Introduced by Walz, 15.
Read first time January 19, 2021
Committee: Education

A BILL FOR AN ACT relating to education; to amend sections 79-8,132, 79-8,133, 79-8,135, 79-8,138, 79-8,139, 79-8,140, 79-1064, 79-1201.01, and 85-2101, Reissue Revised Statutes of Nebraska, and sections 9-812, 9-836.01, 79-759, 79-8,134, 79-8,137, 79-8,137.01, 79-8,137.02, 79-8,137.03, 79-8,137.04, 79-8,137.05, 79-1003, 79-1054, 79-1104.02, 79-1337, 79-2503, 79-2505, 79-2506, 84-304, 85-1412, 85-1920, and 85-2009, Revised Statutes Cumulative Supplement, 2020; to change provisions relating to the distribution of lottery funds used for education; to adopt the Behavioral Intervention Training and Teacher Support Act; to create funds; to establish a mental health training grant program; to change provisions relating to standard college admission tests; to adopt the College Credit Testing Fee Reduction Program Act; to define and redefine terms; to change provisions relating to an innovation grant program, the use of certain funds, and distance education incentives; to change provisions relating to the Expanded Learning Opportunity Grant Program Act; to provide duties for the Auditor of Public Accounts and the Coordinating Commission for Postsecondary Education; to change provisions relating to the Nebraska Opportunity Grant Fund and the Community College Gap Assistance Program Fund; to adopt the Career-Readiness and Dual-Credit Education Grant Program Act; to transfer and change provisions of the Excellence in Teaching Act; to eliminate obsolete provisions and a fund; to repeal the
Master Teacher Program Act, distance education equipment reimbursements, provisions relating to a study and to a statewide vision for education, and learning community transition aid; to harmonize provisions; to provide a duty for the Revisor of Statutes; to provide an operative date; to repeal the original sections; to outright repeal sections 79-8,124, 79-8,125, 79-8,126, 79-8,127, 79-8,128, 79-8,129, 79-8,130, 79-8,131, and 79-1336, Reissue Revised Statutes of Nebraska, and sections 50-425, 50-426, 50-427, 50-428, and 79-10,145, Revised Statutes Cumulative Supplement, 2020; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,
Section 1. Section 9-812, Revised Statutes Cumulative Supplement, 2020, is amended to read:

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

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

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

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

(b) Beginning July 1, 2016, forty-four and one-half percent of the money remaining after the payment of prizes and operating expenses and the initial transfer to the Compulsive Gamblers Assistance Fund shall be used for education and transferred pursuant to subsections (4), (5), and (6) of this section the Nebraska Education Improvement Fund;

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

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

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

(4) For fiscal years through fiscal year 2020-21, the money available to be used for education pursuant to subdivision (3)(b) of this section shall be transferred to the Nebraska Education Improvement Fund.

(5) For fiscal years 2021-22 through 2025-26, the money available to be used for education pursuant to subdivision (3)(b) of this section shall be transferred as follows:

(a) Two and one-half percent to the Access College Early Scholarship Cash Fund;

(b) Nine and one-half percent to the Behavioral Training Cash Fund;

(c) One percent to the Career Mentoring Grant Fund;

(d) Two percent to the Career-Readiness and Dual-Credit Education Cash Fund;

(e) One percent to the College Credit Testing Fee Cash Fund;

(f) Four and one-half percent to the Community College Gap Assistance Program Fund;

(g) Seven and one-half percent to the Excellence in Teaching Cash Fund;

(h) Three percent to the Expanded Learning Opportunity Grant Fund;

(i) One and one-half percent to the Mental Health Training Cash Fund;

(j) Three percent to the Nebraska Education Improvement Fund;

(k) Fifty-eight percent to the Nebraska Opportunity Grant Fund;

(l) One and one-half percent to the State Department of Education Cash Fund for the annual fee for an online education and career planning tool;

(m) Four and one-half percent to the State Department of Education Leadership Cash Fund; and

(n) One-half of one percent to the State Department of Education Technology Upgrade Cash Fund.
(6) For fiscal year 2026-27 and each fiscal year thereafter, the money available to be used for education pursuant to subdivision (3)(b) of this section shall be transferred as the Legislature may direct.

(7)(a) (4) The Nebraska Education Improvement Fund is created. The fund shall consist of money transferred pursuant to subsections (4) and (5) subsection (3) of this section, money transferred pursuant to section 85-1920, and any other funds appropriated by the Legislature. The fund shall be allocated, after actual and necessary administrative expenses, as provided in this section for fiscal years 2016-17 through 2020-21. A portion of each allocation may be retained by the agency to which the allocation is made or the agency administering the fund to which the allocation is made for actual and necessary expenses incurred by such agency for administration, evaluation, and technical assistance related to the purposes of the allocation, except that no amount of the allocation to the Nebraska Opportunity Grant Fund may be used for such purposes. On or before December 31, 2019, the Education Committee of the Legislature shall electronically submit recommendations to the Clerk of the Legislature regarding how the fund should be allocated to best advance the educational priorities of the state for the five-year period beginning with fiscal year 2021-22. For fiscal year 2016-17, an amount equal to ten percent of the revenue allocated to the Education Innovation Fund and to the Nebraska Opportunity Grant Fund for fiscal year 2015-16 shall be retained in the Nebraska Education Improvement Fund.

(b) For fiscal years 2017-18 through 2020-21, an amount equal to ten percent of the revenue received by the Nebraska Education Improvement Fund in the prior fiscal year shall be retained in the fund. The balance of the fund on July 26, 2021, less three percent of the money received for the fourth quarter of fiscal year 2020-21, shall be transferred to the Behavioral Training Cash Fund.

(c) For fiscal years 2016-17 through 2020-21, the Nebraska Education Improvement Fund remainder of the fund, after payment of any learning
community transition aid pursuant to section 79-10,145, shall be allocated as follows:

(i) (a) One percent of the allocated funds to the Expanded Learning Opportunity Grant Fund to carry out the Expanded Learning Opportunity Grant Program Act;

(ii) (b) Seventeen percent of the allocated funds to the Department of Education Innovative Grant Fund to be used (A) (i) for competitive innovation grants pursuant to section 79-1054 and (B) (ii) to carry out the purposes of section 79-759;

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

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

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

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

(d) For fiscal years 2021-22 through 2025-26, the Nebraska Education Improvement Fund shall be allocated to the State Department of Education for distance education incentives pursuant to section 79-1337.

(e) For fiscal year 2026-27 and each fiscal year thereafter, the fund shall be allocated as the Legislature may direct.

(8) A portion of each transfer pursuant to subdivisions (5)(a), (c), (d), (e), (f), (g), (h), (i), (j), (m), and (n) of this section may be retained by the agency administering the fund to which such transfer is made for actual and necessary expenses incurred by such agency for administration, evaluation, and technical assistance related to the purposes of the transfer.

(9)(a) On or before September 20, 2022, and on or before each
September 20 thereafter, (i) any department or agency receiving a transfer or acting as the administrator for a fund receiving a transfer pursuant to subsection (5) or (6) of this section, (ii) any recipient or subsequent recipient of money from any such fund, and (iii) any service contractor responsible for managing any portion of any such fund or any money disbursed from any such fund on behalf of any entity shall prepare and submit an annual report to the Auditor of Public Accounts in a manner prescribed by the auditor for the immediately preceding July 1 through June 30 fiscal year detailing information regarding the use of such fund or such money.

(b) The Auditor of Public Accounts shall annually compile a summary of the annual reports received pursuant to subdivision (9)(a) of this section, any audits related to transfers pursuant to subsection (5) or (6) of this section conducted by the Auditor of Public Accounts, and any findings or recommendations related to such transfers into a consolidated annual report and shall submit such consolidated annual report electronically to the Legislature on or before January 1, 2023, and on or before each January 1 thereafter.

(c) For purposes of this subsection, recipient, subsequent recipient, or service contractor means a nonprofit entity that expends funds transferred pursuant to subsection (5) or (6) of this section to carry out a state program or function, but does not include an individual who is a direct beneficiary of such a program or function.

(10) On or before December 31, 2024, the Education Committee of the Legislature shall electronically submit recommendations to the Clerk of the Legislature regarding how the money used for education from the State Lottery Operation Trust Fund should be allocated to best advance the educational priorities of the state for the five-year period beginning with fiscal year 2026-27.

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

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

Sec. 2. Section 9-836.01, Revised Statutes Cumulative Supplement, 2020, is amended to read:

9-836.01 The division may endorse and sell for profit tangible personal property related to the lottery. Any money received as profit by the division pursuant to this section shall be remitted to the State Treasurer for credit to the State Lottery Operation Trust Fund to be distributed to the Education Innovation Fund, the Nebraska Opportunity Grant Fund, the Nebraska Education Improvement Fund, the Nebraska Environmental Trust Fund, and the Compulsive Gamblers Assistance Fund pursuant to the requirements of section 9-812.

Sec. 3. Sections 3 to 6 of this act shall be known and may be cited as the Behavioral Intervention Training and Teacher Support Act.

Sec. 4. (1)(a) Beginning in school year 2021-22, the Educational Service Unit Coordinating Council shall (i) ensure annual behavioral awareness training is available statewide and (ii) develop, implement, and administer an ongoing statewide teacher support system.

(b) Beginning in school year 2023-24, each school district shall ensure that each administrator, teacher, paraprofessional, school nurse, and counselor receives behavioral awareness training. Each administrator, teacher, paraprofessional, school nurse, and counselor who has received such training shall receive a behavioral awareness training review at least once every three years. Each school district may offer such
training, or similar training, to any other school employees at the
discretion of the school district. In addition, all school employees
shall have a basic awareness of the goals, strategies, and schoolwide
plans included in such training.

(c) Behavioral awareness training shall include, but not be limited
to, evidence-based training on a continuum that includes:

(i) Recognition of detrimental factors impacting student behavior,
including, but not limited to, signs of trauma;

(ii) Positive behavior support and proactive teaching strategies,
including, but not limited to, expectations and boundaries; and

(iii) Verbal intervention and de-escalation techniques.

(2)(a) On or before July 1, 2022, and on or before July 1 of each
year thereafter, each school district shall submit a behavioral awareness
training report to the Educational Service Unit Coordinating Council.
Such report shall include the school district behavioral awareness
training plan and summarize how such plan fulfills the requirements of
this section.

(b) On or before December 31, 2022, and each December 31 thereafter,
the Educational Service Unit Coordinating Council shall submit a report
electronically to the Education Committee of the Legislature summarizing
the behavioral awareness training reports received by school districts,
the various trainings provided across the state, the teacher support
system, and a financial report of funding received and expended in
accordance with the Behavioral Intervention Training and Teacher Support
Act.

(3)(a) Behavioral awareness training and the teacher support system
required pursuant to this section shall be funded with funding from the
Behavioral Training Cash Fund.

(b) Any funding received by a school district for behavioral
awareness training under the Behavioral Intervention Training and Teacher
Support Act shall be considered grant funds under section 79-1003.
Sec. 5. (1) Each school district shall designate one or more school employees as a behavioral awareness point of contact for each school building or other division as determined by such school district. Each behavioral awareness point of contact shall be trained in behavioral awareness and shall have knowledge of community service providers and other resources that are available for the students and families in such school district.

(2) Each school district shall maintain or have access to an existing registry of local mental health and counseling resources. The registry shall include resource services that can be accessed by families and individuals outside of school. Each behavioral awareness point of contact shall coordinate access to support services for students whenever possible. Except as provided in section 43-2101, if information for an external support service is provided to an individual student, school personnel shall notify a parent or guardian of such student in writing unless such recommendation involves law enforcement or child protective services. Each school district shall indicate each behavioral awareness point of contact for such school district on the web site of the school district and in any school directory for the school that the behavioral awareness point of contact serves.

Sec. 6. The Behavioral Training Cash Fund is created. The fund shall be administered by the State Department of Education, shall consist of money received pursuant to section 9-812 and any money appropriated by the Legislature, and shall be transferred to the Educational Service Unit Coordinating Council for the purposes of coordinating training and administering the teacher support system in compliance with the Behavioral Intervention Training and Teacher Support Act. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 7. (1) The State Department of Education shall establish a
mental health training grant program. Mental health training grants awarded pursuant to this section shall be funded from the Mental Health Training Cash Fund. A grantee shall be a school district or an educational service unit.

(2) Each applicant for a mental health training grant shall describe in the application the training to be provided under the grant on:

(a) The skills, resources, and knowledge necessary to assist students in crisis to connect with appropriate local mental health services;

(b) Mental health resources, including, but not limited to, the location of local community mental health centers; and

(c) Action plans and protocols for referral to such resources.

(3) Each application for a mental health training grant shall also include in the application a description of how the training to be provided under the grant will prepare recipients of such training to:

(a) Safely de-escalate crisis situations;

(b) Recognize the signs and symptoms of mental illness, including, but not limited to, schizophrenia, bipolar disorder, major clinical depression, and anxiety disorders; and

(c) Timely refer a student to available mental health services in the early stages of the development of a mental disorder to avoid the need for subsequent behavioral health care and to enhance the effectiveness of mental health services.

(4) The department may adopt and promulgate rules and regulations to carry out this section, including, but not limited to, application procedures, selection procedures, and annual reporting procedures.

(5) Grants received pursuant to this section shall be considered special grant funds under section 79-1003.

Sec. 8. The Mental Health Training Cash Fund is created. The fund shall be administered by the State Department of Education and shall consist of money received pursuant to section 9-812 and any money
appropriated by the Legislature. The department shall use money in the
fund for mental health training grants pursuant to section 7 of this act.
Any money in the fund available for investment shall be invested by the
state investment officer pursuant to the Nebraska Capital Expansion Act
and the Nebraska State Funds Investment Act.

Sec. 9. The Career Mentoring Grant Fund is created. The fund shall
be administered by the State Department of Education and shall consist of
transfers pursuant to section 9-812, repayment of grant funds, and
interest payments received in the course of administering the Career
Mentoring Grant Program. The fund shall be used to carry out the Career
Mentoring Grant Act. Any money in the fund available for investment shall
be invested by the state investment officer pursuant to the Nebraska
Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 10. The State Department of Education Leadership Cash Fund is
created. The fund shall be administered by the State Department of
Education and shall consist of transfers pursuant to section 9-812 and
interest payments received in the course of administering this section.
The fund shall be used for expenses incurred by the State Department of
Education for leadership in (1) research for school finance, (2) data
infrastructure capacity to support education, and (3) the Quality
Education Accountability Act. Any money in the fund available for
investment shall be invested by the state investment officer pursuant to
the Nebraska Capital Expansion Act and the Nebraska State Funds
Investment Act.

Sec. 11. The State Department of Education Technology Upgrade Cash
Fund is created. The fund shall be administered by the State Department
of Education and shall consist of transfers pursuant to section 9-812 and
interest payments received in the course of administering this section.
The fund shall be used for expenses incurred by the department to upgrade
technology to automate enrollment option processes statewide, including,
but not limited to, establishing an electronic record of all applications
received, canceled, approved, and denied. After such upgrades and 
amtivation have been completed, the State Department of Education 
Technology Upgrade Cash Fund may be (1) used for expenses incurred by the 
department to upgrade and automate additional statewide educational 
proceses as the department deems necessary or (2) transferred to the 
State Department of Education Leadership Cash Fund. Any money in the 
State Department of Education Technology Upgrade Cash Fund available for 
investment shall be invested by the state investment officer pursuant to 
the Nebraska Capital Expansion Act and the Nebraska State Funds 
Investment Act.

Sec. 12. Section 79-759, Revised Statutes Cumulative Supplement, 
2020, is amended to read:

79-759 No later than the 2017-18 school year, the State Department 
of Education shall administer a standard college admission test, selected 
by the State Board of Education, to students in the eleventh grade 
attending a public school in the state in lieu of the assessment for the 
one grade in high school as required under section 79-760.03. The 
department shall pay the expenses of administering such college admission 
test and may use funds from the Nebraska Education Improvement Fund as 
provided in section 9-812.

Sec. 13. Sections 13 to 16 of this act shall be known and may be 
cited as the College Credit Testing Fee Reduction Program Act.

Sec. 14. For purposes of the College Credit Testing Fee Reduction 
Program Act:

(1) National college credit testing program means a testing program 
administered on a national basis to allow students to apply for college 
credit at colleges and universities in multiple states based on the 
results of such testing;

(2) Qualified student means a student who meets the poverty 
guidelines established by the State Department of Education and is taking 
a test offered by a national college credit testing program related to a
course which is offered by a school district and in which such student is or has been enrolled; and

(3) Testing fee reduction means the amount paid by a school district to reduce the fees charged to a qualified student by a national college credit testing program less any rebate received by the school district for such student from the national college credit testing program.

Sec. 15. (1) The College Credit Testing Fee Reduction Program is established and shall be administered by the State Department of Education.

(2) Beginning in school year 2021-22, each school district may apply, in the manner prescribed by the department, for the reimbursement of testing fee reductions. Except as provided in subsection (3) of this section, the department shall reimburse school districts from the College Credit Testing Fee Cash Fund in the amount of all testing fee reductions paid by such school district in the period covered by such application.

(3) If at any time there is not a sufficient amount of money available in the College Credit Testing Fee Cash Fund to pay all reimbursements pursuant to subsection (2) of this section, reimbursements pursuant to this section shall be proportionally reduced such that, at the time such reimbursements are paid, the amount of all such reimbursements equals the amount of money available in the fund.

(4) On or before December 31, 2022, and on or before each December 31 thereafter, the department shall electronically submit an annual report on the College Credit Testing Fee Reduction Program to the Clerk of the Legislature. The report shall include, but not be limited to, the number and amounts of testing fee reductions paid by school districts, the reimbursement level for such testing fee reductions, the school districts attended by testing fee reduction recipients, and information regarding the number and types of courses associated with testing fee reductions.

(5) The department shall adopt and promulgate rules and regulations
to carry out the College Credit Testing Fee Reduction Program that
include, but are not limited to, poverty guidelines.

Sec. 16. The College Credit Testing Fee Cash Fund is created. The
fund shall be administered by the State Department of Education and shall
consist of money received pursuant to section 9-812 and any money
appropriated by the Legislature. The department shall use the fund to
carry out the College Credit Testing Fee Reduction Program Act. Any money
in the fund available for investment shall be invested by the state
investment officer pursuant to the Nebraska Capital Expansion Act and the
Nebraska State Funds Investment Act.

Sec. 17. Section 79-1003, Revised Statutes Cumulative Supplement,
2020, is amended to read:

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

(1) Adjusted general fund operating expenditures means (a) for
school fiscal years 2013-14 through 2015-16, the difference of the
general fund operating expenditures as calculated pursuant to subdivision
(23) of this section increased by the cost growth factor calculated
pursuant to section 79-1007.10, minus the transportation allowance,
special receipts allowance, poverty allowance, limited English
proficiency allowance, distance education and telecommunications
allowance, elementary site allowance, summer school allowance,
instructional time allowance, teacher education allowance, and focus
school and program allowance, (b) for school fiscal years 2016-17 through
2018-19, the difference of the general fund operating expenditures as
calculated pursuant to subdivision (23) of this section increased by the
cost growth factor calculated pursuant to section 79-1007.10, minus the
transportation allowance, special receipts allowance, poverty allowance,
limited English proficiency allowance, distance education and
telecommunications allowance, elementary site allowance, summer school
allowance, and focus school and program allowance, and (c) for school
fiscal year 2019-20 and each school fiscal year thereafter, the
difference of the general fund operating expenditures as calculated
pursuant to subdivision (23) of this section increased by the cost growth
factor calculated pursuant to section 79-1007.10, minus the
transportation allowance, special receipts allowance, poverty allowance,
limited English proficiency allowance, distance education and
telecommunications allowance, elementary site allowance, summer school
allowance, community achievement plan allowance, and focus school and
program allowance;

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

(3) Allocated income tax funds means the amount of assistance paid
to a local system pursuant to section 79-1005.01;

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

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

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

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

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

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

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

(11) Department means the State Department of Education;

(12) District means any school district or unified system as defined in section 79-4,108;

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

(14) Equalization aid means the amount of assistance calculated to be paid to a local system pursuant to section 79-1008.01;

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

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

(17) Formula students means:

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

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

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

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

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

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

(23) General fund operating expenditures means for state aid calculated for school fiscal years 2012-13 and each school fiscal year thereafter, as reported on the annual financial report for the second school fiscal year immediately preceding the school fiscal year in which aid is to be paid, the total general fund expenditures minus (a) the amount of all receipts to the general fund, to the extent that such receipts are not included in local system formula resources, from early childhood education tuition, summer school tuition, educational entities as defined in section 79-1201.01 for providing distance education courses through the Educational Service Unit Coordinating Council to such educational entities, private foundations, individuals, associations, charitable organizations, the textbook loan program authorized by section 79-734, federal impact aid, and levy override elections pursuant to section 77-3444, (b) the amount of expenditures for categorical funds, tuition paid, transportation fees paid to other districts, adult education, community services, redemption of the principal portion of general fund debt service, retirement incentive plans authorized by section 79-855, and staff development assistance authorized by section 79-856, (c) the amount of any transfers from the general fund to any bond fund and transfers from other funds into the general fund, (d) any legal expenses in excess of fifteen-hundredths of one percent of the formula need for the school fiscal year in which the expenses occurred, (e)(i) for state aid calculated for school fiscal years prior to school fiscal year 2018-19, expenditures to pay for sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination occurring prior to July 1, 2009, occurring on or after the last day of the 2010-11 school year and prior to the first day of the 2013-14 school year, or, to the extent that a district has demonstrated to the State Board of Education pursuant to section 79-1028.01 that the
agreement will result in a net savings in salary and benefit costs to the school district over a five-year period, occurring on or after the first day of the 2013-14 school year or (ii) for state aid calculated for school fiscal year 2018-19 and each school fiscal year thereafter, expenditures to pay for incentives agreed to be paid by a school district to certificated employees in exchange for a voluntary termination of employment for which the State Board of Education approved an exclusion pursuant to subdivision (1)(h), (i), (j), or (k) of section 79-1028.01, (f)(i) expenditures to pay for employer contributions pursuant to subsection (2) of section 79-958 to the School Employees Retirement System of the State of Nebraska to the extent that such expenditures exceed the employer contributions under such subsection that would have been made at a contribution rate of seven and thirty-five hundredths percent or (ii) expenditures to pay for school district contributions pursuant to subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the retirement system established pursuant to the Class V School Employees Retirement Act to the extent that such expenditures exceed the school district contributions under such subdivision that would have been made at a contribution rate of seven and thirty-seven hundredths percent, and (g) any amounts paid by the district for lobbyist fees and expenses reported to the Clerk of the Legislature pursuant to section 49-1483.

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

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

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

(27) Local system means a unified system or a school district;

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

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

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

(31) Poverty students means (a) for school fiscal years prior to
2016-17, the number of low-income students or the number of students who
are free lunch and free milk students in a district plus the difference
of the number of low-income students or the number of students who are
free lunch and free milk students in a district, whichever is greater,
minus the average number of poverty students for such district, prior to
such addition, for the three immediately preceding school fiscal years if
such difference is greater than zero and (b) for school fiscal year
2016-17 and each school fiscal year thereafter, the unadjusted poverty
students plus the difference of such unadjusted poverty students minus
the average number of poverty students for such district, prior to such
addition, for the three immediately preceding school fiscal years if such
difference is greater than zero;

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

(33) Qualified early childhood education fall membership means the product of membership on October 1 of each school year of students who will be eligible to attend kindergarten the following school year and are enrolled in an early childhood education program approved by the department pursuant to section 79-1103 for such school district for such school year multiplied by the ratio of the planned instructional hours of the program divided by one thousand thirty-two if: (a) The program is receiving a grant pursuant to such section for the third year; (b) the program has already received grants pursuant to such section for three years; or (c) the program has been approved pursuant to subsection (5) of section 79-1103 for such school year and the two preceding school years, including any such students in portions of any of such programs receiving an expansion grant;

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

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

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

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

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

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

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

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

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

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

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

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

(42) State support means all funds provided to districts by the State of Nebraska for the general fund support of elementary and secondary education;
(43) Statewide average basic funding per formula student means the statewide total basic funding for all districts divided by the statewide total formula students for all districts;

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

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

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

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

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

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

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

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

Sec. 18. Section 79-1054, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-1054 (1) The State Board of Education shall administer a competitive innovation grant program with funding from the Nebraska Education Improvement Fund pursuant to section 9-812 through June 30, 2021. Grantees shall be a school district, an educational service unit, or a combination of entities that includes at least one school district or educational service unit. For grantees that consist of a combination of entities, a participating school district or educational service unit shall be designated to act as the fiscal agent and administer the program funded by the grant. The state board shall only award grants pursuant to applications that the state board deems to be sufficiently innovative and to have a high chance of success.

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

(a) Specific measurable objectives for improving education outcomes for early childhood students, elementary students, middle school students, or high school students or for improving the transitions between any successive stages of education or between education and the workforce;
(b) The method for annually evaluating progress toward a measurable objective, with a summative evaluation of progress submitted to the state board and electronically to the Education Committee of the Legislature on or before July 1 of each odd-numbered year through 2021; 

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

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

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

(a) Representing a best practice; 

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

(c) A local issue for further study. 

(4) On or before December 1, 2017, and on or before December 1 of each year through 2021 thereafter, the state board shall electronically submit a report to the Clerk of the Legislature on all such grants, including, but not limited to, the results of the evaluations for each grant. The state board may adopt and promulgate rules and regulations to carry out this section, including, but not limited to, application procedures, selection procedures, and annual evaluation reporting procedures. 

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

Sec. 19. Section 79-1064, Reissue Revised Statutes of Nebraska, is
amended to read:

79-1064 The State Department of Education Cash Fund is created. Except as to other revenue the disposition of which is otherwise provided for, all sums of money received by the State Department of Education from the sale of goods and materiel, fees from any training program or services rendered, and any revenue such department may receive from any other source shall be remitted to the State Treasurer for credit to the State Department of Education Cash Fund. The State Treasurer shall disburse such amounts in the fund as are available and considered incident to the administration and operation of the State Department of Education. **Money transferred to the fund pursuant to section 9-812 shall be used as directed in such section.** Money in the State Department of Education Cash Fund may be transferred to the General Fund at the direction of the Legislature. All disbursements for the State Department of Education Cash Fund shall be made upon vouchers issued by the State Department of Education and warrants drawn by the Director of Administrative Services. Any money in the State Department of Education Cash Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 20. Section 79-1104.02, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-1104.02 (1) The Early Childhood Education Endowment Cash Fund, consisting of the interest, earnings, and proceeds from the Early Childhood Education Endowment Fund and the earnings from the private endowment created by the endowment provider, **funds transferred from the Education Innovation Fund pursuant to section 9-812,** and any additional private donations made directly thereto, shall be used exclusively to provide funds for the Early Childhood Education Grant Program for at-risk children from birth to age three as set forth in this section.

(2) Grants provided by this section shall be to school districts and
cooperatives of school districts for early childhood education programs for at-risk children from birth to age three, as determined by the board of trustees pursuant to criteria set forth by the board of trustees. School districts and cooperatives of school districts may establish agreements with other public and private entities to provide services or operate programs.

(3) Each program selected for a grant pursuant to this section may be provided a grant for up to one-half of the total budget of such program per year. Programs selected for grant awards may receive continuation grants subject to the availability of funding and the submission of a continuation plan which meets the requirements of the board of trustees.

(4) Programs shall be funded across the state and in urban and rural areas to the fullest extent possible.

(5) Each program selected for a grant pursuant to this section shall meet the requirements described in subsection (2) of section 79-1103, except that the periodic evaluations of the program are to be specified by the board of trustees and the programs need not include continuity with programs in kindergarten and elementary grades and need not include instructional hours that are similar to or less than the instructional hours for kindergarten. The programs may continue to serve at-risk children who turn three years of age during the program year until the end of the program year, as specified by the board of trustees.

(6) The board of trustees may issue grants to early childhood education programs entering into agreements pursuant to subsection (2) of this section with child care providers if the child care provider enrolls in the quality rating and improvement system described in the Step Up to Quality Child Care Act prior to the beginning of the initial grant period. Child care providers shall participate in training approved by the Early Childhood Training Center which is needed for participation or advancement in the quality rating and improvement system.
(7) The board of trustees shall require child care providers in programs receiving grants under this section to obtain a step three rating or higher on the quality scale described in section 71-1956 within three years of the starting date of the initial grant period to continue funding the program. The board of trustees shall require the child care provider to maintain a step three rating or higher on such quality scale after three years from the starting date of the initial grant period to continue funding the program.

(8) If a child care provider fails to achieve or maintain a step three rating or higher on the quality scale described in such section after three years from the starting date of the initial grant period, the child care provider shall obtain and maintain the step three rating on such quality scale before any new or continuing grants may be issued for programs in which such child care provider participates.

(9) Any school district entering into agreements pursuant to subsection (2) of this section with child care providers must employ or contract with, either directly or indirectly, a program coordinator holding a certificate as defined in section 79-807.

(10) Up to ten percent of the total amount deposited in the Early Childhood Education Endowment Cash Fund each fiscal year may be reserved by the board of trustees for evaluation and technical assistance for the Early Childhood Education Grant Program with respect to programs for at-risk children from birth to age three.

Sec. 21. Section 79-1201.01, Reissue Revised Statutes of Nebraska, is amended to read:

79-1201.01 For purposes of the Educational Service Units Act and section sections 79-1336 and 79-1337:

(1) Distance education course means a course with at least one student in any of grades kindergarten through twelve who is in a different location than the teacher and taught by a teacher employed by an educational entity utilizing either two-way interactive video or the
Internet without two-way interactive video. Distance education course includes a dual-enrollment course with at least one student who is in a different location than the teacher and taught by a teacher employed by an educational entity utilizing either two-way interactive video or the Internet without two-way interactive video;

(2) Dual-enrollment course means a course taught to students for credit at both a high school and a postsecondary educational institution;

(3) Educational entity means a school district, a private, denominational, or parochial school, an educational service unit, a community college, a state college, the University of Nebraska, or a nonprofit private postsecondary educational institution;

(4) Elementary distance education course means a distance education course which is delivered utilizing two-way interactive video to students who are enrolled in any of grades kindergarten through eight;

(5) Network Nebraska means the network created pursuant to section 86-5,100;

(6) Qualified distance education course means a distance education course which meets any applicable rules and regulations of the State Department of Education, is offered for one semester of high school credit or the equivalent, and for which all of the participating educational entities are required to have access to Network Nebraska;

(7) Technical training means training to equip educators with knowledge about the skills and tools necessary to infuse technological resources and software applications into the curriculum to be used in classrooms with and by students and includes, but is not limited to, computer workstation troubleshooting, distance education, educational software, Internet resources, local area network management, multimedia presentation tools, and strategic planning;

(8) Technology includes technical training and technology infrastructure;

(9) Technology infrastructure means hardware-related items necessary
for schools to interact electronically throughout the state, including, but not limited to, physical connections, wiring, servers, routers, switches, domain name service, and operating systems and human resources necessary to maintain infrastructure, including, but not limited to, systems engineers, programmers, webmasters, and help desk staff; and

(10) Two-way interactive video distance education course means a distance education course in which a teacher delivers instruction to students in a different location than the teacher using two-way interactive video on at least two different days per week during the course.

Sec. 22. Section 79-1337, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-1337 (1) For fiscal years 2007-08 through 2020-21, the State Department of Education shall provide distance education incentives to school districts and educational service units for qualified distance education courses coordinated through the Educational Service Unit Coordinating Council as provided in this section. Funding Through fiscal year 2015-16, funding for such distance education incentives shall come from the Education Innovation Fund. For fiscal years 2016-17 through 2020-21, funding for such distance education incentives shall come from the Nebraska Education Improvement Fund.

(2) School districts and educational service units shall apply for incentives annually through calendar year 2025 to the department on or before August 1 on a form specified by the department. The application shall:

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

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

(3) On or before September 1 of each year through calendar year 2025
2020, the department shall certify the incentives for each school
district and educational service unit which shall be paid on or before
October 1 of such year. The incentives for each district shall be
calculated as follows:

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

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

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

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

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

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

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

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

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

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

(6) On or before October 1 of each year through calendar year 2025, a school district or educational service unit may appeal the denial of incentives for any course by the department to the State Board of Education. The board shall allow a representative of the school district or educational service unit an opportunity to present information concerning the appeal to the board at the November board meeting. If the board finds that the course meets the requirements of this section, the department shall pay the district from the Nebraska Education Improvement Innovation Fund as soon as practical in an amount for which the district or educational service unit should have qualified based on the incentive per distance education unit used in the original certification of incentives pursuant to this section.

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

Sec. 23. Section 79-2503, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-2503 For purposes of the Expanded Learning Opportunity Grant Program Act:

(1) Community learning center has the definition found in 20 U.S.C. 7171(b)(1), as such section existed on January 1, 2021;
(2) Department means the State Department of Education;

(3) Expanded learning opportunity program means a school-community partnership that provides participating elementary-age and secondary-age students and their families with programming and other support activities and services after school and on weekends, holidays, and other hours when school is not in session through a mix of programs and services that (a) complement but do not duplicate elementary and secondary school day learning and (b) create opportunities to strengthen school-community partnerships that provide students and their families with the support they need to be successful in school; and

(4) High-need school district means a school district in which forty percent or more of the enrolled students qualify for free and reduced price meals under the National School Lunch Program, 7 C.F.R. part 210, as such regulations existed on January 1, 2021.

Sec. 24. Section 79-2505, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-2505 Of the funds available to the first priority of the Expanded Learning Opportunity Grant Program, one-third of such funds shall be used for is to continue supporting existing 21st Century Community Learning Centers funded by the federal 21st Century Community Learning Center program pursuant to 20 U.S.C. 7171 et seq., as such sections existed on January 1, 2021, in high-need school districts that have a record of success. The remaining two-thirds of the available funds second priority shall be used to support for new expanded learning opportunity program development in areas of the state with a high percentage of at-risk children that are not currently served by school-based or school-linked expanded learning opportunity programs funded by the federal 21st Century Community Learning Center program pursuant to 20 U.S.C. 7171 et seq., as such sections existed on January 1, 2021.

Sec. 25. Section 79-2506, Revised Statutes Cumulative Supplement, 2020, is amended to read:
(1) The department shall establish an application process and timeline pursuant to which partner organizations may submit proposals for a grant under the Expanded Learning Opportunity Grant Program. Each proposal shall include:

(a) A grant planning period;

(b) An agreement to participate in periodic evaluations of the expanded learning opportunity program, to be specified by the department;

(c) Evidence that the proposed expanded learning opportunity program will be coordinated or contracted with existing programs;

(d) A plan to coordinate and use a combination of local, state, philanthropic, and federal funding sources, including, but not limited to, funding available through the federal No Child Left Behind Act of 2001, 20 U.S.C. 6301 et seq., as such act and sections existed on January 1, 2021, from the Expanded Learning Opportunity Grant Fund funds allocated pursuant to section 9-812, and funds from any other source designated or appropriated for purposes of the program. Funding provided by the Expanded Learning Opportunity Grant Program shall be matched on a one-to-one basis by community or partner contributions;

(e) A plan to use sliding-fee scales and the funding sources included in subdivision (d) of this subsection;

(f) An advisory body which includes families and community members;

(g) Appropriately qualified staff;

(h) An appropriate child-to-staff ratio;

(i) Compliance with minimum health and safety standards;

(j) A strong family development and support component, recognizing the central role of parents in their children's development; and

(k) Developmentally and culturally appropriate practices and assessments.

(2) The proposal shall demonstrate how the expanded learning opportunity program will provide participating students with academic enrichment and expanded learning opportunities that are high quality,
based on proven methods, if appropriate, and designed to complement students' regular academic programs. Such activities shall include two or more of the following:

(a) Core education subjects of reading, writing, mathematics, and science;

(b) Academic enrichment learning programs, including provision of additional assistance to students to allow the students to improve their academic achievement;

(c) Science, technology, engineering, and mathematics (STEM) education;

(d) Sign language, foreign language, and social studies instruction;

(e) Remedial education activities;

(f) Tutoring services, including, but not limited to, tutoring services provided by senior citizen volunteers;

(g) Arts and music education;

(h) Entrepreneurial education programs;

(i) Telecommunications and technology education programs;

(j) Programs for English language learners that emphasize language skills and academic achievement;

(k) Mentoring programs;

(l) Recreational activities;

(m) Expanded library service hours;

(n) Programs that provide assistance to students who have been truant, suspended, or expelled to allow such students to improve their academic achievement;

(o) Drug abuse prevention and violence prevention programs;

(p) Character education programs;

(q) Health and nutritional services;

(r) Behavioral health counseling services; and

(s) Programs that promote parental involvement and family literacy.

(3) A proposal shall: (a) Demonstrate specifically how its
activities are expected to improve student academic achievement; (b) demonstrate that its activities will be provided by organizations in partnership with the school that have experience or the promise of success in providing educational and related activities that will complement and enhance the academic performance, achievement, and positive development of the students; and (c) demonstrate that the expanded learning opportunity program aligns with the school district learning objectives and behavioral codes. Nothing in this subsection shall be construed to require an expanded learning opportunity program to provide academic services in specific subject areas.

(4) The department shall make an effort to fund expanded learning opportunity programs in both rural and urban areas of the state. The department shall award grants to proposals that offer a broad array of services, programs, and activities.

Sec. 26. Section 84-304, Revised Statutes Cumulative Supplement, 2020, is amended to read:

84-304 It shall be the duty of the Auditor of Public Accounts:

(1) To give information electronically to the Legislature, whenever required, upon any subject relating to the fiscal affairs of the state or with regard to any duty of his or her office;

(2) To furnish offices for himself or herself and all fuel, lights, books, blanks, forms, paper, and stationery required for the proper discharge of the duties of his or her office;

(3)(a) To examine or cause to be examined, at such time as he or she shall determine, books, accounts, vouchers, records, and expenditures of all state officers, state bureaus, state boards, state commissioners, the state library, societies and associations supported by the state, state institutions, state colleges, and the University of Nebraska, except when required to be performed by other officers or persons. Such examinations shall be done in accordance with generally accepted government auditing standards for financial audits and attestation engagements set forth in
Government Auditing Standards (2011 Revision for audit periods ending before June 30, 2020, or 2018 Revision for audit periods ending on or after June 30, 2020), published by the Comptroller General of the United States, Government Accountability Office, and except as provided in subdivision (11) (10) of this section, subdivision (16) of section 50-1205, and section 84-322, shall not include performance audits, whether conducted pursuant to attestation engagements or performance audit standards as set forth in Government Auditing Standards (2018 Revision), published by the Comptroller General of the United States, Government Accountability Office.

(b) Any entity, excluding the state colleges and the University of Nebraska, that is audited or examined pursuant to subdivision (3)(a) of this section and that is the subject of a comment and recommendation in a management letter or report issued by the Auditor of Public Accounts shall, on or before six months after the issuance of such letter or report, provide to the Auditor of Public Accounts a detailed written description of any corrective action taken or to be taken in response to the comment and recommendation. The Auditor of Public Accounts may investigate and evaluate the corrective action. The Auditor of Public Accounts shall then electronically submit a report of any findings of such investigation and evaluation to the Governor, the appropriate standing committee of the Legislature, and the Appropriations Committee of the Legislature. The Auditor of Public Accounts shall also ensure that the report is delivered to the Appropriations Committee for entry into the record during the committee's budget hearing process;

(4)(a) To examine or cause to be examined, at the expense of the political subdivision, when the Auditor of Public Accounts determines such examination necessary or when requested by the political subdivision, the books, accounts, vouchers, records, and expenditures of any agricultural association formed under Chapter 2, article 20, any county agricultural society, any joint airport authority formed under the
Joint Airport Authorities Act, any city or county airport authority, any
bridge commission created pursuant to section 39-868, any cemetery
district, any community redevelopment authority or limited community
redevelopment authority established under the Community Development Law,
any development district, any drainage district, any health district, any
local public health department as defined in section 71-1626, any
historical society, any hospital authority or district, any county
hospital, any housing agency as defined in section 71-1575, any
irrigation district, any county or municipal library, any community
mental health center, any railroad transportation safety district, any
rural water district, any township, Wyuka Cemetery, the Educational
Service Unit Coordinating Council, any entity created pursuant to the
Interlocal Cooperation Act, any educational service unit, any village,
any service contractor or subrecipient of state or federal funds, any
political subdivision with the authority to levy a property tax or a
toll, or any entity created pursuant to the Joint Public Agency Act.

For purposes of this subdivision, service contractor or subrecipient
means any nonprofit entity that expends state or federal funds to carry
out a state or federal program or function, but it does not include an
individual who is a direct beneficiary of such a program or function or a
licensed health care provider or facility receiving direct payment for
medical services provided for a specific individual.

(b) The Auditor of Public Accounts may waive the audit requirement
of subdivision (4)(a) of this section upon the submission by the
political subdivision of a written request in a form prescribed by the
auditor. The auditor shall notify the political subdivision in writing of
the approval or denial of the request for a waiver.

(c) Through December 31, 2017, the Auditor of Public Accounts may
conduct audits under this subdivision for purposes of sections 2-3228,
12-101, 13-2402, 14-567, 14-1805.01, 14-2111, 16-1017, 16-1037, 19-3501,
23-1118, 23-3526, 71-1631.02, and 79-987.
(d) Beginning on May 24, 2017, the Auditor of Public Accounts may conduct audits under this subdivision for purposes of sections 13-2402, 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 18-814, 71-1631.02, and 79-987 and shall prescribe the form for the annual reports required in each of such sections. Such annual reports shall be published annually on the web site of the Auditor of Public Accounts;

(5) To report promptly to the Governor and the appropriate standing committee of the Legislature the fiscal condition shown by such examinations conducted by the auditor, including any irregularities or misconduct of officers or employees, any misappropriation or misuse of public funds or property, and any improper system or method of bookkeeping or condition of accounts. The report submitted to the committee shall be submitted electronically. In addition, if, in the normal course of conducting an audit in accordance with subdivision (3) of this section, the auditor discovers any potential problems related to the effectiveness, efficiency, or performance of state programs, he or she shall immediately report them electronically to the Legislative Performance Audit Committee which may investigate the issue further, report it electronically to the appropriate standing committee of the Legislature, or both;

(6)(a) To examine or cause to be examined the books, accounts, vouchers, records, and expenditures of a fire protection district. The expense of the examination shall be paid by the political subdivision.

(b) Whenever the expenditures of a fire protection district are one hundred fifty thousand dollars or less per fiscal year, the fire protection district shall be audited no more than once every five years except as directed by the board of directors of the fire protection district or unless the auditor receives a verifiable report from a third party indicating any irregularities or misconduct of officers or employees of the fire protection district, any misappropriation or misuse of public funds or property, or any improper system or method of
bookkeeping or condition of accounts of the fire protection district. In
the absence of such a report, the auditor may waive the five-year audit
requirement upon the submission of a written request by the fire
protection district in a form prescribed by the auditor. The auditor
shall notify the fire protection district in writing of the approval or
denial of a request for waiver of the five-year audit requirement. Upon
approval of the request for waiver of the five-year audit requirement, a
new five-year audit period shall begin.

(c) Whenever the expenditures of a fire protection district exceed
one hundred fifty thousand dollars in a fiscal year, the auditor may
waive the audit requirement upon the submission of a written request by
the fire protection district in a form prescribed by the auditor. The
auditor shall notify the fire protection district in writing of the
approval or denial of a request for waiver. Upon approval of the request
for waiver, a new five-year audit period shall begin for the fire
protection district if its expenditures are one hundred fifty thousand
dollars or less per fiscal year in subsequent years;

(7) To appoint two or more assistant deputies (a) whose entire time
shall be devoted to the service of the state as directed by the auditor,
(b) who shall be certified public accountants with at least five years' experience, (c) who shall be selected without regard to party affiliation or to place of residence at the time of appointment, (d) who shall promptly report to the auditor the fiscal condition shown by each examination, including any irregularities or misconduct of officers or employees, any misappropriation or misuse of public funds or property, and any improper system or method of bookkeeping or condition of accounts, and it shall be the duty of the auditor to file promptly with the Governor a duplicate of such report, and (e) who shall qualify by taking an oath which shall be filed in the office of the Secretary of State;

(8) To conduct audits and related activities for state agencies,
political subdivisions of this state, or grantees of federal funds
disbursed by a receiving agency on a contractual or other basis for
reimbursement to assure proper accounting by all such agencies, political
subdivisions, and grantees for funds appropriated by the Legislature and
federal funds disbursed by any receiving agency. The auditor may contract
with any political subdivision to perform the audit of such political
subdivision required by or provided for in section 23-1608 or 79-1229 or
this section and charge the political subdivision for conducting the
audit. The fees charged by the auditor for conducting audits on a
contractual basis shall be in an amount sufficient to pay the cost of the
audit. The fees remitted to the auditor for such audits and services
shall be deposited in the Auditor of Public Accounts Cash Fund;

(9)(a) To examine or cause to be examined the books, accounts,
vouchers, and records related to any money transferred pursuant to
subsection (5) or (6) of section 9-812, any fund receiving any such
transfer, or any subsequent transfer or expenditure of such money when
the Auditor of Public Accounts determines such examination necessary or
when requested by (i) any department or agency receiving any such
transfer or acting as the administrator for a fund receiving any such
transfer, (ii) any recipient or subsequent recipient of money disbursed
from any such fund, or (iii) any service contractor responsible for
managing, on behalf of any entity, any portion of any such fund or any
money disbursed from any such fund.

(b) Any examination pursuant to subdivision (9)(a) of this section
shall be made at the expense of the department or agency, recipient or
subsequent recipient, or service contractor whose books, accounts,
vouchers, or records are being examined.

(c) For purposes of this subdivision, recipient, subsequent
recipient, or service contractor means a nonprofit entity that expends
funds transferred pursuant to subsection (5) or (6) of section 9-812 to
carry out a state program or function, but does not include an individual
who is a direct beneficiary of such a program or function.

(d) The Auditor of Public Accounts shall prescribe the form for the annual reports required in subsection (9) of section 9-812. Such annual reports shall be published on the web site of the Auditor of Public Accounts;

(10) To develop and maintain an annual budget and actual financial information reporting system for political subdivisions that is accessible online by the public;

(11) When authorized, to conduct joint audits with the Legislative Performance Audit Committee as described in section 50-1205;

(12) Unless otherwise specifically provided, to assess the interest rate on delinquent payments of any fees for audits and services owing to the Auditor of Public Accounts at a rate of fourteen percent per annum from the date of billing unless paid within thirty days after the date of billing. For an entity created pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act, any participating public agencies shall be jointly and severally liable for the fees and interest owed if such entity is defunct or unable to pay; and

(13) In consultation with statewide associations representing (a) counties and (b) cities and villages, to approve annual continuing education programs for county treasurers, city treasurers, and village treasurers as required by sections 14-553, 15-317, 16-318, 17-606, and 23-1601. The cost of attending such programs shall be at the expense of the county, city, or village. The auditor shall maintain records of program attendance and notify each county board, city council, or village board of trustees if its treasurer has not completed such program attendance. The auditor shall inform the Attorney General and the county attorney of the county in which a treasurer is located if such treasurer has not completed a required annual continuing education program.

Sec. 27. Section 85-1412, Revised Statutes Cumulative Supplement, 2020, is amended to read:
The commission shall have the following additional powers and duties:

(1) Conduct surveys and studies as may be necessary to undertake the coordination function of the commission pursuant to section 85-1403 and request information from governing boards and appropriate administrators of public institutions and other governmental agencies for research projects. All public institutions and governmental agencies receiving state funds shall comply with reasonable requests for information under this subdivision. Public institutions may comply with such requests pursuant to section 85-1417;

(2) Recommend to the Legislature and the Governor legislation it deems necessary or appropriate to improve postsecondary education in Nebraska and any other legislation it deems appropriate to change the role and mission provisions in sections 85-917 to 85-966.01. The recommendations submitted to the Legislature shall be submitted electronically;

(3) Establish any advisory committees as may be necessary to undertake the coordination function of the commission pursuant to section 85-1403 or to solicit input from affected parties such as students, faculty, governing boards, administrators of the public institutions, administrators of the private nonprofit institutions of postsecondary education and proprietary institutions in the state, and community and business leaders regarding the coordination function of the commission;

(4) Participate in or designate an employee or employees to participate in any committee which may be created to prepare a coordinated plan for the delivery of educational programs and services in Nebraska through the telecommunications system;

(5) Seek a close liaison with the State Board of Education and the State Department of Education in recognition of the need for close coordination of activities between elementary and secondary education and postsecondary education;
(6) Administer the Integrated Postsecondary Education Data System or other information system or systems to provide the commission with timely, comprehensive, and meaningful information pertinent to the exercise of its duties. The information system shall be designed to provide comparable data on each public institution. The commission shall also administer the uniform information system prescribed in sections 85-1421 to 85-1427 known as the Nebraska Educational Data System. Public institutions shall supply the appropriate data for the information system or systems required by the commission;

(7) Administer (a) the Access College Early Scholarship Program Act and the Access College Early Scholarship Cash Fund, (b) the Community College Aid Act, (c) the Nebraska Community College Student Performance and Occupational Education Grant Fund under the direction of the Nebraska Community College Student Performance and Occupational Education Grant Committee, (d) the Nebraska Opportunity Grant Act and the Nebraska Opportunity Grant Fund, (e) the Postsecondary Institution Act, and (f) the community college gap assistance program and the Community College Gap Assistance Program Fund, (g) the Excellence in Teaching Act and the Excellence in Teaching Cash Fund, and (h) the Career-Readiness and Dual-Credit Education Grant Program Act and the Career-Readiness and Dual-Credit Education Cash Fund;

(8) Accept and administer loans, grants, and programs from the federal or state government and from other sources, public and private, for carrying out any of its functions, including the administration of privately endowed scholarship programs. Such loans and grants shall not be expended for any other purposes than those for which the loans and grants were provided. The commission shall determine eligibility for such loans, grants, and programs, and such loans and grants shall not be expended unless approved by the Governor;

(9) On or before December 1 of each even-numbered year, submit to the Legislature and the Governor a report of its objectives and
activities and any new private colleges in Nebraska and the implementation of any recommendations of the commission for the preceding two calendar years. The report submitted to the Legislature shall be submitted electronically;

(10) Provide staff support for interstate compacts on postsecondary education; and

(11) Request inclusion of the commission in any existing grant review process and information system.

Sec. 28. Section 85-1920, Revised Statutes Cumulative Supplement, 2020, is amended to read:

85-1920 The Nebraska Opportunity Grant Fund is created. Money in the fund shall include amounts transferred pursuant to section 9-812 from the State Lottery Operation Trust Fund pursuant to section 9-812 until June 30, 2016, or, until June 30, 2021, the Nebraska Education Improvement Fund pursuant to section 9-812 until June 30, 2021. All amounts accruing to the Nebraska Opportunity Grant Fund shall be used to carry out the Nebraska Opportunity Grant Act. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

The Nebraska Opportunity Grant Fund terminates on June 30, 2021. Any money in the fund on such date shall be transferred to the Nebraska Education Improvement Fund on such date.

Sec. 29. Section 85-2009, Revised Statutes Cumulative Supplement, 2020, is amended to read:

85-2009 (1) The Community College Gap Assistance Program Fund is created. The fund shall be under the direction of the committee and shall be administered by the Coordinating Commission for Postsecondary Education. The fund shall consist of money received pursuant to section 9-812, any other money received by the state in the form of grants or gifts from nonfederal sources, such other amounts as may be transferred
or otherwise accrue to the fund, and any investment income earned on the
fund. The fund shall be used to provide aid or grants to the community
colleges pursuant to the Community College Gap Assistance Program Act.
Any money in the fund available for investment shall be invested by the
state investment officer pursuant to the Nebraska Capital Expansion Act
and the Nebraska State Funds Investment Act.

(2) The total of community college gap assistance awarded from the
Community College Gap Assistance Program Fund during any fiscal year
shall not exceed one million five hundred thousand dollars.

(2) (a) Money in the fund may also be used by the committee to:
(b) To establish application and funding procedures.

(3) Each community college may use up to ten percent of any money
received from the fund to defray:
(b) To assist community colleges in
defraying the costs of direct staff support services, including, but not
limited to, marketing, outreach, applications, interviews, and
assessments as follows: (i) Up to twenty percent of any amount allocated
for such purposes to the two smallest community colleges; (ii) up to ten
percent of any such amount to the two largest community colleges; and
(iii) up to fifteen percent of any such amount to the remaining two
community colleges. For purposes of this subsection, community college
size shall be determined based on the most recent three-year rolling
average full-time equivalent enrollment.

Sec. 30. Sections 30 to 33 of this act shall be known and may be
cited as the Career-Readiness and Dual-Credit Education Grant Program
Act.

Sec. 31. The Career-Readiness and Dual-Credit Education Grant
Program is established. The program shall be administered by the
Coordinating Commission for Postsecondary Education. The commission, in
consultation with the State Department of Education, the Department of
Labor, and any advisory committee established by the commission for such
purpose, shall:
(1) Create and establish teacher education pathways enabling the
instruction of dual-credit courses and career and technical education
courses;

(2) Correlate and prioritize teacher education pathways with
Nebraska workforce demand;

(3) Establish a grant program beginning on or after July 1, 2021, to
distribute money from the Career-Readiness and Dual-Credit Education Cash
Fund to teachers enrolled in education pathways leading to qualification
to teach dual-credit courses and career and technical education courses;

(4) Establish a directory of available teacher education pathways in
Nebraska identified by sequence and location; and

(5) On December 31, 2022, and each December 31 thereafter,
electronically submit an annual report on grants awarded pursuant to the
Career-Readiness and Dual-Credit Education Grant Program Act to the Clerk
of the Legislature. The report shall include, but not be limited to, the
number and amount of grants awarded, the postsecondary educational
institutions attended by grant recipients, and information regarding the
completion of instructor requirements to teach dual-credit courses and
career and technical education courses.

Sec. 32. The Coordinating Commission for Postsecondary Education
may adopt and promulgate rules and regulations to carry out the Career-
Readiness and Dual-Credit Education Grant Program Act.

Sec. 33. The Career-Readiness and Dual-Credit Education Cash Fund
is created. The fund shall be administered by the Coordinating Commission
for Postsecondary Education and shall consist of money received pursuant
to section 9-812 and any money appropriated by the Legislature. The
commission shall use the fund to carry out the Career-Readiness and Dual-
Credit Education Grant Program Act. Any money in the fund available for
investment shall be invested by the state investment officer pursuant to
the Nebraska Capital Expansion Act and the Nebraska State Funds
Investment Act.
Sec. 34. Section 85-2101, Reissue Revised Statutes of Nebraska, is amended to read:

85-2101 Sections 85-2101 to 85-2108 and section 35 of this act shall be known and may be cited as the Access College Early Scholarship Program Act.

Sec. 35. The Access College Early Scholarship Cash Fund is created. The fund shall be administered by the Coordinating Commission for Postsecondary Education and shall consist of money received pursuant to section 9-812 and any money appropriated by the Legislature. The commission shall use the fund to carry out the Access College Early Scholarship Program Act. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 36. Section 79-8,132, Reissue Revised Statutes of Nebraska, is amended to read:

79-8,132 Sections 36 to 49 of this act 79-8,132 to 79-8,140 shall be known and may be cited as the Excellence in Teaching Act and shall include the Attracting Excellence to Teaching Program and the Enhancing Excellence in Teaching Program.

Sec. 37. (1) On and after July 1, 2021, all powers, duties, and functions that the State Department of Education had pursuant to the Excellence in Teaching Act prior to such date are transferred to the Coordinating Commission for Postsecondary Education.

(2) Any financial obligations of the State Department of Education relating to the Excellence in Teaching Act that remain unpaid as of July 1, 2021, and that are subsequently certified as valid encumbrances to the accounting division of the Department of Administrative Services pursuant to sections 81-138.01 to 81-138.04, shall be paid by the commission from any unexpended balance in the Excellence in Teaching Cash Fund.

(3) On and after July 1, 2021, whenever the State Department of
Education is referred to or designated by any contract or other document in connection with any duties and functions under the Excellence in Teaching Act, such reference or designation shall apply to the commission. All contracts entered into by the State Department of Education prior to July 1, 2021, in connection with any duties and functions under the Excellence in Teaching Act are hereby recognized, with the commission succeeding to all rights and obligations under such contracts. Any cash funds, custodial funds, gifts, trusts, and grants and any appropriations of funds from prior fiscal years available to satisfy obligations incurred under such contracts shall be transferred and appropriated to the commission for the payment of such obligations. All documents and records transferred, or copies of the same, may be authenticated or certified by the commission for all legal purposes.

(4) No suit, action, or other proceeding, judicial or administrative, lawfully commenced prior to July 1, 2021, or which could have been commenced prior to such date, by or against the State Department of Education, the Commissioner of Education, or any employee of the State Department of Education, in relation to the discharge of duties under the Excellence in Teaching Act, shall abate by reason of the transfer of duties and functions under the Excellence in Teaching Act from the State Department of Education to the commission.

(5) On July 1, 2021, all documents and records of the State Department of Education pertaining to duties and functions under the Excellence in Teaching Act shall be transferred to the commission and shall become the property of the commission.

Sec. 38. Section 79-8,133, Reissue Revised Statutes of Nebraska, is amended to read:

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

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

(3) Eligible student means an individual who (a) is a full-time student, (b) is enrolled in an eligible institution in an undergraduate or a graduate teacher education program working toward his or her initial certificate to teach in Nebraska, (c) if enrolled at a state-funded eligible institution, is a resident student as described in section 85-502 or, if enrolled in a privately funded eligible institution, would be deemed a resident student if enrolled in a state-funded eligible institution, and (d) for applicants applying for the first time on or after April 23, 2009, is a student majoring in a shortage area, and (e) for applicants applying to receive a loan during fiscal year 2011-12 or 2012-13, is a student who previously received a loan pursuant to the Attracting Excellence to Teaching Program in the fiscal year immediately preceding the fiscal year in which the new loan would be received;

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

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

(6) Shortage area means a secular field of teaching for which there is a shortage, as determined by the State Department of Education department, of properly endorsed teachers at the time the borrower first receives funds pursuant to the program; and
(7) Teacher education program means a program of study approved by the State Board of Education pursuant to subdivision (5)(g) of section 79-318.

Sec. 39. Section 79-8,134, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-8,134 The purposes of the Attracting Excellence to Teaching Program are to:

(1) Attract outstanding students to major in shortage areas at the teacher education programs of Nebraska's postsecondary educational institutions;

(2) Retain resident students and graduates as teachers in the accredited school districts, educational service units, and private schools or approved private schools of Nebraska; and

(3) Establish a loan contract that requires a borrower to obtain employment as a teacher in this state after graduation.

Sec. 40. Section 79-8,135, Reissue Revised Statutes of Nebraska, is amended to read:

79-8,135 (1) The commission department shall administer the Attracting Excellence to Teaching Program either directly or by contracting with public or private entities.

(2) To be eligible for the program, an eligible student shall:

(a) Graduate in the top quarter of his or her high school class or have a minimum cumulative grade-point average of 3.0 on a four-point scale in an eligible institution;

(b) Agree to complete a teacher education program at an eligible institution and, for applicants applying for the first time on or after April 23, 2009, to complete the major on which the applicant's eligibility is based; and

(c) Commit to teach in an accredited or approved public or private school in Nebraska upon (i) successful completion of the teacher education program for which the applicant is applying to the Attracting
Excellence to Teaching Program and (ii) becoming certified pursuant to sections 79-806 to 79-815.

(3) **Except as otherwise provided in this subsection, eligible students may apply on an annual basis for loans in an amount of not more than three thousand dollars per year. A loan recipient may also apply on a one-time basis for a loan to cover the cost of taking each test required to meet the basic skills competency requirement in section 79-809.** Loans awarded to individual students shall not exceed a cumulative period exceeding five consecutive years. Loans shall only be awarded through an eligible institution. Loans shall be funded pursuant to section 46 of this act 79-8,137.05.

Sec. 41. Section 79-8,137, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-8,137 (1)(a) Prior to receiving any money from a loan pursuant to the Attracting Excellence to Teaching Program, an eligible student shall enter into a contract with the commission department. Such contract shall be exempt from the requirements of sections 73-501 to 73-510.

(b) For eligible students who applied for the first time prior to April 23, 2009, the contract shall require that if (i) the borrower is not employed as a teacher in Nebraska for a time period equal to the number of years required for loan forgiveness pursuant to subsection (2) of this section and is not enrolled as a full-time student in a graduate program within six months after obtaining an undergraduate degree for which a loan from the program was obtained or (ii) the borrower does not complete the requirements for graduation within five consecutive years after receiving the initial loan under the program, then the loan must be repaid, with interest at the rate fixed pursuant to section 45-103 accruing as of the date the borrower signed the contract, and an appropriate penalty as determined by the commission department may be assessed. If a borrower fails to remain enrolled at an eligible institution or otherwise fails to meet the requirements of an eligible
student, repayment of the loan shall commence within six months after such change in eligibility. The commission State Board of Education may by rules and regulations provide for exceptions to the conditions of repayment pursuant to this subdivision based upon mitigating circumstances.

(c) For eligible students who apply for the first time on or after April 23, 2009, the contract shall require that if (i) the borrower is not employed as a full-time teacher teaching in an approved or accredited school in Nebraska and teaching at least a portion of the time in the shortage area for which the loan was received for a time period equal to the number of years required for loan forgiveness pursuant to subsection (3) of this section or is not enrolled as a full-time student in a graduate program within six months after obtaining an undergraduate degree for which a loan from the program was obtained or (ii) the borrower does not complete the requirements for graduation within five consecutive years after receiving the initial loan under the program, then the loan shall be repaid with interest at the rate fixed pursuant to section 45-103 accruing as of the date the borrower signed the contract and actual collection costs as determined by the commission department.

If a borrower fails to remain enrolled at an eligible institution or otherwise fails to continue to be an eligible student, repayment of the loan shall commence within six months after such change in eligibility. The commission State Board of Education may by rule and regulation provide for exceptions to the conditions of repayment pursuant to this subdivision based upon mitigating circumstances.

(2) If the borrower applied for the first time prior to April 23, 2009, and (a) successfully completes the teacher education program and becomes certified pursuant to sections 79-806 to 79-815, (b) becomes employed as a teacher in this state within six months of becoming certified, and (c) otherwise meets the requirements of the contract, payments shall be suspended for the number of years that the borrower is
required to remain employed as a teacher in this state under the contract. For each year that the borrower teaches in Nebraska pursuant to the contract, payments shall be forgiven in an amount equal to the amount borrowed for one year, except that if the borrower teaches in a school district that is in a local system classified as very sparse as defined in section 79-1003 or teaches in a school district in which at least forty percent of the students are poverty students as defined in section 79-1003, payments shall be forgiven each year in an amount equal to the amount borrowed for two years.

(3)(a) If the borrower applies for the first time on or after April 23, 2009, and (i) successfully completes the teacher education program and major for which the borrower is receiving a forgivable loan pursuant to the program and becomes certified pursuant to sections 79-806 to 79-815 with an endorsement in the shortage area for which the loan was received, (ii) becomes employed as a full-time teacher teaching at least a portion of the time in the shortage area for which the loan was received in an approved or accredited school in this state within six months of becoming certified, and (iii) otherwise meets the requirements of the contract, payments shall be suspended for the number of years that the borrower is required to remain employed as a teacher in this state under the contract.

(b) Beginning after the first two years of teaching full-time in Nebraska following graduation for the degree for which the loan was received, for each year that the borrower teaches full-time in Nebraska pursuant to the contract, the loan shall be forgiven in an amount equal to three thousand dollars, except that if the borrower teaches full-time in a school district that is in a local system classified as very sparse as defined in section 79-1003, teaches in a school building that provides free meals to all students pursuant to the community eligibility provision, teaches in a school building in which at least forty percent of the formula students are poverty students as defined in section
79-1003, or teaches in an accredited or approved private school in Nebraska in which at least forty percent of the enrolled students qualified for free lunches as determined by the most recent data available from the State Department of Education, payments shall be forgiven each year in an amount equal to six thousand dollars.

(4) Beginning on July 1, 2021, if the borrower provides service as a pre-service teacher intern for a full academic semester within an accredited or approved public, private, parochial, or denominational school in Nebraska and subsequently passes the related semester practicum, then the loan shall be forgiven in an amount equal to one thousand dollars for each borrower.

Sec. 42. Section 79-8,137.01, Revised Statutes Cumulative Supplement, 2020, is amended to read:

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

(1) Commission Department means the Coordinating Commission for Postsecondary State Department of Education;

(2) Eligible graduate program means a program of study offered by an eligible institution which results in obtaining a graduate degree or a graduate course of study leading to an endorsement in a shortage area specified by the State Department Board of Education;

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

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

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

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

Sec. 43. Section 79-8,137.02, Revised Statutes Cumulative
Supplement, 2020, is amended to read:

79-8,137.02 The purposes of the Enhancing Excellence in Teaching
Program are to:

(1) Retain teachers in the accredited school districts, educational
service units, and private schools or approved private schools of
Nebraska;

(2) Improve the skills of existing teachers in Nebraska through the
graduate education or endorsement programs of Nebraska's postsecondary
section 79-8,137.03, Revised Statutes Cumulative Supplement, 2020, is amended to read:

79-8,137.03 (1) The commission department shall administer the
Enhancing Excellence in Teaching Program either directly or by
contracting with public or private entities.

(2) To be eligible for the program, an eligible student shall:

(a) Agree to complete an eligible graduate program at an eligible
institution and to complete the program on which the applicant's
eligibility is based as determined by the State Department of Education
department; and

(b) Commit to teach in an accredited or approved public or private
school in Nebraska upon successful completion of the eligible graduate
program for which the applicant is applying to the Enhancing Excellence
in Teaching Program and to maintaining certification pursuant to sections
79-806 to 79-815.

(3) Eligible students may apply on an annual basis for loans in an
amount of not more than one hundred seventy-five dollars per credit hour.
Loans awarded to individual students shall not exceed a cumulative period
exceeding five consecutive years. Loans shall only be awarded through the
commission department. Loans shall be funded pursuant to section 46 of
this act 79-8,137.05.

Sec. 45. Section 79-8,137.04, Revised Statutes Cumulative
Supplement, 2020, is amended to read:

79-8,137.04 (1) Prior to receiving any money from a loan pursuant to
the Enhancing Excellence in Teaching Program, an eligible student shall
enter into a contract with the commission department. Such contract shall
be exempt from the requirements of sections 73-501 to 73-510. The

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contract shall require that if (a) the borrower is not employed as a full-time teacher teaching in an approved or accredited school in Nebraska for a time period equal to the number of years required for loan forgiveness pursuant to subsection (2) of this section or (b) the borrower does not complete the requirements for graduation within five consecutive years after receiving the initial loan under the program, then the loan shall be repaid, with interest at the rate fixed pursuant to section 45-103 accruing as of the date the borrower signed the contract and actual collection costs as determined by the commission department. If a borrower fails to remain enrolled at an eligible institution or otherwise fails to meet the requirements of an eligible student, repayment of the loan shall commence within six months after such change in eligibility. The commission State Board of Education may by rules and regulations provide for exceptions to the conditions of repayment pursuant to this subsection based upon mitigating circumstances.

(2)(a) If the borrower (i) successfully completes the eligible graduate program for which the borrower is receiving a forgivable loan pursuant to the Enhancing Excellence in Teaching Program and maintains certification pursuant to sections 79-806 to 79-815, (ii) maintains employment as a teacher in an approved or accredited school in this state, and (iii) otherwise meets the requirements of the contract, payments shall be suspended for the number of years that the borrower is required to remain employed as a teacher in this state under the contract.

(b) For recipients who received funds for the first time prior to July 1, 2016, beginning after the first two years of teaching full-time in Nebraska following graduation for the degree for which the loan was received, for each year that the borrower teaches full-time in Nebraska pursuant to the contract, the loan shall be forgiven in an amount equal to three thousand dollars, except that if the borrower teaches full-time
in a school district that is in a local system classified as very sparse as defined in section 79-1003, teaches in a school building that provides free meals to all students pursuant to the community eligibility provision, teaches in a school building in which at least forty percent of the students are poverty students as defined in section 79-1003, or teaches in an accredited or approved private school in Nebraska in which at least forty percent of the enrolled students qualified for free lunches as determined by the most recent data available from the State Department of Education department, payments shall be forgiven each year in an amount equal to six thousand dollars.

(c) For recipients who received funds for the first time on or after July 1, 2016, beginning after the first two years of teaching full-time in Nebraska following completion of the eligible graduate program for which the loan was received, for each year that the borrower teaches full-time in Nebraska pursuant to the contract, the loan shall be forgiven in an amount equal to one thousand five hundred dollars, except that if the borrower teaches full-time in a school district that is in a local system classified as very sparse as defined in section 79-1003, teaches in a school building in which at least forty percent of the students are poverty students as defined in section 79-1003, teaches in a school building that provides free meals to all students pursuant to the community eligibility provision, or teaches in an accredited private school or educational service unit or an approved private school in Nebraska in which at least forty percent of the enrolled students qualified for free lunches as determined by the most recent data available from the State Department of Education department, payments shall be forgiven each year in an amount equal to one thousand five hundred dollars for the first year of loan forgiveness and three thousand dollars for each year of loan forgiveness thereafter.

Sec. 46. Section 79-8,137.05, Revised Statutes Cumulative Supplement, 2020, is amended to read:

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

(2)(a) On an annual basis, the commission shall allocate seventy-
five percent of the available funds to the Attracting Excellence to
Teaching Program and twenty-five percent of the available funds to the
Enhancing Excellence in Teaching Program.

(b) The funds allocated to the Attracting Excellence to Teaching
Program shall be distributed to eligible institutions according to a
distribution formula as determined by rule and regulation. The eligible
institutions shall act as agents of the commission in the distribution of
the funds to eligible students.

(c) The funds allocated to the Enhancing Excellence in Teaching
Program shall be distributed to eligible students by the commission.

(2) For all fiscal years, the department shall allocate on an annual
basis up to four hundred thousand dollars in the aggregate of the funds
to be distributed for the Attracting Excellence to Teaching Program to
all eligible institutions according to the distribution formula as
determined by rule and regulation. The eligible institutions shall act as
agents of the department in the distribution of the funds for the
Attracting Excellence to Teaching Program to eligible students. The
department shall allocate on an annual basis up to eight hundred thousand
dollars of the remaining available funds to be distributed to eligible
students for the Enhancing Excellence in Teaching Program. Funding
amounts granted in excess of one million two hundred thousand dollars
shall be evenly divided for distribution between the two programs.

(3) Any money remaining in the fund on August 1, 2021, shall be
transferred to the Nebraska Education Improvement Fund on such date.
Any money in the Excellence in Teaching Cash Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 47. Section 79-8,138, Reissue Revised Statutes of Nebraska, is amended to read:

79-8,138 The commission department has the administrative responsibility to track borrowers and to develop repayment tracking and collection mechanisms for the Attracting Excellence to Teaching Program and the Enhancing Excellence in Teaching Program. The commission department may contract for such services. When a loan has been forgiven pursuant to section 41 or 45 of this act 79-8,137 or 79-8,137.04, the amount forgiven may be taxable income to the borrower and the commission department shall provide notification of the amount forgiven to the borrower, the Department of Revenue, and the United States Internal Revenue Service if required by the Internal Revenue Code.

Sec. 48. Section 79-8,139, Reissue Revised Statutes of Nebraska, is amended to read:

79-8,139 (1) Each eligible institution shall file an annual report with the commission department for the Attracting Excellence to Teaching Program and the Enhancing Excellence in Teaching Program for any fiscal year in which the eligible institution receives funding to distribute to students pursuant to either or both of such programs containing such information as required by rule and regulation. On or before December 31 of each even-numbered year, the commission department shall submit a report to the Governor, the Clerk of the Legislature, and the Education Committee of the Legislature on the status of the programs, the status of the borrowers, and the impact of the programs on the number of teachers in shortage areas in Nebraska and on the number of teachers receiving graduate degrees in teaching endorsement areas in Nebraska. The report submitted to the Clerk of the Legislature and the committee shall be
submitted electronically. Each report shall include information on an
institution-by-institution basis, the status of borrowers, and a
financial statement with a description of the activity of the Excellence
in Teaching Cash Fund.

(2) Any report pursuant to this section which includes information
about borrowers shall exclude confidential information or any other
information which specifically identifies a borrower.

Sec. 49. Section 79-8,140, Reissue Revised Statutes of Nebraska, is
amended to read:

79-8,140 The State Board of Education may adopt and promulgate rules
and regulations to determine teacher shortage areas. The commission may
adopt and promulgate rules and regulations and to carry out the
Excellence in Teaching Act.

Sec. 50. The Revisor of Statutes shall assign sections 36 to 49 of
this act within Chapter 85.

Sec. 51. This act becomes operative on July 1, 2021.

Sec. 52. Original sections 79-8,132, 79-8,133, 79-8,135, 79-8,138,
79-8,139, 79-8,140, 79-1064, 79-1201.01, and 85-2101, Reissue Revised
Statutes of Nebraska, and sections 9-812, 9-836.01, 79-759, 79-8,134,
79-8,137, 79-8,137.01, 79-8,137.02, 79-8,137.03, 79-8,137.04,
79-8,137.05, 79-1003, 79-1054, 79-1104.02, 79-1337, 79-2503, 79-2505,
79-2506, 84-304, 85-1412, 85-1920, and 85-2009, Revised Statutes
Cumulative Supplement, 2020, are repealed.

Sec. 53. The following sections are outright repealed: Sections
79-8,124, 79-8,125, 79-8,126, 79-8,127, 79-8,128, 79-8,129, 79-8,130,
79-8,131, and 79-1336, Reissue Revised Statutes of Nebraska, and sections
50-425, 50-426, 50-427, 50-428, and 79-10,145, Revised Statutes

Sec. 54. Since an emergency exists, this act takes effect when
passed and approved according to law.