

LEGISLATURE OF NEBRASKA  
 ONE HUNDRED THIRD LEGISLATURE  
 FIRST SESSION  
**LEGISLATIVE BILL 497**

Final Reading

Introduced by Sullivan, 41.

Read first time January 23, 2013

Committee: Education

A BILL

1 FOR AN ACT relating to education; to amend sections 9-812 and  
 2 9-836.01, Reissue Revised Statutes of Nebraska, and  
 3 sections 79-8,137, 79-8,137.04, and 85-1920, Revised  
 4 Statutes Cumulative Supplement, 2012; to change  
 5 provisions relating to distribution of state lottery  
 6 proceeds; to create the Nebraska Education Improvement  
 7 Fund; to provide for a study; to change contract  
 8 provisions relating to programs under the Excellence in  
 9 Teaching Act; to terminate the Education Innovation Fund  
 10 and the Nebraska Opportunity Grant Fund; to eliminate  
 11 obsolete provisions; to harmonize provisions; to repeal  
 12 the original sections; and to declare an emergency.

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

1           Section 1. Section 9-812, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

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

17           (2) ~~Beginning October 1, 2003, a~~ A portion of the dollar  
18 amount of the lottery tickets which have been sold on an annualized  
19 basis shall be transferred from the State Lottery Operation Trust  
20 Fund to the Education Innovation Fund, the Nebraska Opportunity Grant  
21 Fund, the Nebraska Education Improvement Fund, the Nebraska  
22 Environmental Trust Fund, the Nebraska State Fair Board, and the  
23 Compulsive Gamblers Assistance Fund as provided in subsection (3) of  
24 this section. The dollar amount transferred pursuant to this  
25 subsection shall equal the greater of (a) the dollar amount

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

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

13 (a) The first five hundred thousand dollars shall be  
14 transferred to the Compulsive Gamblers Assistance Fund to be used as  
15 provided in section 71-817;

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

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

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

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

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

23           ~~(f)~~ (g) One percent of the money remaining after the  
24 payment of prizes and operating expenses and the initial transfer to  
25 the Compulsive Gamblers Assistance Fund shall be transferred to the

1 Compulsive Gamblers Assistance Fund to be used as provided in section  
2 71-817.

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

6 ~~(b) For fiscal year 2010-11, the Education Innovation~~  
7 ~~Fund shall be allocated as follows: The first one million dollars~~  
8 ~~shall be transferred to the Excellence in Teaching Cash Fund to fund~~  
9 ~~the Excellence in Teaching Act, and the amount remaining in the~~  
10 ~~Education Innovation Fund shall be allocated, after administrative~~  
11 ~~expenses, for distance education equipment and incentives pursuant to~~  
12 ~~sections 79-1336 and 79-1337.~~

13 ~~(c) For fiscal year 2011-12, the Education Innovation~~  
14 ~~Fund shall be allocated as follows: (i) The first two hundred twenty-~~  
15 ~~five thousand dollars shall be transferred to the Excellence in~~  
16 ~~Teaching Cash Fund to fund the Attracting Excellence to Teaching~~  
17 ~~Program; (ii) the next three million three hundred sixty five~~  
18 ~~thousand nine hundred sixty two dollars shall be distributed to~~  
19 ~~school districts as grants pursuant to the Early Childhood Education~~  
20 ~~Grant Program; (iii) the next two million one hundred seventy five~~  
21 ~~thousand six hundred seventy three dollars shall be distributed to~~  
22 ~~local systems as grants for approved accelerated or differentiated~~  
23 ~~curriculum programs for students identified as learners with high~~  
24 ~~ability pursuant to section 79-1108.02; (iv) the next four hundred~~  
25 ~~ninety one thousand five hundred forty one dollars shall be used by~~

1 ~~the State Department of Education for the development of an~~  
2 ~~integrated early childhood, elementary, secondary, and postsecondary~~  
3 ~~student information system; (v) the next four hundred fifty thousand~~  
4 ~~dollars shall fund the Center for Student Leadership and Extended~~  
5 ~~Learning Act; (vi) the next one hundred fourteen thousand six hundred~~  
6 ~~twenty nine dollars shall fund the multicultural education program~~  
7 ~~created under section 79-720; (vii) the next one hundred twenty three~~  
8 ~~thousand four hundred sixty eight dollars shall be used by the~~  
9 ~~department to employ persons to investigate and prosecute alleged~~  
10 ~~violations as provided in section 79-868; (viii) up to the next one~~  
11 ~~hundred sixty thousand dollars shall be used by the department to~~  
12 ~~implement section 79-759; and (ix) the amount remaining shall be~~  
13 ~~allocated, after administrative expenses, for distance education~~  
14 ~~equipment and incentives pursuant to sections 79-1336 and 79-1337.~~

15 ~~(d)~~ (b) For fiscal year 2012-13, the Education Innovation  
16 Fund shall be allocated as follows: (i) The first forty-five thousand  
17 dollars shall be transferred to the Excellence in Teaching Cash Fund  
18 to fund the Attracting Excellence to Teaching Program; (ii) the next  
19 three million three hundred sixty-five thousand nine hundred sixty-  
20 two dollars shall be distributed to school districts as grants  
21 pursuant to the Early Childhood Education Grant Program; (iii) the  
22 next two million one hundred seventy-five thousand six hundred  
23 seventy-three dollars shall be distributed to local systems as grants  
24 for approved accelerated or differentiated curriculum programs for  
25 students identified as learners with high ability pursuant to section

1 79-1108.02; (iv) the next one hundred eight thousand one hundred  
2 thirty-six dollars shall be used by the department for the  
3 development of an integrated early childhood, elementary, secondary,  
4 and postsecondary student information system; (v) the next four  
5 hundred fifty thousand dollars shall fund the Center for Student  
6 Leadership and Extended Learning Act; (vi) the next one hundred  
7 fourteen thousand six hundred twenty-nine dollars shall be used by  
8 the department to fund the multicultural education program created  
9 under section 79-720; (vii) the next one hundred twenty-three  
10 thousand four hundred sixty-eight dollars shall be used by the  
11 department to employ persons to investigate and prosecute alleged  
12 violations as provided in section 79-868; (viii) up to the next one  
13 hundred sixty thousand dollars shall be used by the department to  
14 implement section 79-759; (ix) the next twenty-seven thousand two  
15 hundred dollars shall be used to fund the Interstate Compact on  
16 Educational Opportunity for Military Children; (x) the next two  
17 hundred thousand dollars shall be used to provide grants to establish  
18 bridge programs pursuant to sections 79-1189 to 79-1195; and (xi) the  
19 amount remaining shall be allocated, after administrative expenses,  
20 for distance education equipment and incentives pursuant to sections  
21 79-1336 and 79-1337. No funds received as allocations from the  
22 Education Innovation Fund pursuant to this subdivision may be  
23 obligated for payment to be made after June 30, 2016.

24 ~~(e)-(c)~~ For fiscal year 2013-14, the Education Innovation  
25 Fund shall be allocated as follows: (i) The first one million dollars

1 shall be transferred to the Excellence in Teaching Cash Fund to fund  
2 the Excellence in Teaching Act; (ii) the next allocation shall be  
3 distributed to local systems as grants for approved accelerated or  
4 differentiated curriculum programs for students identified as  
5 learners with high ability pursuant to section 79-1108.02 in an  
6 aggregated amount up to the amount distributed in the prior fiscal  
7 year for such purposes increased by the basic allowable growth rate  
8 pursuant to section 79-1025; (iii) the next allocation shall be used  
9 by the State Department of Education for the integrated early  
10 childhood, elementary, secondary, and postsecondary student  
11 information system in an aggregated amount up to the amount used in  
12 the prior fiscal year for such purposes increased by the basic  
13 allowable growth rate pursuant to section 79-1025; (iv) the next  
14 allocation shall fund the Center for Student Leadership and Extended  
15 Learning Act in an aggregated amount up to the amount used in the  
16 prior fiscal year for such purposes increased by the basic allowable  
17 growth rate pursuant to section 79-1025; (v) the next allocation  
18 shall be used by the department to fund the multicultural education  
19 program created under section 79-720 in an aggregated amount up to  
20 the amount used in the prior fiscal year for such purposes increased  
21 by the basic allowable growth rate pursuant to section 79-1025; (vi)  
22 the next allocation shall be used by the department to employ persons  
23 to investigate and prosecute alleged violations as provided in  
24 section 79-868 in an aggregated amount up to the amount used in the  
25 prior fiscal year for such purposes increased by the basic allowable



1 growth rate pursuant to section 79-1025; (vii) up to the next one  
2 hundred sixty thousand dollars shall be used by the department to  
3 implement section 79-759; (viii) the next two hundred thousand  
4 dollars shall be used to provide grants to establish bridge programs  
5 pursuant to sections 79-1189 to 79-1195; and (ix) the amount  
6 remaining shall be allocated, after administrative expenses, for  
7 distance education equipment and incentives pursuant to sections  
8 79-1336 and 79-1337. No funds received as allocations from the  
9 Education Innovation Fund pursuant to this subdivision may be  
10 obligated for payment to be made after June 30, 2016.

11 ~~(f)~~-(d) For fiscal year 2014-15, the Education Innovation  
12 Fund shall be allocated as follows: (i) The first one million dollars  
13 shall be transferred to the Excellence in Teaching Cash Fund to fund  
14 the Excellence in Teaching Act; (ii) the next allocation shall be  
15 distributed to local systems as grants for approved accelerated or  
16 differentiated curriculum programs for students identified as  
17 learners with high ability pursuant to section 79-1108.02 in an  
18 aggregated amount up to the amount distributed in the prior fiscal  
19 year for such purposes increased by the basic allowable growth rate  
20 pursuant to section 79-1025; (iii) the next allocation shall be used  
21 by the State Department of Education for the integrated early  
22 childhood, elementary, secondary, and postsecondary student  
23 information system in an aggregated amount up to the amount used in  
24 the prior fiscal year for such purposes increased by the basic  
25 allowable growth rate pursuant to section 79-1025; (iv) the next

1 allocation shall fund the Center for Student Leadership and Extended  
2 Learning Act in an aggregated amount up to the amount used in the  
3 prior fiscal year for such purposes increased by the basic allowable  
4 growth rate pursuant to section 79-1025; (v) the next allocation  
5 shall be used by the department to fund the multicultural education  
6 program created under section 79-720 in an aggregated amount up to  
7 the amount used in the prior fiscal year for such purposes increased  
8 by the basic allowable growth rate pursuant to section 79-1025; (vi)  
9 the next allocation shall be used by the department to employ persons  
10 to investigate and prosecute alleged violations as provided in  
11 section 79-868 in an aggregated amount up to the amount used in the  
12 prior fiscal year for such purposes increased by the basic allowable  
13 growth rate pursuant to section 79-1025; (vii) the next two hundred  
14 thousand dollars shall be used to provide grants to establish bridge  
15 programs pursuant to sections 79-1189 to 79-1195; and (viii) the  
16 amount remaining shall be allocated, after administrative expenses,  
17 for distance education equipment and incentives pursuant to sections  
18 79-1336 and 79-1337. No funds received as allocations from the  
19 Education Innovation Fund pursuant to this subdivision may be  
20 obligated for payment to be made after June 30, 2016.

21 ~~(g)~~(e) For fiscal year 2015-16, the Education Innovation  
22 Fund shall be allocated as follows: (i) The first one million dollars  
23 shall be transferred to the Excellence in Teaching Cash Fund to fund  
24 the Excellence in Teaching Act; (ii) the next allocation shall be  
25 distributed to local systems as grants for approved accelerated or

1 differentiated curriculum programs for students identified as  
2 learners with high ability pursuant to section 79-1108.02 in an  
3 aggregated amount up to the amount distributed in the prior fiscal  
4 year for such purposes increased by the basic allowable growth rate  
5 pursuant to section 79-1025; (iii) the next allocation shall be used  
6 by the State Department of Education for the integrated early  
7 childhood, elementary, secondary, and postsecondary student  
8 information system in an aggregated amount up to the amount used in  
9 the prior fiscal year for such purposes increased by the basic  
10 allowable growth rate pursuant to section 79-1025; (iv) the next  
11 allocation shall fund the Center for Student Leadership and Extended  
12 Learning Act in an aggregated amount up to the amount used in the  
13 prior fiscal year for such purposes increased by the basic allowable  
14 growth rate pursuant to section 79-1025; (v) the next allocation  
15 shall be used by the department to fund the multicultural education  
16 program created under section 79-720 in an aggregated amount up to  
17 the amount used in the prior fiscal year for such purposes increased  
18 by the basic allowable growth rate pursuant to section 79-1025; (vi)  
19 the next allocation shall be used by the department to employ persons  
20 to investigate and prosecute alleged violations as provided in  
21 section 79-868 in an aggregated amount up to the amount used in the  
22 prior fiscal year for such purposes increased by the basic allowable  
23 growth rate pursuant to section 79-1025; and (vii) the amount  
24 remaining shall be allocated, after administrative expenses, for  
25 distance education equipment and incentives pursuant to sections

1 79-1336 and 79-1337. No funds received as allocations from the  
2 Education Innovation Fund pursuant to this subdivision may be  
3 obligated for payment to be made after June 30, 2016.

4 ~~(h) For fiscal year 2016-17 and each fiscal year~~  
5 ~~thereafter, the Education Innovation Fund shall be allocated, after~~  
6 ~~administrative expenses, for education purposes as provided by the~~  
7 ~~Legislature.~~

8 (f) The Education Innovation Fund terminates on June 30,  
9 2016. Any money in the fund on such date shall be transferred to the  
10 Nebraska Education Improvement Fund on such date.

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

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

24 ~~(6)-(7) Unclaimed prize money on a winning lottery ticket~~  
25 ~~shall be retained for a period of time prescribed by rules and~~

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

4 Sec. 2. Section 9-836.01, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6 9-836.01 The division may endorse and sell for profit  
7 tangible personal property related to the lottery. Any money received  
8 as profit by the division pursuant to this section shall be remitted  
9 to the State Treasurer for credit to the State Lottery Operation  
10 Trust Fund to be distributed to the Education Innovation Fund, the  
11 Nebraska Opportunity Grant Fund, the Nebraska Education Improvement  
12 Fund, the Nebraska Environmental Trust Fund, and the Compulsive  
13 Gamblers Assistance Fund pursuant to the requirements of section  
14 9-812.

15 Sec. 3. The Education Committee of the Legislature shall  
16 conduct a study of potential uses of the funds dedicated to education  
17 from proceeds of the lottery conducted pursuant to the State Lottery  
18 Act. The committee shall submit a report electronically on the  
19 findings and any recommendations to the Clerk of the Legislature on  
20 or before December 31, 2014. Factors the study shall consider, but  
21 not be limited to, include:

22 (1) The educational priorities of the state;

23 (2) What types of educational activities are suited to  
24 being funded by state lottery funds as opposed to state general  
25 funds;

1           (3) Whether state lottery funds should be used for  
2 significant projects requiring temporary funding or to sustain  
3 ongoing activities; and

4           (4) Whether periodic reviews of the use of lottery funds  
5 for education should be scheduled.

6           Sec. 4. Section 79-8,137, Revised Statutes Cumulative  
7 Supplement, 2012, is amended to read:

8           79-8,137 (1)(a) Prior to receiving any money from a loan  
9 pursuant to the Attracting Excellence to Teaching Program, an  
10 eligible student shall enter into a contract with the department.  
11 Such contract shall provide notice to the eligible student that  
12 funding for loans pursuant to the Attracting Excellence to Teaching  
13 Program terminates on June 30, 2016. Such contract shall be exempt  
14 from the requirements of sections 73-501 to 73-510.

15           (b) For eligible students who applied for the first time  
16 prior to April 23, 2009, the contract shall require that if (i) the  
17 borrower is not employed as a teacher in Nebraska for a time period  
18 equal to the number of years required for loan forgiveness pursuant  
19 to subsection (2) of this section and is not enrolled as a full-time  
20 student in a graduate program within six months after obtaining an  
21 undergraduate degree for which a loan from the program was obtained  
22 or (ii) the borrower does not complete the requirements for  
23 graduation within five consecutive years after receiving the initial  
24 loan under the program, then the loan must be repaid, with interest  
25 at the rate fixed pursuant to section 45-103 accruing as of the date

1 the borrower signed the contract, and an appropriate penalty as  
2 determined by the department may be assessed. If a borrower fails to  
3 remain enrolled at an eligible institution or otherwise fails to meet  
4 the requirements of an eligible student, repayment of the loan shall  
5 commence within six months after such change in eligibility. The  
6 State Board of Education may by rules and regulations provide for  
7 exceptions to the conditions of repayment pursuant to this  
8 subdivision based upon mitigating circumstances.

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

1 commence within six months after such change in eligibility. The  
2 State Board of Education may by rule and regulation provide for  
3 exceptions to the conditions of repayment pursuant to this  
4 subdivision based upon mitigating circumstances.

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

21 (3) If the borrower applies for the first time on or  
22 after April 23, 2009, and (a) successfully completes the teacher  
23 education program and major for which the borrower is receiving a  
24 forgivable loan pursuant to the program and becomes certified  
25 pursuant to sections 79-806 to 79-815 with an endorsement in the



1 shortage area for which the loan was received, (b) becomes employed  
2 as a full-time teacher teaching at least a portion of the time in the  
3 shortage area for which the loan was received in an approved or  
4 accredited school in this state within six months of becoming  
5 certified, and (c) otherwise meets the requirements of the contract,  
6 payments shall be suspended for the number of years that the borrower  
7 is required to remain employed as a teacher in this state under the  
8 contract. Beginning after the first two years of teaching full-time  
9 in Nebraska following graduation for the degree for which the loan  
10 was received, for each year that the borrower teaches full-time in  
11 Nebraska pursuant to the contract, the loan shall be forgiven in an  
12 amount equal to three thousand dollars, except that if the borrower  
13 teaches full-time in a school district that is in a local system  
14 classified as very sparse as defined in section 79-1003, teaches in a  
15 school building in which at least forty percent of the formula  
16 students are poverty students as defined in section 79-1003, or  
17 teaches in an accredited or approved private school in Nebraska in  
18 which at least forty percent of the enrolled students qualified for  
19 free lunches as determined by the most recent data available from the  
20 department, payments shall be forgiven each year in an amount equal  
21 to six thousand dollars.

22           Sec. 5. Section 79-8,137.04, Revised Statutes Cumulative  
23 Supplement, 2012, is amended to read:

24           79-8,137.04 (1) Prior to receiving any money from a loan  
25 pursuant to the Enhancing Excellence in Teaching Program, an eligible

1 student shall enter into a contract with the department. Such  
2 contract shall provide notice to the eligible student that funding  
3 for loans pursuant to the Enhancing Excellence in Teaching Program  
4 terminates on June 30, 2016. Such contract shall be exempt from the  
5 requirements of sections 73-501 to 73-510. The contract shall require  
6 that if (a) the borrower is not employed as a full-time teacher  
7 teaching in an approved or accredited school in Nebraska for a time  
8 period equal to the number of years required for loan forgiveness  
9 pursuant to subsection (2) of this section or (b) the borrower does  
10 not complete the requirements for graduation within five consecutive  
11 years after receiving the initial loan under the program, then the  
12 loan shall be repaid, with interest at the rate fixed pursuant to  
13 section 45-103 accruing as of the date the borrower signed the  
14 contract and actual collection costs as determined by the department.  
15 If a borrower fails to remain enrolled at an eligible institution or  
16 otherwise fails to meet the requirements of an eligible student,  
17 repayment of the loan shall commence within six months after such  
18 change in eligibility. The State Board of Education may by rules and  
19 regulations provide for exceptions to the conditions of repayment  
20 pursuant to this subsection based upon mitigating circumstances.

21 (2) If the borrower (a) successfully completes the  
22 eligible graduate program and major for which the borrower is  
23 receiving a forgivable loan pursuant to the Enhancing Excellence in  
24 Teaching Program and maintains certification pursuant to sections  
25 79-806 to 79-815, (b) maintains employment as a teacher in an

1 approved or accredited school in this state, and (c) otherwise meets  
2 the requirements of the contract, payments shall be suspended for the  
3 number of years that the borrower is required to remain employed as a  
4 teacher in this state under the contract. Beginning after the first  
5 two years of teaching full-time in Nebraska following graduation for  
6 the degree for which the loan was received, for each year that the  
7 borrower teaches full-time in Nebraska pursuant to the contract, the  
8 loan shall be forgiven in an amount equal to three thousand dollars,  
9 except that if the borrower teaches full-time in a school district  
10 that is in a local system classified as very sparse as defined in  
11 section 79-1003, teaches in a school building in which at least forty  
12 percent of the students are poverty students as defined in section  
13 79-1003, or teaches in an accredited or approved private school in  
14 Nebraska in which at least forty percent of the enrolled students  
15 qualified for free lunches as determined by the most recent data  
16 available from the department, payments shall be forgiven each year  
17 in an amount equal to six thousand dollars.

18           Sec. 6. Section 85-1920, Revised Statutes Cumulative  
19 Supplement, 2012, is amended to read:

20           85-1920 The Nebraska Opportunity Grant Fund is created.  
21 Money in the fund shall include amounts transferred from the State  
22 Lottery Operation Trust Fund pursuant to section 9-812 until June 30,  
23 2016. All amounts accruing to the Nebraska Opportunity Grant Fund  
24 shall be used to carry out the Nebraska Opportunity Grant Act. Any  
25 money in the fund available for investment shall be invested by the

1 state investment officer pursuant to the Nebraska Capital Expansion  
2 Act and the Nebraska State Funds Investment Act. ~~Any money in the~~  
3 ~~Nebraska Scholarship Fund on July 1, 2010, shall be transferred to~~  
4 ~~the Nebraska Opportunity Grant Fund on such date.~~

5 The Nebraska Opportunity Grant Fund terminates on June  
6 30, 2016. Any money in the fund on such date shall be transferred to  
7 the Nebraska Education Improvement Fund on such date.

8 Sec. 7. Original sections 9-812 and 9-836.01, Reissue  
9 Revised Statutes of Nebraska, and sections 79-8,137, 79-8,137.04, and  
10 85-1920, Revised Statutes Cumulative Supplement, 2012, are repealed.

11 Sec. 8. Since an emergency exists, this act takes effect  
12 when passed and approved according to law.