

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SEVENTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 529**

Introduced by Walz, 15.

Read first time January 19, 2021

Committee:

1 A BILL FOR AN ACT relating to education; to amend sections 79-8,132,  
2 79-8,133, 79-8,135, 79-8,138, 79-8,139, 79-8,140, 79-1064,  
3 79-1201.01, and 85-2101, Reissue Revised Statutes of Nebraska, and  
4 sections 9-812, 9-836.01, 79-759, 79-8,134, 79-8,137, 79-8,137.01,  
5 79-8,137.02, 79-8,137.03, 79-8,137.04, 79-8,137.05, 79-1003,  
6 79-1054, 79-1104.02, 79-1337, 79-2503, 79-2505, 79-2506, 84-304,  
7 85-1412, 85-1920, and 85-2009, Revised Statutes Cumulative  
8 Supplement, 2020; to change provisions relating to the distribution  
9 of lottery funds used for education; to adopt the Behavioral  
10 Intervention Training and Teacher Support Act; to create funds; to  
11 establish a mental health training grant program; to change  
12 provisions relating to standard college admission tests; to adopt  
13 the College Credit Testing Fee Reduction Program Act; to define and  
14 redefine terms; to change provisions relating to an innovation grant  
15 program, the use of certain funds, and distance education  
16 incentives; to change provisions relating to the Expanded Learning  
17 Opportunity Grant Program Act; to provide duties for the Auditor of  
18 Public Accounts and the Coordinating Commission for Postsecondary  
19 Education; to change provisions relating to the Nebraska Opportunity  
20 Grant Fund and the Community College Gap Assistance Program Fund; to  
21 adopt the Career-Readiness and Dual-Credit Education Grant Program  
22 Act; to transfer and change provisions of the Excellence in Teaching  
23 Act; to eliminate obsolete provisions and a fund; to repeal the

1 Master Teacher Program Act, distance education equipment  
2 reimbursements, provisions relating to a study and to a statewide  
3 vision for education, and learning community transition aid; to  
4 harmonize provisions; to provide a duty for the Revisor of Statutes;  
5 to provide an operative date; to repeal the original sections; to  
6 outright repeal sections 79-8,124, 79-8,125, 79-8,126, 79-8,127,  
7 79-8,128, 79-8,129, 79-8,130, 79-8,131, and 79-1336, Reissue Revised  
8 Statutes of Nebraska, and sections 50-425, 50-426, 50-427, 50-428,  
9 and 79-10,145, Revised Statutes Cumulative Supplement, 2020; and to  
10 declare an emergency.

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

1 Section 1. Section 9-812, Revised Statutes Cumulative Supplement,  
2 2020, is amended to read:

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

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

30 (3) Of the money available to be transferred as provided in this  
31 subsection ~~to the Education Innovation Fund, the Nebraska Opportunity~~

1 ~~Grant Fund, the Nebraska Education Improvement Fund, the Nebraska~~  
2 ~~Environmental Trust Fund, the Nebraska State Fair Board, and the~~  
3 ~~Compulsive Gamblers Assistance Fund:~~

4 (a) The first five hundred thousand dollars shall be transferred to  
5 the Compulsive Gamblers Assistance Fund to be used as provided in section  
6 9-1006;

7 (b) ~~Forty-four~~ Beginning July 1, 2016, ~~forty-four~~ and one-half  
8 percent of the money remaining after the payment of prizes and operating  
9 expenses and the initial transfer to the Compulsive Gamblers Assistance  
10 Fund shall be used for education and transferred pursuant to subsections  
11 (4), (5), and (6) of this section ~~the Nebraska Education Improvement~~  
12 ~~Fund;~~

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

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

30 (e) One percent of the money remaining after the payment of prizes  
31 and operating expenses and the initial transfer to the Compulsive

1 Gamblers Assistance Fund shall be transferred to the Compulsive Gamblers  
2 Assistance Fund to be used as provided in section 9-1006.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (n) One-half of one percent to the State Department of Education  
31 Technology Upgrade Cash Fund.

1       (6) For fiscal year 2026-27 and each fiscal year thereafter, the  
2 money available to be used for education pursuant to subdivision (3)(b)  
3 of this section shall be transferred as the Legislature may direct.

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

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

30       (c) For fiscal years 2016-17 through 2020-21, the Nebraska Education  
31 Improvement Fund remainder of the fund, after payment of any learning

1 ~~community transition aid pursuant to section 79-10,145,~~ shall be  
2 allocated as follows:

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

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

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

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

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

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

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

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

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

31 (9)(a) On or before September 20, 2022, and on or before each

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

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

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

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

30 (11) ~~(5)~~ Any money in the State Lottery Operation Trust Fund, the  
31 State Lottery Operation Cash Fund, the State Lottery Prize Trust Fund, or



1 the Nebraska Education Improvement Fund, ~~or the Education Innovation Fund~~  
2 available for investment shall be invested by the state investment  
3 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska  
4 State Funds Investment Act.

5 (12) ~~(6)~~ Unclaimed prize money on a winning lottery ticket shall be  
6 retained for a period of time prescribed by rules and regulations. If no  
7 claim is made within such period, the prize money shall be used at the  
8 discretion of the Tax Commissioner for any of the purposes prescribed in  
9 this section.

10 Sec. 2. Section 9-836.01, Revised Statutes Cumulative Supplement,  
11 2020, is amended to read:

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

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

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

26 (b) Beginning in school year 2023-24, each school district shall  
27 ensure that each administrator, teacher, paraprofessional, school nurse,  
28 and counselor receives behavioral awareness training. Each administrator,  
29 teacher, paraprofessional, school nurse, and counselor who has received  
30 such training shall receive a behavioral awareness training review at  
31 least once every three years. Each school district may offer such

1 training, or similar training, to any other school employees at the  
2 discretion of the school district. In addition, all school employees  
3 shall have a basic awareness of the goals, strategies, and schoolwide  
4 plans included in such training.

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

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

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

11 (iii) Verbal intervention and de-escalation techniques.

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

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

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

29 (b) Any funding received by a school district for behavioral  
30 awareness training under the Behavioral Intervention Training and Teacher  
31 Support Act shall be considered grant funds under section 79-1003.

1           Sec. 5. (1) Each school district shall designate one or more school  
2 employees as a behavioral awareness point of contact for each school  
3 building or other division as determined by such school district. Each  
4 behavioral awareness point of contact shall be trained in behavioral  
5 awareness and shall have knowledge of community service providers and  
6 other resources that are available for the students and families in such  
7 school district.

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

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

31           Sec. 7. (1) The State Department of Education shall establish a

1 mental health training grant program. Mental health training grants  
2 awarded pursuant to this section shall be funded from the Mental Health  
3 Training Cash Fund. A grantee shall be a school district or an  
4 educational service unit.

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

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

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

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

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

16 (a) Safely de-escalate crisis situations;

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

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

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

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

29 Sec. 8. The Mental Health Training Cash Fund is created. The fund  
30 shall be administered by the State Department of Education and shall  
31 consist of money received pursuant to section 9-812 and any money

1 appropriated by the Legislature. The department shall use money in the  
2 fund for mental health training grants pursuant to section 7 of this act.  
3 Any money in the fund available for investment shall be invested by the  
4 state investment officer pursuant to the Nebraska Capital Expansion Act  
5 and the Nebraska State Funds Investment Act.

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

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

25       Sec. 11. The State Department of Education Technology Upgrade Cash  
26 Fund is created. The fund shall be administered by the State Department  
27 of Education and shall consist of transfers pursuant to section 9-812 and  
28 interest payments received in the course of administering this section.  
29 The fund shall be used for expenses incurred by the department to upgrade  
30 technology to automate enrollment option processes statewide, including,  
31 but not limited to, establishing an electronic record of all applications

1 received, canceled, approved, and denied. After such upgrades and  
2 automation have been completed, the State Department of Education  
3 Technology Upgrade Cash Fund may be (1) used for expenses incurred by the  
4 department to upgrade and automate additional statewide educational  
5 processes as the department deems necessary or (2) transferred to the  
6 State Department of Education Leadership Cash Fund. Any money in the  
7 State Department of Education Technology Upgrade Cash Fund available for  
8 investment shall be invested by the state investment officer pursuant to  
9 the Nebraska Capital Expansion Act and the Nebraska State Funds  
10 Investment Act.

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

13       79-759 No later than the 2017-18 school year, the State Department  
14 of Education shall administer a standard college admission test, selected  
15 by the State Board of Education, to students in the eleventh grade  
16 attending a public school in the state in lieu of the assessment for the  
17 one grade in high school as required under section 79-760.03. The  
18 department shall pay the expenses of administering such college admission  
19 test ~~and may use funds from the Nebraska Education Improvement Fund as~~  
20 ~~provided in section 9-812.~~

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

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

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

29       (2) Qualified student means a student who meets the poverty  
30 guidelines established by the State Department of Education and is taking  
31 a test offered by a national college credit testing program related to a

1 course which is offered by a school district and in which such student is  
2 or has been enrolled; and

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

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

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

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

22 (4) On or before December 31, 2022, and on or before each December  
23 31 thereafter, the department shall electronically submit an annual  
24 report on the College Credit Testing Fee Reduction Program to the Clerk  
25 of the Legislature. The report shall include, but not be limited to, the  
26 number and amounts of testing fee reductions paid by school districts,  
27 the reimbursement level for such testing fee reductions, the school  
28 districts attended by testing fee reduction recipients, and information  
29 regarding the number and types of courses associated with testing fee  
30 reductions.

31 (5) The department shall adopt and promulgate rules and regulations

1 to carry out the College Credit Testing Fee Reduction Program that  
2 include, but are not limited to, poverty guidelines.

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

11       Sec. 17. Section 79-1003, Revised Statutes Cumulative Supplement,  
12 2020, is amended to read:

13       79-1003 For purposes of the Tax Equity and Educational Opportunities  
14 Support Act:

15       (1) Adjusted general fund operating expenditures means (a) for  
16 school fiscal years 2013-14 through 2015-16, the difference of the  
17 general fund operating expenditures as calculated pursuant to subdivision  
18 (23) of this section increased by the cost growth factor calculated  
19 pursuant to section 79-1007.10, minus the transportation allowance,  
20 special receipts allowance, poverty allowance, limited English  
21 proficiency allowance, distance education and telecommunications  
22 allowance, elementary site allowance, summer school allowance,  
23 instructional time allowance, teacher education allowance, and focus  
24 school and program allowance, (b) for school fiscal years 2016-17 through  
25 2018-19, the difference of the general fund operating expenditures as  
26 calculated pursuant to subdivision (23) of this section increased by the  
27 cost growth factor calculated pursuant to section 79-1007.10, minus the  
28 transportation allowance, special receipts allowance, poverty allowance,  
29 limited English proficiency allowance, distance education and  
30 telecommunications allowance, elementary site allowance, summer school  
31 allowance, and focus school and program allowance, and (c) for school



1 fiscal year 2019-20 and each school fiscal year thereafter, the  
2 difference of the general fund operating expenditures as calculated  
3 pursuant to subdivision (23) of this section increased by the cost growth  
4 factor calculated pursuant to section 79-1007.10, minus the  
5 transportation allowance, special receipts allowance, poverty allowance,  
6 limited English proficiency allowance, distance education and  
7 telecommunications allowance, elementary site allowance, summer school  
8 allowance, community achievement plan allowance, and focus school and  
9 program allowance;

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

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

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

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

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

31 (7) Categorical funds means funds limited to a specific purpose by

1 federal or state law, including, but not limited to, Title I funds, Title  
2 VI funds, federal vocational education funds, federal school lunch funds,  
3 Indian education funds, and Head Start funds, ~~and funds from the~~  
4 ~~Education Innovation Fund;~~

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

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

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

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

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

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

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

29 (15) Fall membership means the total membership in kindergarten  
30 through grade twelve attributable to the local system as reported on the  
31 fall school district membership reports for each district pursuant to

1 section 79-528;

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

4 (17) Formula students means:

5 (a) For state aid certified pursuant to section 79-1022, the sum of  
6 the product of fall membership from the school fiscal year immediately  
7 preceding the school fiscal year in which the aid is to be paid  
8 multiplied by the average ratio of average daily membership to fall  
9 membership for the second school fiscal year immediately preceding the  
10 school fiscal year in which the aid is to be paid and the prior two  
11 school fiscal years plus sixty percent of the qualified early childhood  
12 education fall membership plus tuitioned students from the school fiscal  
13 year immediately preceding the school fiscal year in which aid is to be  
14 paid minus the product of the number of students enrolled in kindergarten  
15 that is not full-day kindergarten from the fall membership multiplied by  
16 0.5; and

17 (b) For the final calculation of state aid pursuant to section  
18 79-1065, the sum of average daily membership plus sixty percent of the  
19 qualified early childhood education average daily membership plus  
20 tuitioned students minus the product of the number of students enrolled  
21 in kindergarten that is not full-day kindergarten from the average daily  
22 membership multiplied by 0.5 from the school fiscal year immediately  
23 preceding the school fiscal year in which aid was paid;

24 (18) Free lunch and free milk calculated students means, using the  
25 most recent data available on November 1 of the school fiscal year  
26 immediately preceding the school fiscal year in which aid is to be paid,  
27 (a) for schools that did not provide free meals to all students pursuant  
28 to the community eligibility provision, students who individually  
29 qualified for free lunches or free milk pursuant to the federal Richard  
30 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the  
31 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts

1 and sections existed on January 1, 2015, and rules and regulations  
2 adopted thereunder, plus (b) for schools that provided free meals to all  
3 students pursuant to the community eligibility provision, (i) for school  
4 fiscal year 2016-17, the product of the students who attended such school  
5 multiplied by the identified student percentage calculated pursuant to  
6 such federal provision or (ii) for school fiscal year 2017-18 and each  
7 school fiscal year thereafter, the greater of the number of students in  
8 such school who individually qualified for free lunch or free milk using  
9 the most recent school fiscal year for which the school did not provide  
10 free meals to all students pursuant to the community eligibility  
11 provision or one hundred ten percent of the product of the students who  
12 qualified for free meals at such school pursuant to the community  
13 eligibility provision multiplied by the identified student percentage  
14 calculated pursuant to such federal provision, except that the free lunch  
15 and free milk students calculated for any school pursuant to subdivision  
16 (18)(b)(ii) of this section shall not exceed one hundred percent of the  
17 students qualified for free meals at such school pursuant to the  
18 community eligibility provision;

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

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

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

1           (22) General fund expenditures means all expenditures from the  
2 general fund;

3           (23) General fund operating expenditures means for state aid  
4 calculated for school fiscal years 2012-13 and each school fiscal year  
5 thereafter, as reported on the annual financial report for the second  
6 school fiscal year immediately preceding the school fiscal year in which  
7 aid is to be paid, the total general fund expenditures minus (a) the  
8 amount of all receipts to the general fund, to the extent that such  
9 receipts are not included in local system formula resources, from early  
10 childhood education tuition, summer school tuition, educational entities  
11 as defined in section 79-1201.01 for providing distance education courses  
12 through the Educational Service Unit Coordinating Council to such  
13 educational entities, private foundations, individuals, associations,  
14 charitable organizations, the textbook loan program authorized by section  
15 79-734, federal impact aid, and levy override elections pursuant to  
16 section 77-3444, (b) the amount of expenditures for categorical funds,  
17 tuition paid, transportation fees paid to other districts, adult  
18 education, community services, redemption of the principal portion of  
19 general fund debt service, retirement incentive plans authorized by  
20 section 79-855, and staff development assistance authorized by section  
21 79-856, (c) the amount of any transfers from the general fund to any bond  
22 fund and transfers from other funds into the general fund, (d) any legal  
23 expenses in excess of fifteen-hundredths of one percent of the formula  
24 need for the school fiscal year in which the expenses occurred, (e)(i)  
25 for state aid calculated for school fiscal years prior to school fiscal  
26 year 2018-19, expenditures to pay for sums agreed to be paid by a school  
27 district to certificated employees in exchange for a voluntary  
28 termination occurring prior to July 1, 2009, occurring on or after the  
29 last day of the 2010-11 school year and prior to the first day of the  
30 2013-14 school year, or, to the extent that a district has demonstrated  
31 to the State Board of Education pursuant to section 79-1028.01 that the

1 agreement will result in a net savings in salary and benefit costs to the  
2 school district over a five-year period, occurring on or after the first  
3 day of the 2013-14 school year or (ii) for state aid calculated for  
4 school fiscal year 2018-19 and each school fiscal year thereafter,  
5 expenditures to pay for incentives agreed to be paid by a school district  
6 to certificated employees in exchange for a voluntary termination of  
7 employment for which the State Board of Education approved an exclusion  
8 pursuant to subdivision (1)(h), (i), (j), or (k) of section 79-1028.01,  
9 (f)(i) expenditures to pay for employer contributions pursuant to  
10 subsection (2) of section 79-958 to the School Employees Retirement  
11 System of the State of Nebraska to the extent that such expenditures  
12 exceed the employer contributions under such subsection that would have  
13 been made at a contribution rate of seven and thirty-five hundredths  
14 percent or (ii) expenditures to pay for school district contributions  
15 pursuant to subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the  
16 retirement system established pursuant to the Class V School Employees  
17 Retirement Act to the extent that such expenditures exceed the school  
18 district contributions under such subdivision that would have been made  
19 at a contribution rate of seven and thirty-seven hundredths percent, and  
20 (g) any amounts paid by the district for lobbyist fees and expenses  
21 reported to the Clerk of the Legislature pursuant to section 49-1483.

22 For purposes of this subdivision (23) of this section, receipts from  
23 levy override elections shall equal ninety-nine percent of the difference  
24 of the total general fund levy minus a levy of one dollar and five cents  
25 per one hundred dollars of taxable valuation multiplied by the assessed  
26 valuation for school districts that have voted pursuant to section  
27 77-3444 to override the maximum levy provided pursuant to section  
28 77-3442;

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 Sec. 18. Section 79-1054, Revised Statutes Cumulative Supplement,  
13 2020, is amended to read:

14 79-1054 (1) The State Board of Education shall ~~administer~~ establish  
15 a competitive innovation grant program with funding ~~from the Nebraska~~  
16 ~~Education Improvement Fund~~ pursuant to section 9-812 through June 30,  
17 2021. Grantees shall be a school district, an educational service unit,  
18 or a combination of entities that includes at least one school district  
19 or educational service unit. For grantees that consist of a combination  
20 of entities, a participating school district or educational service unit  
21 shall be designated to act as the fiscal agent and administer the program  
22 funded by the grant. The state board shall only award grants pursuant to  
23 applications that the state board deems to be sufficiently innovative and  
24 to have a high chance of success.

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

27 (a) Specific measurable objectives for improving education outcomes  
28 for early childhood students, elementary students, middle school  
29 students, or high school students or for improving the transitions  
30 between any successive stages of education or between education and the  
31 workforce;

1 (b) The method for annually evaluating progress toward a measurable  
2 objective, with a summative evaluation of progress submitted to the state  
3 board and electronically to the Education Committee of the Legislature on  
4 or before July 1 of each odd-numbered year through 2021 ~~, 2019~~;

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

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

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

12 (a) Representing a best practice;

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

14 (c) A local issue for further study.

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

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

31 Sec. 19. Section 79-1064, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 79-1064 The State Department of Education Cash Fund is created.  
3 Except as to other revenue the disposition of which is otherwise provided  
4 for, all sums of money received by the State Department of Education from  
5 the sale of goods and materiel, fees from any training program or  
6 services rendered, and any revenue such department may receive from any  
7 other source shall be remitted to the State Treasurer for credit to the  
8 State Department of Education Cash Fund. The State Treasurer shall  
9 disburse such amounts in the fund as are available and considered  
10 incident to the administration and operation of the State Department of  
11 Education. Money transferred to the fund pursuant to section 9-812 shall  
12 be used as directed in such section. Money in the State Department of  
13 Education Cash Fund may be transferred to the General Fund at the  
14 direction of the Legislature. All disbursements for the State Department  
15 of Education Cash Fund shall be made upon vouchers issued by the State  
16 Department of Education and warrants drawn by the Director of  
17 Administrative Services. Any money in the State Department of Education  
18 Cash Fund available for investment shall be invested by the state  
19 investment officer pursuant to the Nebraska Capital Expansion Act and the  
20 Nebraska State Funds Investment Act.

21 Sec. 20. Section 79-1104.02, Revised Statutes Cumulative Supplement,  
22 2020, is amended to read:

23 79-1104.02 (1) The Early Childhood Education Endowment Cash Fund,  
24 consisting of the interest, earnings, and proceeds from the Early  
25 Childhood Education Endowment Fund and the earnings from the private  
26 endowment created by the endowment provider, ~~funds transferred from the~~  
27 ~~Education Innovation Fund pursuant to section 9-812,~~ and any additional  
28 private donations made directly thereto, shall be used exclusively to  
29 provide funds for the Early Childhood Education Grant Program for at-risk  
30 children from birth to age three as set forth in this section.

31 (2) Grants provided by this section shall be to school districts and

1 cooperatives of school districts for early childhood education programs  
2 for at-risk children from birth to age three, as determined by the board  
3 of trustees pursuant to criteria set forth by the board of trustees.  
4 School districts and cooperatives of school districts may establish  
5 agreements with other public and private entities to provide services or  
6 operate programs.

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

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

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

24 (6) The board of trustees may issue grants to early childhood  
25 education programs entering into agreements pursuant to subsection (2) of  
26 this section with child care providers if the child care provider enrolls  
27 in the quality rating and improvement system described in the Step Up to  
28 Quality Child Care Act prior to the beginning of the initial grant  
29 period. Child care providers shall participate in training approved by  
30 the Early Childhood Training Center which is needed for participation or  
31 advancement in the quality rating and improvement system.

1           (7) The board of trustees shall require child care providers in  
2 programs receiving grants under this section to obtain a step three  
3 rating or higher on the quality scale described in section 71-1956 within  
4 three years of the starting date of the initial grant period to continue  
5 funding the program. The board of trustees shall require the child care  
6 provider to maintain a step three rating or higher on such quality scale  
7 after three years from the starting date of the initial grant period to  
8 continue funding the program.

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

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

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

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

26           79-1201.01 For purposes of the Educational Service Units Act and  
27 section ~~sections 79-1336 and 79-1337~~:

28           (1) Distance education course means a course with at least one  
29 student in any of grades kindergarten through twelve who is in a  
30 different location than the teacher and taught by a teacher employed by  
31 an educational entity utilizing either two-way interactive video or the



1 Internet without two-way interactive video. Distance education course  
2 includes a dual-enrollment course with at least one student who is in a  
3 different location than the teacher and taught by a teacher employed by  
4 an educational entity utilizing either two-way interactive video or the  
5 Internet without two-way interactive video;

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

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

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

15 (5) Network Nebraska means the network created pursuant to section  
16 86-5,100;

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

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

29 (8) Technology includes technical training and technology  
30 infrastructure;

31 (9) Technology infrastructure means hardware-related items necessary

1 for schools to interact electronically throughout the state, including,  
2 but not limited to, physical connections, wiring, servers, routers,  
3 switches, domain name service, and operating systems and human resources  
4 necessary to maintain infrastructure, including, but not limited to,  
5 systems engineers, programmers, webmasters, and help desk staff; and

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

11 Sec. 22. Section 79-1337, Revised Statutes Cumulative Supplement,  
12 2020, is amended to read:

13 79-1337 (1) For fiscal years 2007-08 through 2025-26 ~~2020-21~~, the  
14 State Department of Education shall provide distance education incentives  
15 to school districts and educational service units for qualified distance  
16 education courses coordinated through the Educational Service Unit  
17 Coordinating Council as provided in this section. ~~Funding Through fiscal~~  
18 ~~year 2015-16, funding for such distance education incentives shall come~~  
19 ~~from the Education Innovation Fund. For fiscal years 2016-17 through~~  
20 ~~2020-21, funding for such distance education incentives shall come from~~  
21 the Nebraska Education Improvement Fund.

22 (2) School districts and educational service units shall apply for  
23 incentives annually through calendar year 2025 ~~2020~~ to the department on  
24 or before August 1 on a form specified by the department. The application  
25 shall:

26 (a) For school districts, specify (i) the qualified distance  
27 education courses which were received by students in the membership of  
28 the district in the then-current school fiscal year and which were not  
29 taught by a teacher employed by the school district and (ii) for each  
30 such course (A) the number of students in the membership of the district  
31 who received the course, (B) the educational entity employing the

1 teacher, and (C) whether the course was a two-way interactive video  
2 distance education course; and

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

16 (3) On or before September 1 of each year through calendar year 2025  
17 ~~2020~~, the department shall certify the incentives for each school  
18 district and educational service unit which shall be paid on or before  
19 October 1 of such year. The incentives for each district shall be  
20 calculated as follows:

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

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

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

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

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

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

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

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

29 (a) The per-hour incentives shall equal the funds available for  
30 distribution after ~~equipment reimbursements pursuant to section 79-1336~~  
31 ~~and~~ incentives calculated pursuant to subsections (1) through (3) of this

1 section divided by the sum of the hours of elementary distance education  
2 courses sent or received for each school district and educational service  
3 unit submitting an application, except that the per-hour incentives shall  
4 not be greater than ten dollars; and

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

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

12 (6) On or before October 1 of each year through calendar year 2025  
13 ~~2020~~, a school district or educational service unit may appeal the denial  
14 of incentives for any course by the department to the State Board of  
15 Education. The board shall allow a representative of the school district  
16 or educational service unit an opportunity to present information  
17 concerning the appeal to the board at the November board meeting. If the  
18 board finds that the course meets the requirements of this section, the  
19 department shall pay the district from the Nebraska Education Improvement  
20 ~~Innovation~~ Fund as soon as practical in an amount for which the district  
21 or educational service unit should have qualified based on the incentive  
22 per distance education unit used in the original certification of  
23 incentives pursuant to this section.

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

26 Sec. 23. Section 79-2503, Revised Statutes Cumulative Supplement,  
27 2020, is amended to read:

28 79-2503 For purposes of the Expanded Learning Opportunity Grant  
29 Program Act:

30 (1) Community learning center has the definition found in 20 U.S.C.  
31 7171(b)(1), as such section existed on January 1, 2021 ~~2015~~;

1 (2) Department means the State Department of Education;

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

11 (4) High-need school district means a school district in which forty  
12 percent or more of the enrolled students qualify for free and reduced  
13 price meals under the National School Lunch Program, 7 C.F.R. part 210,  
14 as such regulations existed on January 1, 2021 ~~2015~~.

15 Sec. 24. Section 79-2505, Revised Statutes Cumulative Supplement,  
16 2020, is amended to read:

17 79-2505 Of the funds available to ~~The first priority of the~~  
18 Expanded Learning Opportunity Grant Program, one-third of such funds  
19 shall be used for ~~is to continue~~ existing 21st Century Community Learning  
20 Centers funded by the federal 21st Century Community Learning Center  
21 program pursuant to 20 U.S.C. 7171 et seq., as such sections existed on  
22 January 1, 2021 ~~2015~~, in high-need school districts that have a record of  
23 success. The remaining two-thirds of the available funds ~~second priority~~  
24 shall be used to support ~~for~~ new expanded learning opportunity program  
25 development in areas of the state with a high percentage of at-risk  
26 children that are not currently served by school-based or school-linked  
27 expanded learning opportunity programs funded by the federal 21st Century  
28 Community Learning Center program pursuant to 20 U.S.C. 7171 et seq., as  
29 such sections existed on January 1, 2021 ~~2015~~.

30 Sec. 25. Section 79-2506, Revised Statutes Cumulative Supplement,  
31 2020, is amended to read:

1           79-2506 (1) The department shall establish an application process  
2 and timeline pursuant to which partner organizations may submit proposals  
3 for a grant under the Expanded Learning Opportunity Grant Program. Each  
4 proposal shall include:

5           (a) A grant planning period;

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

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

10          (d) A plan to coordinate and use a combination of local, state,  
11 philanthropic, and federal funding sources, including, but not limited  
12 to, funding available through the federal No Child Left Behind Act of  
13 2001, 20 U.S.C. 6301 et seq., as such act and sections existed on January  
14 1, ~~2021~~ ~~2015~~, from the Expanded Learning Opportunity Grant Fund funds  
15 ~~allocated pursuant to section 9-812~~, and funds from any other source  
16 designated or appropriated for purposes of the program. Funding provided  
17 by the Expanded Learning Opportunity Grant Program shall be matched on a  
18 one-to-one basis by community or partner contributions;

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

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

22          (g) Appropriately qualified staff;

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

24          (i) Compliance with minimum health and safety standards;

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

27          (k) Developmentally and culturally appropriate practices and  
28 assessments.

29          (2) The proposal shall demonstrate how the expanded learning  
30 opportunity program will provide participating students with academic  
31 enrichment and expanded learning opportunities that are high quality,

1 based on proven methods, if appropriate, and designed to complement  
2 students' regular academic programs. Such activities shall include two or  
3 more of the following:

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

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

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

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

12 (e) Remedial education activities;

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

15 (g) Arts and music education;

16 (h) Entrepreneurial education programs;

17 (i) Telecommunications and technology education programs;

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

20 (k) Mentoring programs;

21 (l) Recreational activities;

22 (m) Expanded library service hours;

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

26 (o) Drug abuse prevention and violence prevention programs;

27 (p) Character education programs;

28 (q) Health and nutritional services;

29 (r) Behavioral health counseling services; and

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

31 (3) A proposal shall: (a) Demonstrate specifically how its



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

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

15 Sec. 26. Section 84-304, Revised Statutes Cumulative Supplement,  
16 2020, is amended to read:

17 84-304 It shall be the duty of the Auditor of Public Accounts:

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

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

24 (3)(a) To examine or cause to be examined, at such time as he or she  
25 shall determine, books, accounts, vouchers, records, and expenditures of  
26 all state officers, state bureaus, state boards, state commissioners, the  
27 state library, societies and associations supported by the state, state  
28 institutions, state colleges, and the University of Nebraska, except when  
29 required to be performed by other officers or persons. Such examinations  
30 shall be done in accordance with generally accepted government auditing  
31 standards for financial audits and attestation engagements set forth in

1 Government Auditing Standards (2011 Revision for audit periods ending  
2 before June 30, 2020, or 2018 Revision for audit periods ending on or  
3 after June 30, 2020), published by the Comptroller General of the United  
4 States, Government Accountability Office, and except as provided in  
5 subdivision (11) ~~(10)~~ of this section, subdivision (16) of section  
6 50-1205, and section 84-322, shall not include performance audits,  
7 whether conducted pursuant to attestation engagements or performance  
8 audit standards as set forth in Government Auditing Standards (2018  
9 Revision), published by the Comptroller General of the United States,  
10 Government Accountability Office.

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

26 (4)(a) To examine or cause to be examined, at the expense of the  
27 political subdivision, when the Auditor of Public Accounts determines  
28 such examination necessary or when requested by the political  
29 subdivision, the books, accounts, vouchers, records, and expenditures of  
30 any agricultural association formed under Chapter 2, article 20, any  
31 county agricultural society, any joint airport authority formed under the

1 Joint Airport Authorities Act, any city or county airport authority, any  
2 bridge commission created pursuant to section 39-868, any cemetery  
3 district, any community redevelopment authority or limited community  
4 redevelopment authority established under the Community Development Law,  
5 any development district, any drainage district, any health district, any  
6 local public health department as defined in section 71-1626, any  
7 historical society, any hospital authority or district, any county  
8 hospital, any housing agency as defined in section 71-1575, any  
9 irrigation district, any county or municipal library, any community  
10 mental health center, any railroad transportation safety district, any  
11 rural water district, any township, Wyuka Cemetery, the Educational  
12 Service Unit Coordinating Council, any entity created pursuant to the  
13 Interlocal Cooperation Act, any educational service unit, any village,  
14 any service contractor or subrecipient of state or federal funds, any  
15 political subdivision with the authority to levy a property tax or a  
16 toll, or any entity created pursuant to the Joint Public Agency Act.

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

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

28 (c) Through December 31, 2017, the Auditor of Public Accounts may  
29 conduct audits under this subdivision for purposes of sections 2-3228,  
30 12-101, 13-2402, 14-567, 14-1805.01, 14-2111, 16-1017, 16-1037, 19-3501,  
31 23-1118, 23-3526, 71-1631.02, and 79-987.

1 (d) Beginning on May 24, 2017, the Auditor of Public Accounts may  
2 conduct audits under this subdivision for purposes of sections 13-2402,  
3 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 18-814,  
4 71-1631.02, and 79-987 and shall prescribe the form for the annual  
5 reports required in each of such sections. Such annual reports shall be  
6 published annually on the web site of the Auditor of Public Accounts;

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

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

24 (b) Whenever the expenditures of a fire protection district are one  
25 hundred fifty thousand dollars or less per fiscal year, the fire  
26 protection district shall be audited no more than once every five years  
27 except as directed by the board of directors of the fire protection  
28 district or unless the auditor receives a verifiable report from a third  
29 party indicating any irregularities or misconduct of officers or  
30 employees of the fire protection district, any misappropriation or misuse  
31 of public funds or property, or any improper system or method of

1 bookkeeping or condition of accounts of the fire protection district. In  
2 the absence of such a report, the auditor may waive the five-year audit  
3 requirement upon the submission of a written request by the fire  
4 protection district in a form prescribed by the auditor. The auditor  
5 shall notify the fire protection district in writing of the approval or  
6 denial of a request for waiver of the five-year audit requirement. Upon  
7 approval of the request for waiver of the five-year audit requirement, a  
8 new five-year audit period shall begin.

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

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

31 (8) To conduct audits and related activities for state agencies,

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

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

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

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

1 who is a direct beneficiary of such a program or function.

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

6 (10) (9) To develop and maintain an annual budget and actual  
7 financial information reporting system for political subdivisions that is  
8 accessible online by the public;

9 (11) (10) When authorized, to conduct joint audits with the  
10 Legislative Performance Audit Committee as described in section 50-1205;

11 (12) (11) Unless otherwise specifically provided, to assess the  
12 interest rate on delinquent payments of any fees for audits and services  
13 owing to the Auditor of Public Accounts at a rate of fourteen percent per  
14 annum from the date of billing unless paid within thirty days after the  
15 date of billing. For an entity created pursuant to the Interlocal  
16 Cooperation Act or the Joint Public Agency Act, any participating public  
17 agencies shall be jointly and severally liable for the fees and interest  
18 owed if such entity is defunct or unable to pay; and

19 (13) (12) In consultation with statewide associations representing  
20 (a) counties and (b) cities and villages, to approve annual continuing  
21 education programs for county treasurers, city treasurers, and village  
22 treasurers as required by sections 14-553, 15-317, 16-318, 17-606, and  
23 23-1601. The cost of attending such programs shall be at the expense of  
24 the county, city, or village. The auditor shall maintain records of  
25 program attendance and notify each county board, city council, or village  
26 board of trustees if its treasurer has not completed such program  
27 attendance. The auditor shall inform the Attorney General and the county  
28 attorney of the county in which a treasurer is located if such treasurer  
29 has not completed a required annual continuing education program.

30 Sec. 27. Section 85-1412, Revised Statutes Cumulative Supplement,  
31 2020, is amended to read:

1           85-1412 The commission shall have the following additional powers  
2 and duties:

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

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

17           (3) Establish any advisory committees as may be necessary to  
18 undertake the coordination function of the commission pursuant to section  
19 85-1403 or to solicit input from affected parties such as students,  
20 faculty, governing boards, administrators of the public institutions,  
21 administrators of the private nonprofit institutions of postsecondary  
22 education and proprietary institutions in the state, and community and  
23 business leaders regarding the coordination function of the commission;

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

28           (5) Seek a close liaison with the State Board of Education and the  
29 State Department of Education in recognition of the need for close  
30 coordination of activities between elementary and secondary education and  
31 postsecondary education;



1           (6) Administer the Integrated Postsecondary Education Data System or  
2 other information system or systems to provide the commission with  
3 timely, comprehensive, and meaningful information pertinent to the  
4 exercise of its duties. The information system shall be designed to  
5 provide comparable data on each public institution. The commission shall  
6 also administer the uniform information system prescribed in sections  
7 85-1421 to 85-1427 known as the Nebraska Educational Data System. Public  
8 institutions shall supply the appropriate data for the information system  
9 or systems required by the commission;

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

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

30           (9) On or before December 1 of each even-numbered year, submit to  
31 the Legislature and the Governor a report of its objectives and

1 activities and any new private colleges in Nebraska and the  
2 implementation of any recommendations of the commission for the preceding  
3 two calendar years. The report submitted to the Legislature shall be  
4 submitted electronically;

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

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

9 Sec. 28. Section 85-1920, Revised Statutes Cumulative Supplement,  
10 2020, is amended to read:

11 85-1920 The Nebraska Opportunity Grant Fund is created. Money in the  
12 fund shall include amounts transferred pursuant to section 9-812 from the  
13 State Lottery Operation Trust Fund ~~pursuant to section 9-812 until June~~  
14 ~~30, 2016, or, until June 30, 2021,~~ the Nebraska Education Improvement  
15 Fund ~~pursuant to section 9-812 until June 30, 2021~~. All amounts accruing  
16 to the Nebraska Opportunity Grant Fund shall be used to carry out the  
17 Nebraska Opportunity Grant Act. Any money in the fund available for  
18 investment shall be invested by the state investment officer pursuant to  
19 the Nebraska Capital Expansion Act and the Nebraska State Funds  
20 Investment Act.

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

24 Sec. 29. Section 85-2009, Revised Statutes Cumulative Supplement,  
25 2020, is amended to read:

26 85-2009 (1) The Community College Gap Assistance Program Fund is  
27 created. The fund shall be under the direction of the committee and shall  
28 be administered by the Coordinating Commission for Postsecondary  
29 Education. The fund shall consist of money received pursuant to section  
30 9-812, any other money received by the state in the form of grants or  
31 gifts from nonfederal sources, such other amounts as may be transferred

1 or otherwise accrue to the fund, and any investment income earned on the  
2 fund. The fund shall be used to provide aid or grants to the community  
3 colleges pursuant to the Community College Gap Assistance Program Act.  
4 Any money in the fund available for investment shall be invested by the  
5 state investment officer pursuant to the Nebraska Capital Expansion Act  
6 and the Nebraska State Funds Investment Act.

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

10 ~~(2) (3) Money in the fund may also be used by the committee to~~ ~~÷ (a)~~  
11 ~~To establish application and funding procedures. ; and~~

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

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

26 Sec. 31. The Career-Readiness and Dual-Credit Education Grant  
27 Program is established. The program shall be administered by the  
28 Coordinating Commission for Postsecondary Education. The commission, in  
29 consultation with the State Department of Education, the Department of  
30 Labor, and any advisory committee established by the commission for such  
31 purpose, shall:

1       (1) Create and establish teacher education pathways enabling the  
2 instruction of dual-credit courses and career and technical education  
3 courses;

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

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

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

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

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

23       Sec. 33. The Career-Readiness and Dual-Credit Education Cash Fund  
24 is created. The fund shall be administered by the Coordinating Commission  
25 for Postsecondary Education and shall consist of money received pursuant  
26 to section 9-812 and any money appropriated by the Legislature. The  
27 commission shall use the fund to carry out the Career-Readiness and Dual-  
28 Credit Education Grant Program Act. Any money in the fund available for  
29 investment shall be invested by the state investment officer pursuant to  
30 the Nebraska Capital Expansion Act and the Nebraska State Funds  
31 Investment Act.

1           Sec. 34. Section 85-2101, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3           85-2101 Sections 85-2101 to 85-2108 and section 35 of this act shall  
4 be known and may be cited as the Access College Early Scholarship Program  
5 Act.

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

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

17           ~~79-8,132~~ Sections 36 to 49 of this act ~~79-8,132 to 79-8,140~~ shall be  
18 known and may be cited as the Excellence in Teaching Act and shall  
19 include the Attracting Excellence to Teaching Program and the Enhancing  
20 Excellence in Teaching Program.

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

25           (2) Any financial obligations of the State Department of Education  
26 relating to the Excellence in Teaching Act that remain unpaid as of July  
27 1, 2021, and that are subsequently certified as valid encumbrances to the  
28 accounting division of the Department of Administrative Services pursuant  
29 to sections 81-138.01 to 81-138.04, shall be paid by the commission from  
30 any unexpended balance in the Excellence in Teaching Cash Fund.

31           (3) On and after July 1, 2021, whenever the State Department of

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

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

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

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

28 ~~79-8,133~~ The Attracting Excellence to Teaching Program is created.  
29 For purposes of the Attracting Excellence to Teaching Program:

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

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

8 (3) Eligible student means an individual who (a) is a full-time  
9 student, (b) is enrolled in an eligible institution in an undergraduate  
10 or a graduate teacher education program working toward his or her initial  
11 certificate to teach in Nebraska, (c) if enrolled at a state-funded  
12 eligible institution, is a resident student as described in section  
13 85-502 or, if enrolled in a privately funded eligible institution, would  
14 be deemed a resident student if enrolled in a state-funded eligible  
15 institution, and (d) ~~for applicants applying for the first time on or~~  
16 ~~after April 23, 2009,~~ is a student majoring in a shortage area, ~~and (e)~~  
17 ~~for applicants applying to receive a loan during fiscal year 2011-12 or~~  
18 ~~2012-13, is a student who previously received a loan pursuant to the~~  
19 ~~Attracting Excellence to Teaching Program in the fiscal year immediately~~  
20 ~~preceding the fiscal year in which the new loan would be received;~~

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

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

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

1 (7) Teacher education program means a program of study approved by  
2 the State Board of Education pursuant to subdivision (5)(g) of section  
3 79-318.

4 Sec. 39. Section 79-8,134, Revised Statutes Cumulative Supplement,  
5 2020, is amended to read:

6 ~~79-8,134~~ The purposes of the Attracting Excellence to Teaching  
7 Program are to:

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

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

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

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

18 ~~79-8,135~~ (1) The commission ~~department~~ shall administer the  
19 Attracting Excellence to Teaching Program either directly or by  
20 contracting with public or private entities.

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

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

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

29 (c) Commit to teach in an accredited or approved public or private  
30 school in Nebraska upon (i) successful completion of the teacher  
31 education program for which the applicant is applying to the Attracting



1 Excellence to Teaching Program and (ii) becoming certified pursuant to  
2 sections 79-806 to 79-815.

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

12 Sec. 41. Section 79-8,137, Revised Statutes Cumulative Supplement,  
13 2020, is amended to read:

14 ~~79-8,137~~ (1)(a) Prior to receiving any money from a loan pursuant to  
15 the Attracting Excellence to Teaching Program, an eligible student shall  
16 enter into a contract with the commission ~~department~~. Such contract shall  
17 be exempt from the requirements of sections 73-501 to 73-510.

18 (b) For eligible students who applied for the first time prior to  
19 April 23, 2009, the contract shall require that if (i) the borrower is  
20 not employed as a teacher in Nebraska for a time period equal to the  
21 number of years required for loan forgiveness pursuant to subsection (2)  
22 of this section and is not enrolled as a full-time student in a graduate  
23 program within six months after obtaining an undergraduate degree for  
24 which a loan from the program was obtained or (ii) the borrower does not  
25 complete the requirements for graduation within five consecutive years  
26 after receiving the initial loan under the program, then the loan must be  
27 repaid, with interest at the rate fixed pursuant to section 45-103  
28 accruing as of the date the borrower signed the contract, and an  
29 appropriate penalty as determined by the commission ~~department~~ may be  
30 assessed. If a borrower fails to remain enrolled at an eligible  
31 institution or otherwise fails to meet the requirements of an eligible

1 student, repayment of the loan shall commence within six months after  
2 such change in eligibility. The commission ~~State Board of Education~~ may  
3 by rules and regulations provide for exceptions to the conditions of  
4 repayment pursuant to this subdivision based upon mitigating  
5 circumstances.

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

26 (2) If the borrower applied for the first time prior to April 23,  
27 2009, and (a) successfully completes the teacher education program and  
28 becomes certified pursuant to sections 79-806 to 79-815, (b) becomes  
29 employed as a teacher in this state within six months of becoming  
30 certified, and (c) otherwise meets the requirements of the contract,  
31 payments shall be suspended for the number of years that the borrower is

1 required to remain employed as a teacher in this state under the  
2 contract. For each year that the borrower teaches in Nebraska pursuant to  
3 the contract, payments shall be forgiven in an amount equal to the amount  
4 borrowed for one year, except that if the borrower teaches in a school  
5 district that is in a local system classified as very sparse as defined  
6 in section 79-1003 or teaches in a school district in which at least  
7 forty percent of the students are poverty students as defined in section  
8 79-1003, payments shall be forgiven each year in an amount equal to the  
9 amount borrowed for two years.

10 (3)(a) If the borrower applies for the first time on or after April  
11 23, 2009, and (i) successfully completes the teacher education program  
12 and major for which the borrower is receiving a forgivable loan pursuant  
13 to the program and becomes certified pursuant to sections 79-806 to  
14 79-815 with an endorsement in the shortage area for which the loan was  
15 received, (ii) becomes employed as a full-time teacher teaching at least  
16 a portion of the time in the shortage area for which the loan was  
17 received in an approved or accredited school in this state within six  
18 months of becoming certified, and (iii) otherwise meets the requirements  
19 of the contract, payments shall be suspended for the number of years that  
20 the borrower is required to remain employed as a teacher in this state  
21 under the contract.

22 (b) Beginning after the first two years of teaching full-time in  
23 Nebraska following graduation for the degree for which the loan was  
24 received, for each year that the borrower teaches full-time in Nebraska  
25 pursuant to the contract, the loan shall be forgiven in an amount equal  
26 to three thousand dollars, except that if the borrower teaches full-time  
27 in a school district that is in a local system classified as very sparse  
28 as defined in section 79-1003, teaches in a school building that provides  
29 free meals to all students pursuant to the community eligibility  
30 provision, teaches in a school building in which at least forty percent  
31 of the formula students are poverty students as defined in section

1 79-1003, or teaches in an accredited or approved private school in  
2 Nebraska in which at least forty percent of the enrolled students  
3 qualified for free lunches as determined by the most recent data  
4 available from the State Department of Education department, payments  
5 shall be forgiven each year in an amount equal to six thousand dollars.

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

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

14 ~~79-8,137.01~~ The Enhancing Excellence in Teaching Program is created.  
15 For purposes of the Enhancing Excellence in Teaching Program:

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

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

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

29 (4) Eligible student means an individual who (a) is a certificated  
30 teacher employed to teach in an approved or accredited school in  
31 Nebraska, (b) is enrolled in an eligible graduate program, (c) if

1 enrolled at a state-funded eligible institution, is a resident student as  
2 described in section 85-502 or, if enrolled in a privately funded  
3 eligible institution, would be deemed a resident student if enrolled in a  
4 state-funded eligible institution, (d) is majoring in a shortage area,  
5 curriculum and instruction, a subject area in which the individual  
6 already holds a secular teaching endorsement, or a subject area that will  
7 result in an additional secular teaching endorsement which the  
8 superintendent of the school district or head administrator of the  
9 private, denominational, or parochial school employing the individual  
10 believes will be beneficial to the students of such school district or  
11 school as evidenced by a statement signed by the superintendent or head  
12 administrator, and (e) is applying for a loan pursuant to the Enhancing  
13 Excellence in Teaching Program to be received at a time other than during  
14 fiscal year 2011-12 or 2012-13;

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

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

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

25 ~~79-8,137.02~~ The purposes of the Enhancing Excellence in Teaching  
26 Program are to:

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

30 (2) Improve the skills of existing teachers in Nebraska through the  
31 graduate education or endorsement programs of Nebraska's postsecondary

1 educational institutions; and

2 (3) Establish a loan contract that requires a borrower to continue  
3 employment as a teacher in this state after graduation from an eligible  
4 graduate or endorsement program.

5 Sec. 44. Section 79-8,137.03, Revised Statutes Cumulative  
6 Supplement, 2020, is amended to read:

7 ~~79-8,137.03~~ (1) The commission department shall administer the  
8 Enhancing Excellence in Teaching Program either directly or by  
9 contracting with public or private entities.

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

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

15 (b) Commit to teach in an accredited or approved public or private  
16 school in Nebraska upon successful completion of the eligible graduate  
17 program for which the applicant is applying to the Enhancing Excellence  
18 in Teaching Program and to maintaining certification pursuant to sections  
19 79-806 to 79-815.

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

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

28 ~~79-8,137.04~~ (1) Prior to receiving any money from a loan pursuant to  
29 the Enhancing Excellence in Teaching Program, an eligible student shall  
30 enter into a contract with the commission department. Such contract shall  
31 be exempt from the requirements of sections 73-501 to 73-510. The

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

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

26 (b) For recipients who received funds for the first time prior to  
27 July 1, 2016, beginning after the first two years of teaching full-time  
28 in Nebraska following graduation for the degree for which the loan was  
29 received, for each year that the borrower teaches full-time in Nebraska  
30 pursuant to the contract, the loan shall be forgiven in an amount equal  
31 to three thousand dollars, except that if the borrower teaches full-time

1 in a school district that is in a local system classified as very sparse  
2 as defined in section 79-1003, teaches in a school building that provides  
3 free meals to all students pursuant to the community eligibility  
4 provision, teaches in a school building in which at least forty percent  
5 of the students are poverty students as defined in section 79-1003, or  
6 teaches in an accredited or approved private school in Nebraska in which  
7 at least forty percent of the enrolled students qualified for free  
8 lunches as determined by the most recent data available from the State  
9 Department of Education ~~department~~, payments shall be forgiven each year  
10 in an amount equal to six thousand dollars.

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

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



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

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

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

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

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

30           ~~(3) Any money remaining in the fund on August 1, 2021, shall be~~  
31 ~~transferred to the Nebraska Education Improvement Fund on such date.~~

1           (3) ~~(4)~~ Any money in the Excellence in Teaching Cash Fund available  
2 for investment shall be invested by the state investment officer pursuant  
3 to the Nebraska Capital Expansion Act and the Nebraska State Funds  
4 Investment Act.

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

7           ~~79-8,138~~ The commission ~~department~~ has the administrative  
8 responsibility to track borrowers and to develop repayment tracking and  
9 collection mechanisms for the Attracting Excellence to Teaching Program  
10 and the Enhancing Excellence in Teaching Program. The commission  
11 ~~department~~ may contract for such services. When a loan has been forgiven  
12 pursuant to section 41 or 45 of this act ~~79-8,137 or 79-8,137.04~~, the  
13 amount forgiven may be taxable income to the borrower and the commission  
14 ~~department~~ shall provide notification of the amount forgiven to the  
15 borrower, the Department of Revenue, and the United States Internal  
16 Revenue Service if required by the Internal Revenue Code.

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

19           ~~79-8,139~~ (1) Each eligible institution shall file an annual report  
20 with the commission ~~department~~ for the Attracting Excellence to Teaching  
21 Program and the Enhancing Excellence in Teaching Program for any fiscal  
22 year in which the eligible institution receives funding to distribute to  
23 students pursuant to either or both of such programs containing such  
24 information as required by rule and regulation. On or before December 31  
25 of each even-numbered year, the commission ~~department~~ shall submit a  
26 report to the Governor, the Clerk of the Legislature, and the Education  
27 Committee of the Legislature on the status of the programs, the status of  
28 the borrowers, and the impact of the programs on the number of teachers  
29 in shortage areas in Nebraska and on the number of teachers receiving  
30 graduate degrees in teaching endorsement areas in Nebraska. The report  
31 submitted to the Clerk of the Legislature and the committee shall be

1 submitted electronically. Each report shall include information on an  
2 institution-by-institution basis, the status of borrowers, and a  
3 financial statement with a description of the activity of the Excellence  
4 in Teaching Cash Fund.

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

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

10 ~~79-8,140~~ The State Board of Education may adopt and promulgate rules  
11 and regulations to determine teacher shortage areas. The commission may  
12 adopt and promulgate rules and regulations ~~and~~ to carry out the  
13 Excellence in Teaching Act.

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

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

17 Sec. 52. Original sections 79-8,132, 79-8,133, 79-8,135, 79-8,138,  
18 79-8,139, 79-8,140, 79-1064, 79-1201.01, and 85-2101, Reissue Revised  
19 Statutes of Nebraska, and sections 9-812, 9-836.01, 79-759, 79-8,134,  
20 79-8,137, 79-8,137.01, 79-8,137.02, 79-8,137.03, 79-8,137.04,  
21 79-8,137.05, 79-1003, 79-1054, 79-1104.02, 79-1337, 79-2503, 79-2505,  
22 79-2506, 84-304, 85-1412, 85-1920, and 85-2009, Revised Statutes  
23 Cumulative Supplement, 2020, are repealed.

24 Sec. 53. The following sections are outright repealed: Sections  
25 79-8,124, 79-8,125, 79-8,126, 79-8,127, 79-8,128, 79-8,129, 79-8,130,  
26 79-8,131, and 79-1336, Reissue Revised Statutes of Nebraska, and sections  
27 50-425, 50-426, 50-427, 50-428, and 79-10,145, Revised Statutes  
28 Cumulative Supplement, 2020.

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