocated, after administrative expenses, as follows: (i) The first one~~
28 ~~million two hundred thousand dollars shall be transferred to the~~
29 ~~Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act;~~
30 ~~(ii) the next allocation shall be distributed to local systems as grants~~
31 ~~for approved accelerated or differentiated curriculum programs for~~

1 ~~students identified as learners with high ability pursuant to section~~
2 ~~79-1108.02 in an aggregated amount up to the amount distributed in the~~
3 ~~prior fiscal year for such purposes increased by the basic allowable~~
4 ~~growth rate pursuant to section 79-1025; (iii) the next one million nine~~
5 ~~hundred fifty thousand dollars shall be allocated to early childhood~~
6 ~~education grants awarded by the State Department of Education pursuant to~~
7 ~~section 79-1103; (iv) the next one million dollars shall be transferred~~
8 ~~to the Early Childhood Education Endowment Cash Fund for use pursuant to~~
9 ~~section 79-1104.02; (v) the next ten thousand dollars shall be used to~~
10 ~~fund the Interstate Compact on Educational Opportunity for Military~~
11 ~~Children; (vi) the next two million five hundred thousand dollars shall~~
12 ~~be allocated for distance education equipment and incentives pursuant to~~
13 ~~sections 79-1336 and 79-1337; (vii) the next one million dollars shall be~~
14 ~~transferred to the School District Reorganization Fund; (viii) up to the~~
15 ~~next one hundred forty-five thousand dollars shall be used by the State~~
16 ~~Department of Education to implement section 79-759; and (ix) of the~~
17 ~~amount remaining, (A) three million dollars shall be retained in the~~
18 ~~Education Innovation Fund to transfer to the Nebraska Education~~
19 ~~Improvement Fund on June 30, 2016, and (B) the remaining amount shall be~~
20 ~~allocated to local systems as grants awarded by the State Department of~~
21 ~~Education to assist schools in evaluating and improving career education~~
22 ~~programs to align such programs with the state's economic and workforce~~
23 ~~needs. Except for funds transferred to the School District Reorganization~~
24 ~~Fund, the Early Childhood Education Endowment Cash Fund, or the~~
25 ~~department for early childhood education grants pursuant to section~~
26 ~~79-1103, no funds received as allocations from the Education Innovation~~
27 ~~Fund pursuant to this subdivision may be obligated for payment to be made~~
28 ~~after June 30, 2016, and such funds received as transfers or allocations~~
29 ~~from the Education Innovation Fund that have not been used for their~~
30 ~~designated purpose as of such date shall be transferred to the Nebraska~~
31 ~~Education Improvement Fund on or before August 1, 2016.~~

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

4 (4) ~~(5)~~ The Nebraska Education Improvement Fund is created. The fund
5 shall consist of money transferred pursuant to subsection ~~subsections~~ (3)
6 ~~and (4)~~ of this section, money transferred pursuant to section 85-1920,
7 and any other funds appropriated by the Legislature. The fund shall be
8 allocated, after actual and necessary administrative expenses, as
9 provided in this section for fiscal years 2016-17 through 2020-21. A
10 portion of each allocation may be retained by the agency to which the
11 allocation is made or the agency administering the fund to which the
12 allocation is made for actual and necessary expenses incurred by such
13 agency for administration, evaluation, and technical assistance related
14 to the purposes of the allocation, except that no amount of the
15 allocation to the Nebraska Opportunity Grant Fund may be used for such
16 purposes. On or before December 31, 2019, the Education Committee of the
17 Legislature shall electronically submit recommendations to the Clerk of
18 the Legislature regarding how the fund should be allocated to best
19 advance the educational priorities of the state for the five-year period
20 beginning with fiscal year 2021-22. For fiscal year 2016-17, an amount
21 equal to ten percent of the revenue allocated to the Education Innovation
22 Fund and to the Nebraska Opportunity Grant Fund for fiscal year 2015-16
23 shall be retained in the Nebraska Education Improvement Fund. For fiscal
24 years 2017-18 through 2020-21, an amount equal to ten percent of the
25 revenue received by the Nebraska Education Improvement Fund in the prior
26 fiscal year shall be retained in the fund. For fiscal years 2016-17
27 through 2020-21, the remainder of the fund, after payment of any learning
28 community transition aid pursuant to section 79-10,145, shall be
29 allocated as follows:

30 (a) One percent of the allocated funds to the Expanded Learning
31 Opportunity Grant Fund to carry out the Expanded Learning Opportunity

1 Grant Program Act;

2 (b) Seventeen percent of the allocated funds to the Department of
3 Education Innovative Grant Fund to be used (i) for competitive innovation
4 grants pursuant to section 79-1054 and (ii) ~~for school fiscal year~~
5 ~~2017-18~~, to carry out the purposes of section 79-759;

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

9 (d) Eight percent of the allocated funds to the Excellence in
10 Teaching Cash Fund to carry out the Excellence in Teaching Act;

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

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

16 (5) ~~(6)~~ Any money in the State Lottery Operation Trust Fund, the
17 State Lottery Operation Cash Fund, the State Lottery Prize Trust Fund,
18 the Nebraska Education Improvement Fund, or the Education Innovation Fund
19 available for investment shall be invested by the state investment
20 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
21 State Funds Investment Act.

22 (6) ~~(7)~~ Unclaimed prize money on a winning lottery ticket shall be
23 retained for a period of time prescribed by rules and regulations. If no
24 claim is made within such period, the prize money shall be used at the
25 discretion of the Tax Commissioner for any of the purposes prescribed in
26 this section.

27 Sec. 6. Section 77-3442, Revised Statutes Cumulative Supplement,
28 2016, is amended to read:

29 77-3442 (1) Property tax levies for the support of local governments
30 for fiscal years beginning on or after July 1, 1998, shall be limited to
31 the amounts set forth in this section except as provided in section

1 77-3444.

2 (2)(a) Except as provided in subdivisions (2)(b) and (2)(e) of this
3 section, school districts and multiple-district school systems may levy a
4 maximum levy of one dollar and five cents per one hundred dollars of
5 taxable valuation of property subject to the levy.

6 (b) For each fiscal year prior to fiscal year 2017-18, learning
7 communities may levy a maximum levy for the general fund budgets of
8 member school districts of ninety-five cents per one hundred dollars of
9 taxable valuation of property subject to the levy. The proceeds from the
10 levy pursuant to this subdivision shall be distributed pursuant to
11 section 79-1073.

12 (c) Except as provided in subdivision (2)(e) of this section, for
13 each fiscal year prior to fiscal year 2017-18, school districts that are
14 members of learning communities may levy for purposes of such districts'
15 general fund budget and special building funds a maximum combined levy of
16 the difference of one dollar and five cents on each one hundred dollars
17 of taxable property subject to the levy minus the learning community levy
18 pursuant to subdivision (2)(b) of this section for such learning
19 community.

20 (d) Excluded from the limitations in subdivisions (2)(a) and (2)(c)
21 of this section are amounts levied to pay for sums agreed to be paid by a
22 school district to certificated employees in exchange for a voluntary
23 termination of employment occurring on or before the operative date of
24 this section, amounts levied in compliance with sections 79-10,110 and
25 79-10,110.02, and amounts levied to pay for special building funds and
26 sinking funds established for projects commenced prior to April 1, 1996,
27 for construction, expansion, or alteration of school district buildings.
28 For purposes of this subsection, commenced means any action taken by the
29 school board on the record which commits the board to expend district
30 funds in planning, constructing, or carrying out the project.

31 (e) Federal aid school districts may exceed the maximum levy

1 prescribed by subdivision (2)(a) or (2)(c) of this section only to the
2 extent necessary to qualify to receive federal aid pursuant to Title VIII
3 of Public Law 103-382, as such title existed on September 1, 2001. For
4 purposes of this subdivision, federal aid school district means any
5 school district which receives ten percent or more of the revenue for its
6 general fund budget from federal government sources pursuant to Title
7 VIII of Public Law 103-382, as such title existed on September 1, 2001.

8 (f) For each fiscal year, learning communities may levy a maximum
9 levy of one-half cent on each one hundred dollars of taxable property
10 subject to the levy for elementary learning center facility leases, for
11 remodeling of leased elementary learning center facilities, and for up to
12 fifty percent of the estimated cost for focus school or program capital
13 projects approved by the learning community coordinating council pursuant
14 to section 79-2111.

15 (g) For each fiscal year, learning communities may levy a maximum
16 levy of one and one-half cents on each one hundred dollars of taxable
17 property subject to the levy for early childhood education programs for
18 children in poverty, for elementary learning center employees, for
19 contracts with other entities or individuals who are not employees of the
20 learning community for elementary learning center programs and services,
21 and for pilot projects, except that no more than ten percent of such levy
22 may be used for elementary learning center employees.

23 (3) For each fiscal year, community college areas may levy the
24 levies provided in subdivisions (2)(a) through (c) of section 85-1517, in
25 accordance with the provisions of such subdivisions. A community college
26 area may exceed the levy provided in subdivision (2)(b) of section
27 85-1517 by the amount necessary to retire general obligation bonds
28 assumed by the community college area or issued pursuant to section
29 85-1515 according to the terms of such bonds or for any obligation
30 pursuant to section 85-1535 entered into prior to January 1, 1997.

31 (4)(a) Natural resources districts may levy a maximum levy of four

1 and one-half cents per one hundred dollars of taxable valuation of
2 property subject to the levy.

3 (b) Natural resources districts shall also have the power and
4 authority to levy a tax equal to the dollar amount by which their
5 restricted funds budgeted to administer and implement ground water
6 management activities and integrated management activities under the
7 Nebraska Ground Water Management and Protection Act exceed their
8 restricted funds budgeted to administer and implement ground water
9 management activities and integrated management activities for FY2003-04,
10 not to exceed one cent on each one hundred dollars of taxable valuation
11 annually on all of the taxable property within the district.

12 (c) In addition, natural resources districts located in a river
13 basin, subbasin, or reach that has been determined to be fully
14 appropriated pursuant to section 46-714 or designated as overappropriated
15 pursuant to section 46-713 by the Department of Natural Resources shall
16 also have the power and authority to levy a tax equal to the dollar
17 amount by which their restricted funds budgeted to administer and
18 implement ground water management activities and integrated management
19 activities under the Nebraska Ground Water Management and Protection Act
20 exceed their restricted funds budgeted to administer and implement ground
21 water management activities and integrated management activities for
22 FY2005-06, not to exceed three cents on each one hundred dollars of
23 taxable valuation on all of the taxable property within the district for
24 fiscal year 2006-07 and each fiscal year thereafter through fiscal year
25 2017-18.

26 (5) Any educational service unit authorized to levy a property tax
27 pursuant to section 79-1225 may levy a maximum levy of one and one-half
28 cents per one hundred dollars of taxable valuation of property subject to
29 the levy.

30 (6)(a) Incorporated cities and villages which are not within the
31 boundaries of a municipal county may levy a maximum levy of forty-five

1 cents per one hundred dollars of taxable valuation of property subject to
2 the levy plus an additional five cents per one hundred dollars of taxable
3 valuation to provide financing for the municipality's share of revenue
4 required under an agreement or agreements executed pursuant to the
5 Interlocal Cooperation Act or the Joint Public Agency Act. The maximum
6 levy shall include amounts levied to pay for sums to support a library
7 pursuant to section 51-201, museum pursuant to section 51-501, visiting
8 community nurse, home health nurse, or home health agency pursuant to
9 section 71-1637, or statue, memorial, or monument pursuant to section
10 80-202.

11 (b) Incorporated cities and villages which are within the boundaries
12 of a municipal county may levy a maximum levy of ninety cents per one
13 hundred dollars of taxable valuation of property subject to the levy. The
14 maximum levy shall include amounts paid to a municipal county for county
15 services, amounts levied to pay for sums to support a library pursuant to
16 section 51-201, a museum pursuant to section 51-501, a visiting community
17 nurse, home health nurse, or home health agency pursuant to section
18 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

19 (7) Sanitary and improvement districts which have been in existence
20 for more than five years may levy a maximum levy of forty cents per one
21 hundred dollars of taxable valuation of property subject to the levy, and
22 sanitary and improvement districts which have been in existence for five
23 years or less shall not have a maximum levy. Unconsolidated sanitary and
24 improvement districts which have been in existence for more than five
25 years and are located in a municipal county may levy a maximum of eighty-
26 five cents per hundred dollars of taxable valuation of property subject
27 to the levy.

28 (8) Counties may levy or authorize a maximum levy of fifty cents per
29 one hundred dollars of taxable valuation of property subject to the levy,
30 except that five cents per one hundred dollars of taxable valuation of
31 property subject to the levy may only be levied to provide financing for

1 the county's share of revenue required under an agreement or agreements
2 executed pursuant to the Interlocal Cooperation Act or the Joint Public
3 Agency Act. The maximum levy shall include amounts levied to pay for sums
4 to support a library pursuant to section 51-201 or museum pursuant to
5 section 51-501. The county may allocate up to fifteen cents of its
6 authority to other political subdivisions subject to allocation of
7 property tax authority under subsection (1) of section 77-3443 and not
8 specifically covered in this section to levy taxes as authorized by law
9 which do not collectively exceed fifteen cents per one hundred dollars of
10 taxable valuation on any parcel or item of taxable property. The county
11 may allocate to one or more other political subdivisions subject to
12 allocation of property tax authority by the county under subsection (1)
13 of section 77-3443 some or all of the county's five cents per one hundred
14 dollars of valuation authorized for support of an agreement or agreements
15 to be levied by the political subdivision for the purpose of supporting
16 that political subdivision's share of revenue required under an agreement
17 or agreements executed pursuant to the Interlocal Cooperation Act or the
18 Joint Public Agency Act. If an allocation by a county would cause another
19 county to exceed its levy authority under this section, the second county
20 may exceed the levy authority in order to levy the amount allocated.

21 (9) Municipal counties may levy or authorize a maximum levy of one
22 dollar per one hundred dollars of taxable valuation of property subject
23 to the levy. The municipal county may allocate levy authority to any
24 political subdivision or entity subject to allocation under section
25 77-3443.

26 (10) Beginning July 1, 2016, rural and suburban fire protection
27 districts may levy a maximum levy of ten and one-half cents per one
28 hundred dollars of taxable valuation of property subject to the levy if
29 (a) such district is located in a county that had a levy pursuant to
30 subsection (8) of this section in the previous year of at least forty
31 cents per one hundred dollars of taxable valuation of property subject to

1 the levy or (b) for any rural or suburban fire protection district that
2 had a levy request pursuant to section 77-3443 in the previous year, the
3 county board of the county in which the greatest portion of the valuation
4 of such district is located did not authorize any levy authority to such
5 district in the previous year.

6 (11) Property tax levies (a) for judgments, except judgments or
7 orders from the Commission of Industrial Relations, obtained against a
8 political subdivision which require or obligate a political subdivision
9 to pay such judgment, to the extent such judgment is not paid by
10 liability insurance coverage of a political subdivision, (b) for
11 preexisting lease-purchase contracts approved prior to July 1, 1998, (c)
12 for bonds as defined in section 10-134 approved according to law and
13 secured by a levy on property except as provided in section 44-4317 for
14 bonded indebtedness issued by educational service units and school
15 districts, and (d) for payments by a public airport to retire interest-
16 free loans from the Department of Aeronautics in lieu of bonded
17 indebtedness at a lower cost to the public airport are not included in
18 the levy limits established by this section.

19 (12) The limitations on tax levies provided in this section are to
20 include all other general or special levies provided by law.
21 Notwithstanding other provisions of law, the only exceptions to the
22 limits in this section are those provided by or authorized by sections
23 77-3442 to 77-3444.

24 (13) Tax levies in excess of the limitations in this section shall
25 be considered unauthorized levies under section 77-1606 unless approved
26 under section 77-3444.

27 (14) For purposes of sections 77-3442 to 77-3444, political
28 subdivision means a political subdivision of this state and a county
29 agricultural society.

30 (15) For school districts that file a binding resolution on or
31 before May 9, 2008, with the county assessors, county clerks, and county

1 treasurers for all counties in which the school district has territory
2 pursuant to subsection (7) of section 79-458, if the combined levies,
3 except levies for bonded indebtedness approved by the voters of the
4 school district and levies for the refinancing of such bonded
5 indebtedness, are in excess of the greater of (a) one dollar and twenty
6 cents per one hundred dollars of taxable valuation of property subject to
7 the levy or (b) the maximum levy authorized by a vote pursuant to section
8 77-3444, all school district levies, except levies for bonded
9 indebtedness approved by the voters of the school district and levies for
10 the refinancing of such bonded indebtedness, shall be considered
11 unauthorized levies under section 77-1606.

12 Sec. 7. Section 79-237, Revised Statutes Cumulative Supplement,
13 2016, is amended to read:

14 79-237 (1) For a student to begin attendance as an option student in
15 an option school district in which the student resides, the student's
16 parent or legal guardian shall submit an application to the school board
17 of the option school district between September 1 and March 15 for
18 attendance during the following and subsequent school years. Except as
19 provided in subsection (2) of this section, applications submitted after
20 March 15 shall contain a release approval from the resident school
21 district on the application form prescribed and furnished by the State
22 Department of Education pursuant to subsection (8) of this section. A
23 district may not accept or approve any applications submitted after such
24 date without such a release approval. The option school district shall
25 provide the resident school district with the name of the applicant on or
26 before April 1 or, in the case of an application submitted after March
27 15, within sixty days after submission. The option school district shall
28 notify, in writing, the parent or legal guardian of the student and the
29 resident school district whether the application is accepted or rejected
30 on or before April 1 or, in the case of an application submitted after
31 March 15, within sixty days after submission. An option school district

1 that is a member of a learning community may not approve an application
2 pursuant to this section for a student who resides in such learning
3 community to attend prior to school year 2017-18.

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

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

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

31 (5) No option student shall attend an option school district for

1 less than one school year unless the student relocates to a different
2 resident school district, completes requirements for graduation prior to
3 the end of his or her senior year, transfers to a private or parochial
4 school, or upon mutual agreement of the resident and option school
5 districts cancels the enrollment option and returns to the resident
6 school district.

7 (6) Except as provided in subsection (5) of this section or, for
8 open enrollment option students, in section 79-235.01, the option student
9 shall attend the option school district until graduation unless the
10 student relocates in a different resident school district, transfers to a
11 private or parochial school, or chooses to return to the resident school
12 district.

13 (7) In each case of cancellation pursuant to subsections (5) and (6)
14 of this section, the student's parent or legal guardian shall provide
15 written notification to the school board of the option school district
16 and the resident school district on forms prescribed and furnished by the
17 department under subsection (8) of this section in advance of such
18 cancellation.

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

21 (9) An option student who subsequently chooses to attend a private
22 or parochial school and who is not an open enrollment option student
23 shall be automatically accepted to return to either the resident school
24 district or option school district upon the completion of the grade
25 levels offered at the private or parochial school. If such student
26 chooses to return to the option school district, the student's parent or
27 legal guardian shall submit another application to the school board of
28 the option school district which shall be automatically accepted, and the
29 deadlines prescribed in this section shall be waived.

30 Sec. 8. Section 79-2,144, Revised Statutes Cumulative Supplement,
31 2016, is amended to read:

1 79-2,144 The state school security director appointed pursuant to
2 section 79-2,143 shall be responsible for providing leadership and
3 support for safety and security for the public schools. Duties of the
4 director include, but are not limited to:

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

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

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

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

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

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

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

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

31 (9) Responding to inquiries and requests for assistance relating to

1 school security from private, denominational, and parochial schools; and
2 (10) Recommending curricular and extracurricular materials to assist
3 school districts in preventing and responding to cyberbullying and
4 digital citizenship issues.

5 Sec. 9. Section 79-319, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 79-319 The State Board of Education has the authority to (1) provide
8 for the education of and approve special educational facilities and
9 programs provided in the public schools for children with disabilities,
10 (2) act as the state's authority for the approval of all types of
11 veterans educational programs and have jurisdiction over the
12 administration and supervision of on-the-job and apprenticeship training,
13 on-the-farm training, and flight training programs for veterans which are
14 financially supported in whole or in part by the federal government, (3)
15 supervise and administer any educational or training program established
16 within the state by the federal government, except postsecondary
17 education in approved colleges, (4) coordinate educational activities in
18 the state that pertain to elementary and secondary education and such
19 other educational programs as are placed by statute under the
20 jurisdiction of the board, (5) administer any state or federal career and
21 technical education laws and funding as directed, (6) receive and
22 distribute according to law any money, commodities, goods, or services
23 made available to the board from the state or federal government or from
24 any other source and distribute money in accordance with the terms of any
25 grant received, including the distribution of money from grants by the
26 federal government to schools, preschools, day care centers, day care
27 homes, nonprofit agencies, and political subdivisions of the state or
28 institutions of learning not owned or exclusively controlled by the state
29 or a political subdivision thereof, so long as no public funds of the
30 state, any political subdivision, or any public corporation are added to
31 such federal grants, (7) ~~(6)~~ publish, from time to time, directories of

1 schools and educators, pamphlets, curriculum guides, rules and
2 regulations, handbooks on school constitution and other matters of
3 interest to educators, and similar publications. Such publications may be
4 distributed without charge to schools and school officials within this
5 state or may be sold at a price not less than the actual cost of
6 printing. The proceeds of such sale shall be remitted to the State
7 Treasurer for credit to the State Department of Education Cash Fund which
8 may be used by the State Department of Education for the purpose of
9 printing and distributing further such publications on a nonprofit basis.
10 Copies of such publications shall be provided to the Nebraska
11 Publications Clearinghouse pursuant to section 51-413, and (8) ~~(7)~~ when
12 necessary for the proper administration of the functions of the
13 department and with the approval of the Governor and the Department of
14 Administrative Services, rent or lease space outside the State Capitol.

15 Sec. 10. Section 79-746, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 79-746 Any public school district in this state may enter into an
18 agreement with any other public school district in this state to provide
19 and share vocational educational programs, particularly programs
20 involving recent technological developments such as electronics, computer
21 science, and communications. The agreement's terms shall be approved by
22 the school board or board of education of each school district
23 participating in the agreement. The terms of the agreement shall include,
24 but not be limited to, the method of sharing or hiring personnel,
25 purchasing equipment and materials, and course curriculum.

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

28 Sec. 11. Section 79-1003, Revised Statutes Cumulative Supplement,
29 2016, is amended to read:

30 79-1003 For purposes of the Tax Equity and Educational Opportunities
31 Support Act:

1 (1) Adjusted general fund operating expenditures means (a) for
2 school fiscal years 2013-14 through 2015-16, the difference of the
3 general fund operating expenditures as calculated pursuant to subdivision
4 (23) of this section increased by the cost growth factor calculated
5 pursuant to section 79-1007.10, minus the transportation allowance,
6 special receipts allowance, poverty allowance, limited English
7 proficiency allowance, distance education and telecommunications
8 allowance, elementary site allowance, summer school allowance,
9 instructional time allowance, teacher education allowance, and focus
10 school and program allowance, (b) for school fiscal years 2016-17 through
11 2018-19, the difference of the general fund operating expenditures as
12 calculated pursuant to subdivision (23) of this section increased by the
13 cost growth factor calculated pursuant to section 79-1007.10, minus the
14 transportation allowance, special receipts allowance, poverty allowance,
15 limited English proficiency allowance, distance education and
16 telecommunications allowance, elementary site allowance, summer school
17 allowance, ~~best practices allowance~~, and focus school and program
18 allowance, and (c) for school fiscal year 2019-20 and each school fiscal
19 year thereafter, the difference of the general fund operating
20 expenditures as calculated pursuant to subdivision (23) of this section
21 increased by the cost growth factor calculated pursuant to section
22 79-1007.10, minus the transportation allowance, special receipts
23 allowance, poverty allowance, limited English proficiency allowance,
24 distance education and telecommunications allowance, elementary site
25 allowance, summer school allowance, ~~best practices allowance~~, community
26 achievement plan allowance, and focus school and program allowance;

27 (2) Adjusted valuation means the assessed valuation of taxable
28 property of each local system in the state, adjusted pursuant to the
29 adjustment factors described in section 79-1016. Adjusted valuation means
30 the adjusted valuation for the property tax year ending during the school
31 fiscal year immediately preceding the school fiscal year in which the aid

1 based upon that value is to be paid. For purposes of determining the
2 local effort rate yield pursuant to section 79-1015.01, adjusted
3 valuation does not include the value of any property which a court, by a
4 final judgment from which no appeal is taken, has declared to be
5 nontaxable or exempt from taxation;

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

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

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

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

19 (7) Categorical funds means funds limited to a specific purpose by
20 federal or state law, including, but not limited to, Title I funds, Title
21 VI funds, federal vocational education funds, federal school lunch funds,
22 Indian education funds, Head Start funds, and funds from the Education
23 Innovation Fund;

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

27 (9) Converted contract means an expired contract that was in effect
28 for at least fifteen school years beginning prior to school year 2012-13
29 for the education of students in a nonresident district in exchange for
30 tuition from the resident district when the expiration of such contract
31 results in the nonresident district educating students, who would have

1 been covered by the contract if the contract were still in effect, as
2 option students pursuant to the enrollment option program established in
3 section 79-234;

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

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

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

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

17 (14) Equalization aid means the amount of assistance calculated to
18 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,
19 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

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

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

26 (17) Formula students means:

27 (a) For state aid certified pursuant to section 79-1022, the sum of
28 the product of fall membership from the school fiscal year immediately
29 preceding the school fiscal year in which the aid is to be paid
30 multiplied by the average ratio of average daily membership to fall
31 membership for the second school fiscal year immediately preceding the

1 school fiscal year in which the aid is to be paid and the prior two
2 school fiscal years plus sixty percent of the qualified early childhood
3 education fall membership plus tuitioned students from the school fiscal
4 year immediately preceding the school fiscal year in which aid is to be
5 paid minus the product of the number of students enrolled in kindergarten
6 that is not full-day kindergarten from the fall membership multiplied by
7 0.5; and

8 (b) For the final calculation of state aid pursuant to section
9 79-1065, the sum of average daily membership plus sixty percent of the
10 qualified early childhood education average daily membership plus
11 tuitioned students minus the product of the number of students enrolled
12 in kindergarten that is not full-day kindergarten from the average daily
13 membership multiplied by 0.5 from the school fiscal year immediately
14 preceding the school fiscal year in which aid was paid;

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

1 free meals to all students pursuant to the community eligibility
2 provision or one hundred ten percent of the product of the students who
3 qualified for free meals at such school pursuant to the community
4 eligibility provision multiplied by the identified student percentage
5 calculated pursuant to such federal provision, except that the free lunch
6 and free milk students calculated for any school pursuant to subdivision
7 (18)(b)(ii) of this section shall not exceed one hundred percent of the
8 students qualified for free meals at such school pursuant to the
9 community eligibility provision;

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

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

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

24 (22) General fund expenditures means all expenditures from the
25 general fund;

26 (23) General fund operating expenditures means for state aid
27 calculated for school fiscal years 2012-13 and each school fiscal year
28 thereafter, as reported on the annual financial report for the second
29 school fiscal year immediately preceding the school fiscal year in which
30 aid is to be paid, the total general fund expenditures minus (a) the
31 amount of all receipts to the general fund, to the extent that such

1 receipts are not included in local system formula resources, from early
2 childhood education tuition, summer school tuition, educational entities
3 as defined in section 79-1201.01 for providing distance education courses
4 through the Educational Service Unit Coordinating Council to such
5 educational entities, private foundations, individuals, associations,
6 charitable organizations, the textbook loan program authorized by section
7 79-734, federal impact aid, and levy override elections pursuant to
8 section 77-3444, (b) the amount of expenditures for categorical funds,
9 tuition paid, transportation fees paid to other districts, adult
10 education, community services, redemption of the principal portion of
11 general fund debt service, retirement incentive plans authorized by
12 section 79-855, and staff development assistance authorized by section
13 79-856, (c) the amount of any transfers from the general fund to any bond
14 fund and transfers from other funds into the general fund, (d) any legal
15 expenses in excess of fifteen-hundredths of one percent of the formula
16 need for the school fiscal year in which the expenses occurred, (e)(i)
17 for state aid calculated for school fiscal years prior to school fiscal
18 year 2018-19, (e) expenditures to pay for sums agreed to be paid by a
19 school district to certificated employees in exchange for a voluntary
20 termination occurring prior to July 1, 2009, occurring on or after the
21 last day of the 2010-11 school year and prior to the first day of the
22 2013-14 school year, or, to the extent that a district has demonstrated
23 to the State Board of Education pursuant to section 79-1028.01 that the
24 agreement will result in a net savings in salary and benefit costs to the
25 school district over a five-year period, occurring on or after the first
26 day of the 2013-14 school year or (ii) for state aid calculated for
27 school fiscal year 2018-19 and each school fiscal year thereafter,
28 expenditures to pay for sums agreed to be paid by a school district to
29 certificated employees in exchange for a voluntary termination, (f)(i)
30 expenditures to pay for employer contributions pursuant to subsection (2)
31 of section 79-958 to the School Employees Retirement System of the State

1 of Nebraska to the extent that such expenditures exceed the employer
2 contributions under such subsection that would have been made at a
3 contribution rate of seven and thirty-five hundredths percent or (ii)
4 expenditures to pay for school district contributions pursuant to
5 subdivision (1)(c)(i) of section 79-9,113 to the retirement system
6 established pursuant to the Class V School Employees Retirement Act to
7 the extent that such expenditures exceed the school district
8 contributions under such subdivision that would have been made at a
9 contribution rate of seven and thirty-seven hundredths percent, and (g)
10 any amounts paid by the district for lobbyist fees and expenses reported
11 to the Clerk of the Legislature pursuant to section 49-1483.

12 For purposes of this subdivision (23) of this section, receipts from
13 levy override elections shall equal ninety-nine percent of the difference
14 of the total general fund levy minus a levy of one dollar and five cents
15 per one hundred dollars of taxable valuation multiplied by the assessed
16 valuation for school districts that have voted pursuant to section
17 77-3444 to override the maximum levy provided pursuant to section
18 77-3442;

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

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

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

27 (27) Limited English proficiency students means the number of
28 students with limited English proficiency in a district from the most
29 recent data available on November 1 of the school fiscal year preceding
30 the school fiscal year in which aid is to be paid plus the difference of
31 such students with limited English proficiency minus the average number

1 of limited English proficiency students for such district, prior to such
2 addition, for the three immediately preceding school fiscal years if such
3 difference is greater than zero;

4 (28) Local system means a learning community for purposes of
5 calculation of state aid for each school fiscal year prior to school
6 fiscal year 2017-18, a unified system, a Class VI district and the
7 associated Class I districts, or a Class II, III, IV, or V district and
8 any affiliated Class I districts or portions of Class I districts. The
9 membership, expenditures, and resources of Class I districts that are
10 affiliated with multiple high school districts will be attributed to
11 local systems based on the percent of the Class I valuation that is
12 affiliated with each high school district;

13 (29) Low-income child means (a) for school fiscal years prior to
14 2016-17, a child under nineteen years of age living in a household having
15 an annual adjusted gross income for the second calendar year preceding
16 the beginning of the school fiscal year for which aid is being calculated
17 equal to or less than the maximum household income that would allow a
18 student from a family of four people to be a free lunch and free milk
19 student during the school fiscal year immediately preceding the school
20 fiscal year for which aid is being calculated and (b) for school fiscal
21 year 2016-17 and each school fiscal year thereafter, a child under
22 nineteen years of age living in a household having an annual adjusted
23 gross income for the second calendar year preceding the beginning of the
24 school fiscal year for which aid is being calculated equal to or less
25 than the maximum household income pursuant to sections 9(b)(1) and 17(c)
26 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.
27 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)
28 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)
29 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections
30 existed on January 1, 2015, for a household of that size that would have
31 allowed the child to meet the income qualifications for free meals during

1 the school fiscal year immediately preceding the school fiscal year for
2 which aid is being calculated;

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

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

13 (32) Poverty students means (a) for school fiscal years prior to
14 2016-17, the number of low-income students or the number of students who
15 are free lunch and free milk students in a district plus the difference
16 of the number of low-income students or the number of students who are
17 free lunch and free milk students in a district, whichever is greater,
18 minus the average number of poverty students for such district, prior to
19 such addition, for the three immediately preceding school fiscal years if
20 such difference is greater than zero and (b) for school fiscal year
21 2016-17 and each school fiscal year thereafter, the unadjusted poverty
22 students plus the difference of such unadjusted poverty students minus
23 the average number of poverty students for such district, prior to such
24 addition, for the three immediately preceding school fiscal years if such
25 difference is greater than zero;

26 (33) Qualified early childhood education average daily membership
27 means the product of the average daily membership for school fiscal year
28 2006-07 and each school fiscal year thereafter of students who will be
29 eligible to attend kindergarten the following school year and are
30 enrolled in an early childhood education program approved by the
31 department pursuant to section 79-1103 for such school district for such

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

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

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

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

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

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

31 (a)(i) Less than two students per square mile in the county in which

1 each high school is located, based on the school district census, (ii)
2 less than one formula student per square mile in the local system, and
3 (iii) more than ten miles between each high school attendance center and
4 the next closest high school attendance center on paved roads;

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

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

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

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

19 (40) Special grant funds means the budgeted receipts for grants,
20 including, but not limited to, categorical funds, reimbursements for
21 wards of the court, short-term borrowings including, but not limited to,
22 registered warrants and tax anticipation notes, interfund loans,
23 insurance settlements, and reimbursements to county government for
24 previous overpayment. The state board shall approve a listing of grants
25 that qualify as special grant funds;

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

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

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

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

4 (45) Statewide average general fund operating expenditures per
5 formula student means the statewide total general fund operating
6 expenditures for all districts divided by the statewide total formula
7 students for all districts;

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

9 (47) Temporary aid adjustment factor means (a) for school fiscal
10 years before school fiscal year 2007-08, one and one-fourth percent of
11 the sum of the local system's transportation allowance, the local
12 system's special receipts allowance, and the product of the local
13 system's adjusted formula students multiplied by the average formula cost
14 per student in the local system's cost grouping and (b) for school fiscal
15 year 2007-08, one and one-fourth percent of the sum of the local system's
16 transportation allowance, special receipts allowance, and distance
17 education and telecommunications allowance and the product of the local
18 system's adjusted formula students multiplied by the average formula cost
19 per student in the local system's cost grouping;

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

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

27 (50) Unadjusted poverty students means, for school fiscal year
28 2016-17 and each school fiscal year thereafter, the greater of the number
29 of low-income students or the free lunch and free milk calculated
30 students in a district; and

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

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

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

12 Sec. 12. Section 79-1007.11, Revised Statutes Cumulative Supplement,
13 2016, is amended to read:

14 79-1007.11 (1) Except as otherwise provided in this section, for
15 school fiscal years 2013-14 through 2015-16, each school district's
16 formula need shall equal the difference of the sum of the school
17 district's basic funding, poverty allowance, limited English proficiency
18 allowance, focus school and program allowance, summer school allowance,
19 special receipts allowance, transportation allowance, elementary site
20 allowance, instructional time allowance, teacher education allowance,
21 distance education and telecommunications allowance, averaging
22 adjustment, new learning community transportation adjustment, student
23 growth adjustment, any positive student growth adjustment correction, and
24 new school adjustment, minus the sum of the limited English proficiency
25 allowance correction, poverty allowance correction, and any negative
26 student growth adjustment correction.

27 (2) Except as otherwise provided in this section, for school fiscal
28 year 2016-17, each school district's formula need shall equal the
29 difference of the sum of the school district's basic funding, poverty
30 allowance, limited English proficiency allowance, focus school and
31 program allowance, summer school allowance, special receipts allowance,

1 transportation allowance, elementary site allowance, ~~best practices~~
2 ~~allowance~~, distance education and telecommunications allowance, averaging
3 adjustment, new learning community transportation adjustment, student
4 growth adjustment, any positive student growth adjustment correction, and
5 new school adjustment, minus the sum of the limited English proficiency
6 allowance correction, poverty allowance correction, and any negative
7 student growth adjustment correction.

8 (3) Except as otherwise provided in this section, for school fiscal
9 years 2017-18 and 2018-19, each school district's formula need shall
10 equal the difference of the sum of the school district's basic funding,
11 poverty allowance, poverty allowance adjustment, limited English
12 proficiency allowance, focus school and program allowance, summer school
13 allowance, special receipts allowance, transportation allowance,
14 elementary site allowance, ~~best practices allowance~~, distance education
15 and telecommunications allowance, averaging adjustment, new community
16 achievement plan adjustment, student growth adjustment, any positive
17 student growth adjustment correction, and new school adjustment minus the
18 sum of the limited English proficiency allowance correction, poverty
19 allowance correction, and any negative student growth adjustment
20 correction.

21 (4) Except as otherwise provided in this section, for school fiscal
22 year 2019-20 and each school fiscal year thereafter, each school
23 district's formula need shall equal the difference of the sum of the
24 school district's basic funding, poverty allowance, limited English
25 proficiency allowance, focus school and program allowance, summer school
26 allowance, special receipts allowance, transportation allowance,
27 elementary site allowance, ~~best practices allowance~~, distance education
28 and telecommunications allowance, community achievement plan allowance,
29 averaging adjustment, new community achievement plan adjustment, student
30 growth adjustment, any positive student growth adjustment correction, and
31 new school adjustment minus the sum of the limited English proficiency

1 allowance correction, poverty allowance correction, and any negative
2 student growth adjustment correction.

3 (5) If the formula need calculated for a school district pursuant to
4 subsections (1) through (4) of this section is less than one hundred
5 percent of the formula need for such district for the school fiscal year
6 immediately preceding the school fiscal year for which aid is being
7 calculated, the formula need for such district shall equal one hundred
8 percent of the formula need for such district for the school fiscal year
9 immediately preceding the school fiscal year for which aid is being
10 calculated.

11 (6) If the formula need calculated for a school district pursuant to
12 subsections (1) through (4) of this section is more than one hundred
13 twelve percent of the formula need for such district for the school
14 fiscal year immediately preceding the school fiscal year for which aid is
15 being calculated, the formula need for such district shall equal one
16 hundred twelve percent of the formula need for such district for the
17 school fiscal year immediately preceding the school fiscal year for which
18 aid is being calculated, except that the formula need shall not be
19 reduced pursuant to this subsection for any district receiving a student
20 growth adjustment for the school fiscal year for which aid is being
21 calculated.

22 (7) For purposes of subsections (5) and (6) of this section, the
23 formula need for the school fiscal year immediately preceding the school
24 fiscal year for which aid is being calculated shall be the formula need
25 used in the final calculation of aid pursuant to section 79-1065 and for
26 districts that were affected by a reorganization with an effective date
27 in the calendar year preceding the calendar year in which aid is
28 certified for the school fiscal year for which aid is being calculated,
29 the formula need for the school fiscal year immediately preceding the
30 school fiscal year for which aid is being calculated shall be attributed
31 to the affected school districts based on information provided to the

1 department by the school districts or proportionally based on the
2 adjusted valuation transferred if sufficient information has not been
3 provided to the department.

4 Sec. 13. Section 79-1017.01, Revised Statutes Cumulative Supplement,
5 2016, is amended to read:

6 79-1017.01 (1) For state aid calculated for school fiscal years
7 2014-15 and 2015-16, local system formula resources includes other actual
8 receipts determined pursuant to section 79-1018.01, net option funding
9 determined pursuant to section 79-1009, teacher education aid determined
10 pursuant to section 79-1007.25, instructional time aid determined
11 pursuant to subsection (2) of section 79-1007.23, allocated income tax
12 funds determined pursuant to section 79-1005.01, and minimum levy
13 adjustments determined pursuant to section 79-1008.02 and is reduced by
14 amounts paid by the district in the most recently available complete data
15 year as property tax refunds pursuant to or in the manner prescribed by
16 section 77-1736.06.

17 (2) For state aid calculated for school fiscal year 2016-17 and each
18 school fiscal year thereafter, local system formula resources includes
19 other actual receipts determined pursuant to section 79-1018.01, net
20 option funding determined pursuant to section 79-1009, ~~best practices aid~~
21 ~~determined pursuant to section 79-1004, if any districts in the local~~
22 ~~system qualify,~~ allocated income tax funds determined pursuant to section
23 79-1005.01, community achievement plan aid determined pursuant to section
24 79-1005, and minimum levy adjustments determined pursuant to section
25 79-1008.02 for school fiscal years prior to school fiscal year 2017-18,
26 and is reduced by amounts paid by the district in the most recently
27 available complete data year as property tax refunds pursuant to or in
28 the manner prescribed by section 77-1736.06.

29 Sec. 14. Section 79-1028.01, Revised Statutes Cumulative Supplement,
30 2016, is amended to read:

31 79-1028.01 (1) For each school fiscal year, a school district may

1 exceed its budget authority for the general fund budget of expenditures
2 as calculated pursuant to section 79-1023 for such school fiscal year by
3 a specific dollar amount for the following exclusions:

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

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

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

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

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

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

31 (g) Expenditures for sums agreed to be paid by a school district to

1 certificated employees in exchange for a voluntary termination occurring
2 prior to July 1, 2009, occurring on or after the last day of the 2010-11
3 school year and prior to the first day of the 2013-14 school year, or, to
4 the extent that a district demonstrates to the State Board of Education
5 pursuant to subsection (3) of this section that the agreement will result
6 in a net savings in salary and benefit costs to the school district over
7 a five-year period, occurring on or after the first day of the 2013-14
8 school year and on or before the operative date of this section;

9 (h) The special education budget of expenditures;

10 (i) Expenditures of special grant funds; and

11 (j) Expenditures of funds received as federal impact aid pursuant to
12 20 U.S.C. 7701 to 7714, as such sections existed on January 1, 2016, due
13 to a district having land within its boundaries that is federal property
14 classified as Indian lands under 20 U.S.C. 7713(7), as such section
15 existed on January 1, 2016, and funds received as impact aid due to
16 children in attendance who resided on Indian lands in accordance with 20
17 U.S.C. 7703(a)(1)(C), as such section existed on January 1, 2016.

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

25 (a) The first school fiscal year the district will be participating
26 in Network Nebraska for the full school fiscal year, for the difference
27 of the estimated expenditures for such school fiscal year for
28 telecommunications services, access to data transmission networks that
29 transmit data to and from the school district, and the transmission of
30 data on such networks as such expenditures are defined by the department
31 for purposes of the distance education and telecommunications allowance

1 minus the dollar amount of such expenditures for the second school fiscal
2 year preceding the first full school fiscal year the district
3 participates in Network Nebraska;

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

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

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

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

21 Sec. 15. Section 79-1054, Revised Statutes Cumulative Supplement,
22 2016, is amended to read:

23 79-1054 (1) The State Board of Education shall establish a
24 competitive innovation grant program with funding from the Nebraska
25 Education Improvement Fund pursuant to section 9-812. Grantees shall be a
26 school district, an educational service unit, or a combination of
27 entities that includes at least one school district or educational
28 service unit. For grantees that consist of a combination of entities, a
29 participating school district or educational service unit shall be
30 designated to act as the fiscal agent and administer the program funded
31 by the grant. The state board shall only award grants pursuant to

1 applications that the state board deems to be sufficiently innovative and
2 to have a high chance of success.

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

5 (a) Specific measurable objectives for improving education outcomes
6 for early childhood students, elementary students, middle school
7 students, or high school students or for improving the transitions
8 between any successive stages of education or between education and the
9 workforce;

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

14 (c) The potential for the project to be both scalable and
15 replicable; and

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

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

21 (a) Representing a best practice;

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

23 (c) A local issue for further study.

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

29 ~~(a) Specify qualifications for a school district to participate in~~
30 ~~the best practices allowance for each best practice to be included in the~~
31 ~~allowance;~~

1 ~~(b) Specify a best practices dollar amount based on eighty-five~~
2 ~~percent of the estimated costs related to each best practice included in~~
3 ~~the allowance that would not otherwise be incurred without the best~~
4 ~~practice, that do not replace other such costs, and that are not included~~
5 ~~in another allowance;~~

6 ~~(c) Specify an accountability process which will result in a future~~
7 ~~aid correction if a school district is found to be in violation of any of~~
8 ~~the qualifications; and~~

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

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

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

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

1 Sec. 16. Section 79-1065, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 79-1065 The State Department of Education shall adjust payments of of
4 state funds provided under Chapter 79 or federal funds provided under
5 federal law to school districts which, after final determination,
6 received funds not equal to the appropriate allocation for the previous
7 school fiscal year such that the district will receive the funds to which
8 it was finally determined to be entitled. If the total adjustment cannot
9 be made from the funds to be provided in the current school fiscal year,
10 the adjustment shall be prorated, with additional adjustments made to
11 payments for future school fiscal years. The department shall maintain an
12 accurate account and a record of the reasons the adjustments were made
13 and the amount of such adjustments.

14 Sec. 17. Section 79-10,141, Reissue Revised Statutes of Nebraska, is
15 amended to read:

16 79-10,141 (1) Because children are susceptible to hunger in the
17 summertime, resulting in negative health effects, the Legislature
18 intends, as a state nutrition and health policy, that the State of
19 Nebraska's participation in the Summer Food Service Program of the United
20 States Department of Agriculture be strengthened where it is needed to
21 provide adequate nutrition for children.

22 (2) To encourage participation and utilization of the Summer Food
23 Service Program, the department shall:

24 (a) Provide information to sponsors concerning the benefits and
25 availability of the Summer Food Service Program; and

26 (b) Award grants of up to fifteen thousand dollars on a competitive
27 basis to sponsors approved by the department. Grants awarded under this
28 section may be used for nonrecurring expenses incurred in initiating or
29 expanding services under the Summer Food Service Program, including, but
30 not limited to, the acquisition of equipment, salaries of staff, training
31 of staff in new capacities, outreach efforts to publicize new or expanded

1 services under the Summer Food Service Program, minor alterations to
2 accommodate new equipment, computer point-of-service systems for food
3 service, and the purchase of vehicles for transporting food to sites.
4 Funds may be expended up to the full cost of a qualifying expense
5 incurred by a sponsor in initiating or expanding the services under the
6 Summer Food Service Program, and if the funds are expended solely for the
7 benefit of child nutrition programs administered by the department, no
8 proration of the expense shall be required. Funds shall not be used for
9 food, computers, except point-of-service systems, or capital outlay. The
10 total amount of grants awarded under this section shall be limited to one
11 hundred ~~forty~~ thousand dollars per fiscal year.

12 (3) In awarding grants under this section, the department shall give
13 preference in the following order of priority to:

14 (a) Sponsors located within the boundaries of school districts in
15 which fifty percent or more of the students apply and qualify for free
16 and reduced-price lunches or located within the boundaries of a census
17 tract in which fifty percent or more of the children fall under the
18 poverty threshold as defined by the United States Department of
19 Agriculture;

20 (b) Sponsors in which health or education activities are emphasized;
21 and

22 (c) Sponsors that participate in the Summer Food Service Program at
23 the time of grant application.

24 (4) Sponsors may apply for grants under this section by:

25 (a) Submitting to the department a plan to start or expand services
26 under the Summer Food Service Program;

27 (b) Agreeing to operate the Summer Food Service Program for a period
28 of not less than two years; and

29 (c) Assuring that the expenditure of funds from state and local
30 resources for the maintenance of other child nutrition programs
31 administered by the department shall not be diminished as a result of

1 grants received under this section.

2 Sec. 18. Section 79-1108.02, Reissue Revised Statutes of Nebraska,
3 is amended to read:

4 79-1108.02 (1) The department shall distribute funds appropriated
5 ~~amounts from the Education Innovation Fund pursuant to section 9-812~~ for
6 purposes of ~~subsection (2)~~ of this section to local systems as defined in
7 section 79-1003 annually on or before October 15. The funds distributed
8 pursuant to this section shall be distributed based on a pro rata share
9 of the eligible costs submitted in grant applications.

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

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

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

24 (c) Provide an accounting of the funds received pursuant to this
25 section, funds required by subdivision (b) of this subsection, and the
26 total cost of the program on or before August 1 of the year following the
27 receipt of funds in a manner prescribed by the department, not to exceed
28 one report per year;

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

1 and

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

5 If a local system will not be providing the necessary matching funds
6 pursuant to subdivision (b) of this subsection, the local system shall
7 request a reduction in the amount received pursuant to this subsection
8 such that the local system will be in compliance with such subdivision.
9 Local systems not complying with the requirements of this subsection
10 shall not be eligible local systems in the following year.

11 Sec. 19. Section 79-1144, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 79-1144 (1) Funds shall be appropriated by the Legislature to carry
14 out sections 79-1142 to 79-1144 and 79-1147. Such funds shall be
15 channeled through the State Department of Education. The department is
16 authorized to expend such funds upon proper vouchers approved by the
17 department and warrants issued by the Director of Administrative Services
18 for financial reimbursement to school districts, educational service
19 units, special education cooperatives created by school districts,
20 agencies, and parents or guardians, including (1) reimbursement pursuant
21 to section 79-1129 for actual transportation expenses per year for
22 children with disabilities a pro rata amount which shall be determined by
23 the State Board of Education from appropriations for special education
24 approved by the Legislature based on all actual allowable transportation
25 costs, (2) reimbursement for instructional aids and consultative,
26 supervisory, research, and testing services to school districts, and (3)
27 reimbursement for salaries, wages, maintenance, supplies, travel, and
28 other expenses essential to carrying out the provisions for special
29 education programs. Minor building modifications shall not be eligible
30 for state reimbursement as an allowable expense. Applications for state
31 reimbursement for actual transportation expenses shall be submitted to

1 the department annually on a date and on forms prescribed by the
2 department. Amendments to applications for actual transportation expenses
3 shall be submitted on dates prescribed by the department during the
4 school year in which the original application was made.

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

12 Sec. 20. Section 85-173, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 85-173 (1) Except as provided in subsection (2) of this section,
15 the The trustees or officers of any postsecondary college or other
16 institution of learning, whether incorporated or not, upon going out of
17 existence or ceasing to function as a postsecondary an educational
18 institution, may turn over its student records of all grades, attained by
19 its students, to the central depository maintained by the office of
20 registrar of the University of Nebraska-Lincoln as provided in section
21 85-174 Nebraska, to be preserved by his office as a central depository
22 for this valuable historical material.

23 (2) The trustees or officers of any for-profit postsecondary
24 institution as defined in section 85-2403, upon going out of existence or
25 ceasing to function as a postsecondary institution, shall turn over its
26 student records to the central depository maintained by the office of
27 registrar of the University of Nebraska-Lincoln as provided in section
28 85-174.

29 Sec. 21. Section 85-174, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 85-174 The office of registrar of the University of Nebraska-Lincoln

1 ~~Nebraska~~ is hereby designated the central depository for the records of
2 postsecondary ~~such educational~~ institutions in this state that as have
3 ceased to exist, or may cease to exist in the future. The registrar of
4 the University of Nebraska-Lincoln ~~Nebraska~~ shall, where possible,
5 collect the records of such extinct postsecondary ~~educational~~
6 institution, and have the supervision, care, custody, and control of such
7 ~~said~~ records. The registrar ~~of the University of Nebraska,~~ having the
8 records of such postsecondary ~~educational~~ institutions, if any, shall,
9 when requested, prepare transcripts of such ~~grade~~ records which may at
10 any time become necessary to the former student for further scholastic
11 work at other postsecondary ~~institutions,~~ or for certification for
12 teaching or ~~and~~ other professional positions. Whenever such transcript is
13 made, and after it has been compared with the original, it shall be
14 certified by the registrar ~~of the University of Nebraska,~~ and shall
15 thereafter be considered and accepted as evidence and, for all other
16 purposes, the same as the original could be. For the preparation of such
17 transcript, the registrar ~~of the University of Nebraska~~ may charge a
18 nominal fee for services rendered.

19 Sec. 22. Section 85-308, Reissue Revised Statutes of Nebraska, is
20 amended to read:

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

31 Sec. 23. Section 85-502.01, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 85-502.01 (1) A person who enrolls in a public college or university
3 in this state and who is a veteran as defined in Title 38 of the United
4 States Code and was discharged or released from a period of not fewer
5 than ninety days of service in the active military, naval, or air service
6 less than three years before the date of initial enrollment, a spouse or
7 dependent of such a veteran, or an eligible recipient entitled to
8 educational assistance ~~of such a veteran as provided in 38 U.S.C. 3311(b)~~
9 ~~(9) or 38 U.S.C. 3319~~ while the transferor is on active duty in the
10 uniformed services or as provided in 38 U.S.C. 3311(b), as such sections
11 existed on January 1, 2017 ~~2015~~, shall be considered a resident student
12 notwithstanding the provisions of section 85-502 if the person is (a)
13 registered to vote in Nebraska and (b) demonstrates objective evidence of
14 intent to be a resident of Nebraska.

15 (2) A person who is otherwise described in subsection (1) of this
16 section and is an eligible individual under 38 U.S.C. 3679(c)(2), ~~as such~~
17 ~~section existed on January 1, 2015, or who is a spouse or dependent of~~
18 ~~such a veteran~~ under eighteen years of age is not required to comply with
19 subdivision (1)(a) of this section.

20 (3) For purposes of this section, objective evidence of intent to be
21 a resident of Nebraska includes either a Nebraska driver's license or
22 state identification card or a Nebraska motor vehicle registration.

23 Sec. 24. Section 85-917, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 85-917 The Legislature hereby declares that it is the intent and
26 purpose of sections ~~79-741, 79-744,~~ 85-194, 85-308, 85-606.01, 85-917 to
27 85-966, and 85-1511 to provide statements of role and mission for the
28 state's systems and institutions of postsecondary education which will:

29 (1) Provide for a coordinated state system of postsecondary
30 education;

31 (2) Provide for the maintenance and development of quality

1 postsecondary educational programs and services for all citizens in all
2 regions of the state;

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

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

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

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

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

18 Sec. 25. Section 85-933, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 85-933 No funds generated or received from a General Fund
21 appropriation, state aid assistance program, or receipts from a tax levy
22 authorized by statute shall be expended in support of programs or
23 activities which are in conflict with the role and mission assignments
24 applicable to the University of Nebraska, state colleges, or community
25 colleges under sections ~~79-741, 79-744~~, 85-194, 85-308, 85-606.01, 85-917
26 to 85-966, and 85-1511.

27 Sec. 26. Section 85-949, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 85-949 The role and mission assignments enumerated in sections
30 85-950 to 85-958 shall apply to the state college system and its
31 institutions. Such assignments shall prohibit, limit, or restrict only

1 those programs or services provided for under such sections. The Board of
2 Trustees of the Nebraska State Colleges shall adopt and promulgate
3 policies and procedures necessary to assure compliance with sections
4 ~~79-741, 79-744,~~ 85-194, 85-308, 85-606.01, 85-917 to 85-966, and 85-1511.

5 Sec. 27. Section 85-2401, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 85-2401 Sections 85-2401 to 85-2421 and sections 30 to 36 of this
8 act shall be known and may be cited as the Postsecondary Institution Act.

9 Sec. 28. Section 85-2403, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 85-2403 For purposes of the Postsecondary Institution Act:

12 (1) Authorization to operate means either an authorization to
13 operate on a continuing basis or a recurrent authorization to operate;

14 (2) Authorization to operate on a continuing basis means approval by
15 the commission to operate a postsecondary institution in this state
16 without a renewal requirement and once such authorization has been issued
17 it continues indefinitely unless otherwise suspended, revoked, or
18 terminated, including such authorizations previously deemed to be
19 effective as of May 5, 2011, pursuant to the Postsecondary Institution
20 Act for private and out-of-state public postsecondary institutions that
21 had been continuously offering four-year undergraduate programs with a
22 physical presence in the state for at least twenty academic years and for
23 Nebraska public postsecondary institutions;

24 (3) Branch facility means a facility in Nebraska (a) which is
25 separate from a principal facility, (b) which offers a full program and
26 full student services, (c) which is under the supervision of an onsite
27 director or administrator, and (d)(i) the ownership, management, and
28 control of which are the same as the principal facility, which principal
29 facility is responsible for the delivery of all services, or (ii) at
30 which education is offered by a franchisee of a franchisor authorized to
31 operate as a postsecondary institution by the act;

1 (4) ~~(3)~~ Commission means the Coordinating Commission for
2 Postsecondary Education;

3 (5) Executive director means the executive director of the
4 commission or his or her designee;

5 (6) For-profit postsecondary institution means any private
6 postsecondary institution that is not exempt for federal tax purposes
7 under section 501(c)(3) as defined in section 49-801.01;

8 (7) Nebraska public postsecondary institution means any public
9 postsecondary institution established, operated, and governed by this
10 state or any of its political subdivisions;

11 (8) Out-of-state public postsecondary institution means any public
12 postsecondary institution established, operated, and governed by another
13 state or any of its political subdivisions;

14 (9)(a) Physical ~~(4)(a) Establishing a physical~~ presence means:

15 (i) Offering a course for college credit or a degree program in this
16 state that leads to an associate, baccalaureate, graduate, or
17 professional degree, including:

18 (A) Establishing a physical location in this state where a student
19 may receive synchronous or asynchronous instruction; or

20 (B) Offering a course or program that requires students to
21 physically meet in one location for instructional purposes more than once
22 during the course term; or

23 (ii) Establishing an administrative office in this state, including:

24 (A) Maintaining an administrative office in this state for purposes
25 of enrolling students, providing information to students about the
26 institution, or providing student support services;

27 (B) Providing office space to staff, whether instructional or
28 noninstructional staff; or

29 (C) Establishing a mailing address in this state.

30 (b) Physical presence does not include:

31 (i) Course offerings in the nature of a short course or seminar if

1 instruction for the short course or seminar takes no more than twenty
2 classroom hours and the institution offers no more than two courses as
3 defined by the commission in a calendar year;

4 (ii) Course offerings on a military installation solely for military
5 personnel or civilians employed on such installation;

6 (iii) An educational experience arranged for an individual student,
7 such as a clinical, practicum, residency, or internship; or

8 (iv) Courses offered online or through the United States mail or
9 similar delivery service which do not require the physical meeting of a
10 student with instructional staff;

11 ~~(5) Executive director means the executive director of the~~
12 ~~commission or his or her designee;~~

13 ~~(6) Nebraska public postsecondary institution means any public~~
14 ~~institution established, operated, and governed by this state or any of~~
15 ~~its political subdivisions that provides postsecondary education;~~

16 ~~(7) Out-of-state public postsecondary institution means any public~~
17 ~~institution with a physical presence in Nebraska that is established,~~
18 ~~operated, and governed by another state or any of its political~~
19 ~~subdivisions and that provides postsecondary education;~~

20 (10) (8) Postsecondary institution means any private postsecondary
21 institution, out-of-state public postsecondary institution, or Nebraska
22 public postsecondary institution with a physical presence in Nebraska
23 that provides postsecondary education and is exempt from the Private
24 Postsecondary Career School Act;

25 (11) Principal facility means the primary physical presence in
26 Nebraska of a postsecondary institution;

27 (12) (9) Private postsecondary institution means any Nebraska or
28 out-of-state nonpublic postsecondary institution with a physical presence
29 in Nebraska, including any for-profit postsecondary institution or
30 nonprofit postsecondary institution, that provides postsecondary
31 education; and

1 (13) ~~(10)~~ Recurrent authorization to operate means approval by the
2 commission to operate a postsecondary institution in this state until a
3 renewal of such authorization is required.

4 Sec. 29. Section 85-2405, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 85-2405 The commission has the following powers and duties:

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

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

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

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

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

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

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

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

6 (9) To establish fees for applications for a recurrent authorization
7 to operate, applications to renew or modify a recurrent authorization to
8 operate, and applications to participate or continue participation in an
9 interstate postsecondary distance education reciprocity agreement, which
10 fees shall be not more than the cost of reviewing and evaluating the
11 applications;

12 (10) To receive, evaluate, approve, and pay claims pursuant to
13 section 34 of this act, assess for-profit postsecondary institutions
14 pursuant to section 32 of this act, and administer the Guaranty Recovery
15 Cash Fund;

16 (11) ~~(10)~~ To investigate any violations of the act by a
17 postsecondary institution; and

18 (12) ~~(11)~~ To adopt and promulgate rules, regulations, and procedures
19 to administer the act and the Guaranty Recovery Cash Fund.

20 Sec. 30. The Guaranty Recovery Cash Fund is hereby established. The
21 fund shall receive assessments imposed by the commission pursuant to
22 section 31 of this act and shall be used by the commission to pay claims
23 authorized pursuant to section 34 of this act. Any money in the fund
24 available for investment shall be invested by the state investment
25 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
26 State Funds Investment Act. Any interest earned on the money in the fund
27 shall accrue to the fund.

28 Sec. 31. (1) The commission shall annually assess each for-profit
29 postsecondary institution one-tenth of one percent of the prior school
30 year's gross tuition revenue until the Guaranty Recovery Cash Fund
31 reaches the minimum fund level. The fund shall be maintained at a minimum

1 fund level of two hundred fifty thousand dollars and a maximum fund level
2 of five hundred thousand dollars. At any time when the fund drops below
3 the minimum fund level, the commission may resume the assessment. Funds
4 in excess of the maximum fund level shall be used as directed by the
5 commission to provide grants or scholarships for students attending for-
6 profit postsecondary institutions in Nebraska.

7 (2) The commission shall require documentation from each for-profit
8 postsecondary institution to verify the tuition revenue collected by the
9 institution and to determine the amount of the assessment under this
10 section.

11 (3) Any for-profit postsecondary institution applying for an initial
12 recurrent authorization to operate shall not be assessed under this
13 section for the first year of operation but shall be assessed each year
14 thereafter for four years or until the fund reaches the minimum fund
15 level, whichever occurs last, and shall maintain the surety bond or other
16 security required by section 32 of this act.

17 (4) If a for-profit postsecondary institution fails to comply with
18 this section, its authorization to operate shall be subject to
19 revocation.

20 (5) The commission shall remit all funds collected pursuant to this
21 section to the State Treasurer for credit to the Guaranty Recovery Cash
22 Fund.

23 Sec. 32. Until the Guaranty Recovery Cash Fund initially reaches
24 the minimum fund level prescribed in section 31 of this act, when an
25 application is made for an initial recurrent authorization to operate,
26 the commission may require any for-profit postsecondary institution
27 making such application to file with the commission a good and sufficient
28 surety bond or other security agreement in a penal amount deemed
29 satisfactory by the commission. Such bond or other security shall cover
30 both principal and branch facilities. The bond or agreement shall be
31 executed by the applicant as principal and by a surety company qualified

1 and authorized to do business in the state. The bond or agreement shall
2 be conditioned to provide indemnification to any student or enrollee or
3 his or her parent or guardian determined to have suffered loss or damage
4 by the termination of operations by the for-profit postsecondary
5 institution. The surety shall pay any final judgment rendered by any
6 court of this state having jurisdiction upon receipt of written
7 notification of the judgment. Regardless of the number of years that such
8 bond or agreement is in force, the aggregate liability of the surety
9 thereon shall in no event exceed the penal sum of the bond or agreement.
10 The bond or agreement may be continuous.

11 Sec. 33. (1) Until the Guaranty Recovery Cash Fund initially
12 reaches the minimum fund level prescribed in section 31 of this act, the
13 bond or other security agreement of an institution provided for in
14 section 32 of this act shall cover the period of the recurrent
15 authorization to operate except when a surety is released as provided in
16 this section.

17 (2) A bond or other security agreement filed under section 32 of
18 this act may be released after such surety serves written notice on the
19 commission thirty days prior to the release. Such release shall not
20 discharge or otherwise affect any claim previously or subsequently filed
21 by a student or enrollee or his or her parent or guardian provided for in
22 section 34 of this act for the termination of operations by the for-
23 profit postsecondary institution during the term for which tuition has
24 been paid while the bond or agreement was in force.

25 (3) During the term of the bond or agreement and upon forfeiture of
26 the bond or agreement, the commission retains a property interest in the
27 surety's guarantee of payment under the bond or agreement which is not
28 affected by the bankruptcy, insolvency, or other financial incapacity of
29 the operator or principal on the bond or agreement.

30 Sec. 34. (1) The money in the Guaranty Recovery Cash Fund shall be
31 used in the following order of priority:

1 (a) To reimburse any student injured by the termination of
2 operations by a for-profit postsecondary institution on or after the
3 operative date of this section for the cost of tuition and fees. A
4 student injured by the termination of operations by a for-profit
5 postsecondary institution means (i) a student who has paid tuition and
6 fees to the institution for which classes were offered but not finished
7 due to termination of operations, (ii) a student who has paid tuition and
8 fees to the institution for which classes were not offered and no refunds
9 were made, and (iii) a student who ceased to be enrolled in classes at an
10 institution while the institution was in operation and to whom a refund
11 of unearned tuition and fees became due from the institution after the
12 institution terminated operations and no refunds were made within the
13 institution's required time period following the student's withdrawal
14 from the institution;

15 (b) To reimburse any former student of a for-profit postsecondary
16 institution that has terminated operations on or after the operative date
17 of this section for the cost of obtaining such student's student records;

18 (c) To reimburse the University of Nebraska for reasonable expenses
19 directly associated with the storage and maintenance of academic records
20 pursuant to sections 85-173 and 85-174 of those students adversely
21 affected by termination of operations by a for-profit postsecondary
22 institution; and

23 (d) To reimburse the Nebraska Opportunity Grant Fund for any funds
24 distributed to a for-profit postsecondary institution for an academic
25 term that was not completed by students receiving awards under the
26 Nebraska Opportunity Grant Act due to the termination of operations by a
27 for-profit postsecondary institution after the operative date of this
28 section to the extent such funds are not returned to the Nebraska
29 Opportunity Grant Fund by the for-profit postsecondary institution.

30 (2) No claim shall be allowed unless the claim is submitted within
31 one year after the termination of operations by the for-profit

1 postsecondary institution and there are sufficient funds available in the
2 Guaranty Recovery Cash Fund to pay the claim.

3 Sec. 35. A for-profit postsecondary institution may include
4 references to the Guaranty Recovery Cash Fund in advertising or
5 information provided to students or prospective students. Any such
6 reference shall clearly describe the protection and limitations
7 prescribed in section 34 of this act and the relevant rules and
8 regulations adopted and promulgated by the commission.

9 Sec. 36. On or before November 1 of each year, the commission shall
10 submit electronically a report to the Governor and the Legislature
11 containing:

12 (1) The number of claims made against the Guaranty Recovery Cash
13 Fund;

14 (2) The institutions against which the claims are made;

15 (3) The number of claims that are approved and the associated
16 payouts from the funds;

17 (4) The number of claims that are denied; and

18 (5) The amount of money in the Guaranty Recovery Cash Fund used to
19 reimburse the Nebraska Opportunity Grant Fund.

20 Sec. 37. Sections 1, 2, 3, 4, 20, 21, 27, 28, 29, 30, 31, 32, 33,
21 34, 35, 36, 39, and 41 of this act become operative on September 3, 2017.
22 The other sections of this act become operative on their effective date.

23 Sec. 38. Original sections 79-319, 79-746, 79-1065, 79-10,141,
24 79-1108.02, 79-1144, 85-308, 85-917, 85-933, and 85-949, Reissue Revised
25 Statutes of Nebraska, and sections 9-812, 77-3442, 79-237, 79-2,144,
26 79-1003, 79-1007.11, 79-1017.01, 79-1028.01, 79-1054, and 85-502.01,
27 Revised Statutes Cumulative Supplement, 2016, are repealed.

28 Sec. 39. Original sections 85-173, 85-174, 85-2041, 85-2403, and
29 85-2405, Reissue Revised Statutes of Nebraska, are repealed.

30 Sec. 40. The following sections are outright repealed: Sections
31 79-321, 79-527.01, 79-738, 79-739, 79-740, 79-741, 79-742, 79-743, and

1 79-744, Reissue Revised Statutes of Nebraska, and section 79-1004,
2 Revised Statutes Cumulative Supplement, 2016.

3 Sec. 41. The following section is outright repealed: Section
4 85-175, Reissue Revised Statutes of Nebraska.

5 Sec. 42. Since an emergency exists, this act takes effect when
6 passed and approved according to law.