

LEGISLATURE OF NEBRASKA  
ONE HUNDREDTH LEGISLATURE  
SECOND SESSION  
**LEGISLATIVE BILL 1125**

Introduced by Adams, 24.

Read first time January 23, 2008

Committee: Education

A BILL

1 FOR AN ACT relating to early childhood education endowments;  
2 to amend sections 79-1104.01 and 79-1104.02, Revised  
3 Statutes Cumulative Supplement, 2006, and section  
4 79-1104.04, Revised Statutes Supplement, 2007; to change  
5 provisions relating to funds; to eliminate references to  
6 educational service units; to change provisions relating  
7 to membership on a board of trustees; and to repeal the  
8 original sections.  
9 Be it enacted by the people of the State of Nebraska,

1                   Section 1. Section 79-1104.01, Revised Statutes  
2 Cumulative Supplement, 2006, is amended to read:

3                   79-1104.01 (1) Within ninety days after July 14, 2006,  
4 the State Department of Education shall request proposals from  
5 private endowments with experience in managing public and private  
6 funds for the benefit of children and families in multiple  
7 locations in Nebraska to be the endowment provider for the Nebraska  
8 Early Childhood Education Endowment upon the terms set forth in  
9 this section.

10                   (2) An endowment seeking to become the endowment provider  
11 for the Nebraska Early Childhood Education Endowment shall agree  
12 to:

13                   (a) Irrevocably commit, subject to subdivision (4)(a) of  
14 this section, no less than twenty million dollars in a private  
15 endowment to be used solely as part of the Nebraska Early Childhood  
16 Education Endowment within five years after the effective date of  
17 the endowment agreement, of which no less than five million dollars  
18 shall be pledged on the effective date of the endowment agreement.  
19 A minimum of one million dollars shall be placed in the private  
20 endowment prior to December 31, 2006, and a minimum of five million  
21 dollars shall be placed in the private endowment prior to June 30,  
22 2007;

23                   (b) Commit all ~~interest, earnings, and proceeds~~ earnings  
24 deposited from such private endowment for deposit into the Early  
25 Childhood Education Endowment Cash Fund;

1           (c) Permit the board of trustees to determine the  
2 allocation of funds from the Early Childhood Education Endowment  
3 Cash Fund pursuant to section 79-1104.02; and

4           (d) Submit to the State Department of Education an  
5 annual financial statement of the private endowment, audited by  
6 an independent auditor and complying with all applicable Internal  
7 Revenue Service requirements. The financial statement shall report  
8 details on the private endowment, including the current value  
9 of the corpus and the annual receipts to the private endowment  
10 categorized by donations and interests, together with a report  
11 listing the amount and purpose of expenditures from the private  
12 endowment.

13           (3) Upon selection of an endowment provider, the State  
14 Department of Education and such endowment provider shall enter  
15 into an endowment agreement pursuant to which the state and the  
16 endowment provider will agree to deposit funds as provided in  
17 subsection (4) of this section.

18           (4) (a) Upon the effective date of an endowment agreement,  
19 the state shall provide for the Early Childhood Education  
20 Endowment Fund, which is hereby created, in accordance with section  
21 79-1104.05. Any money in the fund available for investment shall be  
22 invested by the state investment officer pursuant to the Nebraska  
23 Capital Expansion Act and the Nebraska State Funds Investment Act.  
24 The endowment agreement may provide that the obligations of the  
25 endowment provider will terminate if the funds allocated to the

1 Early Childhood Education Endowment Fund pursuant to subsection  
2 (11) of section 84-612 terminate as set forth in such section and  
3 are not replaced by a minimum of forty million dollars from another  
4 source on and after July 1, 2007.

5 (b) All interest, earnings, and proceeds from the Early  
6 Childhood Education Endowment Fund shall be deposited in the Early  
7 Childhood Education Endowment Cash Fund, which is hereby created.  
8 Any money in the fund available for investment shall be invested  
9 by the state investment officer pursuant to the Nebraska Capital  
10 Expansion Act and the Nebraska State Funds Investment Act. All  
11 interest, earnings, and proceeds from the Early Childhood Education  
12 Endowment Cash Fund shall be retained in such fund.

13 (c) Upon the effective date of an endowment agreement,  
14 the endowment provider shall deposit the amounts set forth in the  
15 endowment agreement into a private endowment for the sole benefit  
16 of the Early Childhood Education Endowment Fund. Money in the  
17 private endowment shall be managed by the endowment provider in  
18 accordance with sound, professional, fiduciary practices and in  
19 accordance with the endowment agreement.

20 (d) ~~All interest, earnings, and proceeds~~ Earnings  
21 deposited from the private endowment shall be deposited into  
22 the Early Childhood Education Endowment Cash Fund ~~no less than~~  
23 quarterly. at least annually or as the endowment agreement  
24 provides.

25 Sec. 2. Section 79-1104.02, Revised Statutes Cumulative

1 Supplement, 2006, is amended to read:

2           79-1104.02 (1) The Early Childhood Education Endowment  
3 Cash Fund, consisting of the interest, earnings, and proceeds from  
4 the Early Childhood Education Endowment Fund and the ~~interest,~~  
5 ~~earnings,~~ and ~~proceeds~~ from the private endowment created by the  
6 endowment provider, and any additional private donations made  
7 directly thereto, shall be used exclusively to provide funds for  
8 the Early Childhood Education Grant Program for at-risk children  
9 from birth to age three as set forth in this section.

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

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

25           (4) Programs shall be funded across the state and in

1 urban and rural areas to the fullest extent possible.

2 (5) Each program selected for a grant pursuant to this  
3 section shall meet the requirements described in subsection (2)  
4 of section 79-1103, except that the periodic evaluations of the  
5 program are to be specified by the board of trustees and the  
6 programs need not include continuity with programs in kindergarten  
7 and elementary grades and need not include instructional hours  
8 that are similar to or less than the instructional hours for  
9 kindergarten.

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

16 Sec. 3. Section 79-1104.04, Revised Statutes Supplement,  
17 2007, is amended to read:

18 79-1104.04 (1) The board of trustees shall include the  
19 following six members:

20 (a) The Commissioner of Education or his or her designee;

21 (b) The chief executive officer of the Department of  
22 Health and Human Services or his or her designee; and

23 (c) The following persons appointed by the Governor, in  
24 his or her discretion:

25 (i) Two persons nominated by the endowment provider;

1           (ii) An early childhood professional representing an  
2 urban at-risk area appointed pursuant to subsection (5) of this  
3 section; and

4           (iii) An early childhood professional representing a  
5 rural at-risk county appointed pursuant to subsection (6) of this  
6 section.

7           (2) The terms of office for members initially appointed  
8 under subsection (1) of this section shall be three years. Upon  
9 completion of the initial terms of such members, the Governor shall  
10 appoint the two members under subdivision (1)(c)(i) of this section  
11 for terms of one and two years, the member under subdivision  
12 (1)(c)(ii) of this section for a term of three years, and the  
13 member under subdivision (1)(c)(iii) of this section for a term of  
14 two years. Succeeding appointees shall be appointed for terms of  
15 three years. An appointee to a vacancy occurring from an unexpired  
16 term shall serve out the term of his or her predecessor. Members  
17 whose terms have expired shall continue to serve until their  
18 successors have been appointed and qualified.

19           (3) The board of trustees shall by majority vote annually  
20 elect a chairperson from among the members of the board of  
21 trustees.

22           (4) The members of the board of trustees shall be  
23 reimbursed for their actual and necessary expenses incurred while  
24 engaged in the performance of their official duties as provided in  
25 sections 81-1174 to 81-1177.

1           (5) The Governor shall, in his or her discretion,  
2 appoint one member to the board of trustees who resides or  
3 works in ~~identify~~ an at-risk urban area consisting of not less  
4 than ten contiguous census tracts, as determined by the United  
5 States Bureau of the Census for the 2000 United States Census,  
6 within a city of the metropolitan class, which each contain a  
7 percentage of families below the poverty line of greater than  
8 twenty percent, as reported by the United States Bureau of the  
9 Census for the 2000 United States Census. ~~The Governor shall~~  
10 ~~request that a committee,~~ consisting of ~~(a) the member of the~~  
11 ~~Legislature representing the district containing the preponderance~~  
12 ~~of geographic area of such at-risk area,~~ ~~(b) the member of the~~  
13 ~~board of county commissioners representing the district containing~~  
14 ~~the preponderance of geographic area of such at-risk area,~~ and ~~(c)~~  
15 ~~the member of the city council representing the district containing~~  
16 ~~the preponderance of geographic area of such at-risk area,~~ develop  
17 a list of not less than two and not more than four nominees for  
18 appointment to the board of trustees. Upon receipt of a list of  
19 nominees signed by at least two members of the committee, the  
20 Governor shall, in his or her discretion, appoint a member to the  
21 board of trustees from such list of nominees.

22           (6) The Governor shall, in his or her discretion, appoint  
23 one member to the board of trustees who resides or works in a  
24 county which does not contain a city of the metropolitan class or  
25 a city of the primary class and which contains a percentage of



1 families below the poverty line of greater than eight and one-half  
2 percent, as reported by the United States Bureau of the Census for  
3 the 2000 United States Census.

4           Sec. 4. Original sections 79-1104.01 and 79-1104.02,  
5 Revised Statutes Cumulative Supplement, 2006, and section  
6 79-1104.04, Revised Statutes Supplement, 2007, are repealed.