Introduced by Linehan, 39.

Read first time January 17, 2024

Committee: Appropriations

A BILL FOR AN ACT relating to appropriations; to appropriate funds to the State Treasurer for the purpose of providing grants to scholarship-granting organizations; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,
Section 1. (1) There is hereby appropriated $25,000,000 from the General Fund for FY2024-25 to the State Treasurer for the purpose of providing grants to scholarship-granting organizations as provided in this section. Scholarship-granting organizations shall use such grant funds to provide education scholarships to eligible students to pay the costs associated with attending a qualified school.

(2) There is included in the appropriation in this section for FY2024-25 $25,000,000 General Funds for state aid, which shall only be used for such purpose.

(3) For purposes of this section:

(a) Education scholarship means a financial grant-in-aid to be used to pay the cost to educate an eligible student attending a qualified school;

(b) Eligible student means a resident of Nebraska who:

(i) Is receiving an education scholarship for the first time and is (A) entering kindergarten, sixth grade, or ninth grade in a qualified school or (B) transferring from a public school at which the student was enrolled for at least one semester immediately preceding the first semester for which the student receives an education scholarship to a qualified school and is entering any of grades kindergarten through twelve;

(ii) Has previously received an education scholarship and is continuing education at a qualified school until such student graduates from high school or reaches twenty-one years of age, whichever comes first; or

(iii) Is the sibling of a student who is receiving an education scholarship and resides in the same household as such student;

(c) Qualified school means any nongovernmental, privately operated elementary or secondary school located in this state that (i) is operated not for profit, (ii) complies with the antidiscrimination provisions of 42 U.S.C. 1981, as such section existed on January 1, 2024, (iii)
complies with all health and life safety laws or codes that apply to
privately operated schools, and (iv) fulfills the applicable
accreditation or approval requirements established by the State Board of
Education pursuant to section 79-318; and

(d) Scholarship-granting organization means a charitable
organization in this state that (i) is exempt from federal income
taxation pursuant to section 501(c)(3) of the Internal Revenue Code of
1986, as amended, (ii) provides education scholarships to eligible
students to assist them in attending qualified schools, and (iii) is not
directly affiliated with a single qualified school.

(4) A scholarship-granting organization may apply to the State
Treasurer for a grant under this section. In order to receive a grant
under this section, the applicant shall provide the State Treasurer with
sufficient information to show:

(a) That the applicant is exempt from federal income taxation under
section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

(b) That the applicant will offer one or more education scholarship
programs for eligible students;

(c) That the applicant will provide education scholarships for
eligible students without limiting education scholarship availability to
only one qualified school;

(d) That the applicant will:

(i) Give first priority to:

(A) Eligible students who received an education scholarship from a
scholarship-granting organization during the previous school year; and

(B) The sibling of a student who is receiving an education
scholarship, so long as the sibling resides in the same household as such
student;

(ii) Give second priority to:

(A) Eligible students whose household income levels do not exceed
one hundred percent of the federal poverty level;
(B) Eligible students whose application for the enrollment option program established in section 79-234 has been denied;

(C) Eligible students who have an individualized education program;

(D) Eligible students who are experiencing bullying, harassment, hazing, assault, battery, kidnapping, robbery, sexual offenses, threat or intimidation, or fighting at school;

(E) Eligible students who are in foster care; and

(F) Eligible students who are in a family with a parent or guardian actively serving in a branch of the armed forces of the United States or in the National Guard, or whose parent or guardian was killed serving in the line of duty;

(iii) Give third priority to eligible students whose household income levels exceed one hundred percent of the federal poverty level but do not exceed one hundred eighty-five percent of the federal poverty level;

(iv) Give fourth priority to eligible students whose household income levels exceed one hundred eighty-five percent of the federal poverty level but do not exceed two hundred thirteen percent of the federal poverty level; and

(v) Give fifth priority to eligible students whose household income levels exceed two hundred thirteen percent of the federal poverty level but do not exceed three hundred percent of the income indicated in the income eligibility guidelines for reduced price meals under the National School Lunch Program in 7 C.F.R. part 210;

(e) That the applicant will limit the maximum scholarship amount awarded to any student to the cost necessary to educate the eligible student at the qualified school such student attends; and

(f) That the applicant will limit scholarship amounts awarded to students in a manner that assures that the average of the scholarship amounts awarded per student does not exceed seventy-five percent of the statewide average general fund operating expenditures per formula student.
for the most recently available complete data year as such terms are defined in section 79-1003.

(5) If the applicant meets the requirements of subsection (4) of this section, the State Treasurer shall approve the grant in an amount determined by the State Treasurer.

(6) It is the intent of the Legislature that:

(a) The State Treasurer shall continue to make grants to scholarship-granting organizations as provided in this section in FY2025-26 and each fiscal year thereafter; and

(b) If the total amount of grants awarded in any fiscal year exceeds ninety percent of the appropriation to the State Treasurer for that fiscal year, the appropriation to the State Treasurer for the following fiscal year shall be increased by twenty-five percent, not to exceed a maximum appropriation amount of one hundred million dollars.

(7)(a) A scholarship-granting organization receiving grant funds under this section shall carry forward no more than twenty-five percent of its grant funds from one state fiscal year to the following state fiscal year. Any amount carried forward shall be expended for annual or partial-year education scholarships in the following state fiscal year.

(b) Any amount of grant funds remaining on June 30 of any state fiscal year that is in excess of the amount that may be carried forward under subdivision (a) of this subsection shall be used to provide education scholarships to eligible students or transferred to one or more other scholarship-granting organizations to provide education scholarships to eligible students by no later than the following September 30. Any amount of such grant funds that is not used or transferred by the following September 30 shall be remitted to the State Treasurer for credit to the General Fund. Any scholarship-granting organization receiving a transfer pursuant to this subdivision shall place the transferred funds into its scholarship account and shall separately disclose the transfer in its annual financial audit.
(a) Each scholarship-granting organization receiving a grant under this section shall submit to the State Treasurer, by no later than December 1, an audited financial information report for its most recent fiscal year certified by an independent public accountant.

(b) Each scholarship-granting organization receiving a grant under this section shall include with the report submitted under subdivision (a) of this section a summary description of (i) its policies and procedures for awarding education scholarships, (ii) the number of eligible students receiving education scholarships in the most recent fiscal year, and (iii) the total amount of education scholarships awarded in the most recent fiscal year.

(c) The State Treasurer shall electronically forward the reports and summary descriptions described in subdivisions (a) and (b) of this section to the Governor and the Legislature by no later than December 31.

Sec. 2. Since an emergency exists, this act takes effect when passed and approved according to law.