

LEGISLATURE OF NEBRASKA  
ONE HUNDREDTH LEGISLATURE  
FIRST SESSION  
**LEGISLATIVE BILL 601**

Introduced by Raikes, 25

Read first time January 17, 2007

Committee: Education

A BILL

1 FOR AN ACT relating to educational service units; to amend sections  
2 79-1201, 79-1201.01, and 79-1241, Reissue Revised  
3 Statutes of Nebraska, sections 79-1018.01, 79-1223,  
4 79-1233, 79-1304, 79-1334, 79-1335, 79-1336, 79-1337,  
5 86-515, and 86-5,100, Revised Statutes Cumulative  
6 Supplement, 2006, and section 79-1028, Revised Statutes  
7 Cumulative Supplement, 2006, as affected by Referendum  
8 2006, No. 422; to create and provide duties for  
9 the Educational Service Unit Coordinating Council; to  
10 eliminate provisions relating to the Distance Education  
11 Council; to harmonize provisions; to provide operative  
12 dates; to repeal the original sections; and to outright  
13 repeal sections 79-1332 and 79-1333, Revised Statutes  
14 Cumulative Supplement, 2006.

LB 601

LB 601

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

1           Section 1. Section 79-1018.01, Revised Statutes  
2 Cumulative Supplement, 2006, is amended to read:

3           79-1018.01 Local system formula resources include other  
4 actual receipts available for the funding of general fund operating  
5 expenditures as determined by the department for the second school  
6 fiscal year immediately preceding the school fiscal year in which  
7 aid is to be paid, except that receipts from the Community  
8 Improvements Cash Fund, receipts acquired pursuant to the Low-Level  
9 Radioactive Waste Disposal Act, and, beginning with the calculation  
10 of state aid to be distributed in school fiscal year 2004-05,  
11 tuition receipts from converted contracts shall not be included.  
12 Other actual receipts include:

13           (1) Public power district sales tax revenue;

14           (2) Fines, penalties, and license money distributed in  
15 accordance with Article VII, section 5, of the Constitution of  
16 Nebraska; and license fees;

17           (3) Tuition receipts from individuals, other districts,  
18 or any other source except receipts derived from adult education,  
19 tuition receipts from converted contracts, and receipts from  
20 educational entities as defined in section 79-1332 for providing  
21 distance education courses through the Distance Education Council  
22 until July 1, 2008, and the Educational Service Unit Coordinating  
23 Council on and after July 1, 2008, to such educational entities;

24           (4) Transportation receipts;

25           (5) Interest on investments;

1           (6) Other miscellaneous noncategorical local receipts,  
2 not including receipts from private foundations, individuals,  
3 associations, or charitable organizations;

4           (7) Special education receipts, excluding grant funds  
5 received pursuant to section 9-812;

6           (8) Special education receipts and non-special education  
7 receipts from the state for wards of the court and wards of the  
8 state;

9           (9) All receipts from the temporary school fund.  
10 Beginning with the calculation of aid for school fiscal year  
11 2002-03 and each school fiscal year thereafter, receipts from  
12 the temporary school fund shall only include receipts pursuant  
13 to section 79-1035 and the receipt of funds pursuant to section  
14 79-1036 for property leased for a public purpose as set forth in  
15 subdivision (1)(a) of section 77-202;

16           (10) Motor vehicle tax receipts received on or after  
17 January 1, 1998;

18           (11) Pro rata motor vehicle license fee receipts;

19           (12) Other miscellaneous state receipts excluding revenue  
20 from the textbook loan program authorized by section 79-734;

21           (13) Impact aid entitlements for the school fiscal year  
22 which have actually been received by the district to the extent  
23 allowed by federal law;

24           (14) All other noncategorical federal receipts;

25           (15) All receipts pursuant to the enrollment option

1 program under sections 79-232 to 79-246;

2 (16) Receipts under the federal Medicare Catastrophic  
3 Coverage Act of 1988, as such act existed on May 8, 2001, as  
4 authorized pursuant to sections 43-2510 and 43-2511 but only to the  
5 extent of the amount the local system would have otherwise received  
6 pursuant to the Special Education Act; and

7 (17) Receipts for accelerated or differentiated  
8 curriculum programs pursuant to sections 79-1106 to 79-1108.03.

9 Sec. 2. Section 79-1028, Revised Statutes Cumulative  
10 Supplement, 2006, as affected by Referendum 2006, No. 422, is  
11 amended to read:

12 79-1028 (1) A Class II, III, IV, V, or VI school  
13 district may exceed its applicable allowable growth rate for (a)  
14 expenditures in support of a service which is the subject of  
15 an agreement or a modification of an existing agreement whether  
16 operated by one of the parties to the agreement or an independent  
17 joint entity or joint public agency, (b) expenditures to pay for  
18 repairs to infrastructure damaged by a natural disaster which is  
19 declared a disaster emergency pursuant to the Emergency Management  
20 Act, (c) expenditures to pay for judgments, except judgments  
21 or orders from the Commission of Industrial Relations, obtained  
22 against a school district which require or obligate a school  
23 district to pay such judgment, to the extent such judgment is not  
24 paid by liability insurance coverage of a school district, (d)  
25 expenditures to pay for sums agreed to be paid by a school district

1 to certificated employees in exchange for a voluntary termination  
 2 of employment, or (e) expenditures to pay for lease-purchase  
 3 contracts approved on or after July 1, 1997, and before July  
 4 1, 1998, to the extent the lease payments were not budgeted  
 5 expenditures for fiscal year 1997-98.

6 (2) A Class II, III, IV, V, or VI district may exceed its  
 7 applicable allowable growth rate by a specific dollar amount if the  
 8 district projects an increase in formula students in the district  
 9 over the current school year greater than twenty-five students  
 10 or greater than those listed in the schedule provided in this  
 11 subsection, whichever is less. Districts shall project increases  
 12 in formula students on forms prescribed by the department. The  
 13 department shall approve, deny, or modify the projected increases.

14	Average daily	Projected increase
15	membership of	of formula students
16	district	by percentage
17	0 - 50	10
18	50.01 - 250	5
19	250.01 - 1,000	3
20	1,000.01 and over	1

21 The department shall compute the district's estimated  
 22 allowable budget per pupil using the budgeted general fund  
 23 expenditures found on the budget statement for the current school  
 24 year divided by the number of formula students in the current  
 25 school year and multiplied by the district's applicable allowable

1 growth rate. The resulting allowable budget per pupil shall be  
2 multiplied by the projected formula students to arrive at the  
3 estimated budget needs for the ensuing year. The department  
4 shall allow the district to increase its general fund budget  
5 of expenditures for the ensuing school year by the amount  
6 necessary to fund the estimated budget needs of the district  
7 as computed pursuant to this subsection. On or before July  
8 1, the department shall make available to districts which have  
9 been allowed additional growth pursuant to this subsection the  
10 necessary document to recalculate the actual formula students of  
11 such district. Such document shall be filed with the department  
12 under subsection (1) of section 79-1024.

13 (3) A Class II, III, IV, V, or VI district may exceed  
14 its applicable allowable growth rate by a specific dollar amount  
15 if construction, expansion, or alteration of district buildings  
16 will cause an increase in building operation and maintenance  
17 costs of at least five percent. The department shall document  
18 the projected increase in building operation and maintenance costs  
19 and may allow a Class II, III, IV, V, or VI district to exceed  
20 its applicable allowable growth rate by the amount necessary to  
21 fund such increased costs. The department shall compute the actual  
22 increased costs for the school year and shall notify the district  
23 on or before July 1 of the recovery of the additional growth  
24 pursuant to this subsection.

25 (4) A Class II, III, IV, V, or VI district may exceed its

1 applicable allowable growth rate by a specific dollar amount if the  
2 district demonstrates to the satisfaction of the department that  
3 it will exceed its applicable allowable growth rate as a result  
4 of costs pursuant to the Retirement Incentive Plan authorized  
5 in section 79-855 or the Staff Development Assistance authorized  
6 in section 79-856. The department shall compute the amount by  
7 which the increased cost of such program or programs exceeds the  
8 district's applicable allowable growth rate and shall allow the  
9 district to increase its general fund expenditures by such amount  
10 for that fiscal year.

11 (5) A Class II, III, IV, or V district may exceed its  
12 applicable allowable growth rate by the specific dollar amount of  
13 incentive payments or base fiscal year incentive payments to be  
14 received in such school fiscal year pursuant to section 79-1011.

15 (6) A Class II, III, IV, V, or VI district may exceed  
16 its applicable allowable growth rate by a specific dollar amount  
17 in any year for which the state aid calculation for the local  
18 system includes students in the qualified early childhood education  
19 fall membership of the district for the first time or for a year  
20 in which an early childhood education program of the district is  
21 receiving an expansion grant. The department shall compute the  
22 amount by which the district may exceed the district's applicable  
23 allowable growth rate by multiplying the cost grouping cost  
24 per student for the applicable cost grouping by the district's  
25 adjusted formula students attributed to early childhood education



1 programs if students are included in the district's qualified  
2 early childhood education fall membership for the first time or by  
3 the district's adjusted formula students attributed to such early  
4 childhood education programs minus the district's adjusted formula  
5 students attributed to such early childhood education programs for  
6 the prior school fiscal year if a program is receiving an expansion  
7 grant in the school fiscal year for which the fall membership is  
8 measured. The department shall allow the district to increase its  
9 general fund expenditures by such amount for such school fiscal  
10 year.

11 (7) For school fiscal year 2005-06, a Class II, III, IV,  
12 V, or VI district may exceed its applicable allowable growth rate  
13 by a specific dollar amount not to exceed seventy-four hundredths  
14 percent of the amount budgeted for employee salaries for such  
15 school fiscal year. For school fiscal year 2006-07, a Class II,  
16 III, IV, V, or VI district may exceed its applicable allowable  
17 growth rate by a specific dollar amount not to exceed fifty-nine  
18 hundredths percent of the amount budgeted for employee salaries for  
19 such school fiscal year.

20 (8) A Class II, III, IV, or V district that is a  
21 member of a learning community may exceed its applicable allowable  
22 growth rate for the first school fiscal year in which the school  
23 district will be a member of a learning community for the full  
24 school fiscal year by an amount equal to anticipated increases in  
25 transportation expenditures necessary to meet the requirements of

1 subsection (2) of section 79-611 as approved by the department. The  
2 department shall approve, deny, or modify the amount allowed  
3 for anticipated increases in transportation expenditures. The  
4 department shall compute the actual increase in transportation  
5 expenditures necessary to meet the requirements of subsection (2)  
6 of section 79-611 for such school fiscal year and shall, if needed,  
7 modify the district's applicable allowable growth rate for the  
8 ensuing school fiscal year.

9 (9) For school fiscal year 2008-09, a Class II, III,  
10 IV, or V district may exceed its applicable allowable growth  
11 rate by a specific dollar amount if the sum of the poverty  
12 allowance, elementary class size allowance, focus school and  
13 program allowance, and limited English proficiency allowance for  
14 the school district for school fiscal year 2008-09 exceeds the  
15 poverty weightings plus limited English proficiency weightings  
16 multiplied by the cost grouping cost per student for the school  
17 district for school fiscal year 2007-08. The department shall  
18 compute the amount by which the district may exceed the applicable  
19 allowable growth rate by subtracting the product of the sum of  
20 the poverty weightings and limited English proficiency weightings  
21 for school fiscal year 2007-08 multiplied by the average formula  
22 cost per student in the school district's cost grouping for school  
23 fiscal year 2007-08 from the sum of the school fiscal year 2008-09  
24 poverty allowance, elementary class size allowance, focus school  
25 and program allowance, and limited English proficiency allowance

1 for the school district. The department shall allow the district to  
2 increase its general fund expenditures by such amount for school  
3 fiscal year 2008-09.

4 (10) For school fiscal year 2009-10 and each school  
5 fiscal year thereafter, a Class II, III, IV, or V district may  
6 exceed its applicable allowable growth rate by a specific dollar  
7 amount if the sum of the poverty allowance, elementary class size  
8 allowance, focus school and program allowance, and limited English  
9 proficiency allowance for the school district has grown at a rate  
10 higher than the applicable allowable growth rate of the district.  
11 The department shall compute the amount by which the district  
12 may exceed the applicable allowable growth rate by subtracting  
13 the product of the sum of the poverty allowance, elementary class  
14 size allowance, focus school and program allowance, and limited  
15 English proficiency allowance for the immediately preceding school  
16 fiscal year multiplied by the sum of one plus the applicable  
17 allowable growth rate to be exceeded from the sum of the poverty  
18 allowance, elementary class size allowance, focus school and  
19 program allowance, and limited English proficiency allowance for  
20 the district for the school fiscal year for which the applicable  
21 allowable growth rate would be exceeded. The department shall allow  
22 the district to increase its general fund expenditures by such  
23 amount for the applicable school fiscal year.

24 (11) A Class II, III, IV, or V school district may  
25 exceed its applicable allowable growth rate by a specific dollar

1 amount not to exceed the amount received during such school fiscal  
2 year from educational entities as defined in section 79-1332 for  
3 providing distance education courses through the Distance Education  
4 Council until July 1, 2008, and the Educational Service Unit  
5 Coordinating Council on and after July 1, 2008, to such educational  
6 entities.

7 (12) A Class II, III, IV, or V school district may exceed  
8 its applicable allowable growth rate for school fiscal year 2007-08  
9 by a specific dollar amount equal to the amount paid in school  
10 fiscal year 2006-07 to any distance education consortium in which  
11 the school district was participating pursuant to an interlocal  
12 agreement.

13 Sec. 3. Section 79-1201, Reissue Revised Statutes of  
14 Nebraska, is amended to read:

15 79-1201 Sections 79-1201 to 79-1244 and sections 5 to 9  
16 of this act shall be known and may be cited as the Educational  
17 Service Units Act.

18 Sec. 4. Section 79-1201.01, Reissue Revised Statutes of  
19 Nebraska, is amended to read:

20 79-1201.01 For purposes of the Educational Service Units  
21 Act:

22 (1) Distance education course means a course with at  
23 least one student in any of grades kindergarten through twelve  
24 who is in a different location than the teacher and taught by a  
25 teacher employed by an educational entity either utilizing two-way

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

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

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

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

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

23 ~~(1)~~ (6) Technical training means training to equip  
24 educators with knowledge about the skills and tools necessary  
25 to infuse technological resources and software applications into

1 the curriculum to be used in classrooms with and by students  
2 and includes, but is not limited to, computer workstation  
3 troubleshooting, distance education, educational software, Internet  
4 resources, local area network management, multimedia presentation  
5 tools, and strategic planning;

6 ~~(2)~~ (7) Technology includes technical training and  
7 technology infrastructure; ~~and~~

8 ~~(3)~~ (8) Technology infrastructure means hardware-related  
9 items necessary for schools to interact electronically throughout  
10 the state, including, but not limited to, physical connections,  
11 wiring, servers, routers, switches, domain name service, and  
12 operating systems and human resources necessary to maintain  
13 infrastructure, including, but not limited to, systems engineers,  
14 programmers, webmasters, and help desk staff; ~~and -~~

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

20 Sec. 5. The Educational Service Unit Coordinating Council  
21 is created as of July 1, 2008. On such date the assets and  
22 liabilities of the Distance Education Council shall be transferred  
23 to the Educational Service Unit Coordinating Council. The council  
24 shall coordinate distance education in Nebraska. The council shall  
25 be composed of one administrator from each educational service

1 unit. The council shall be funded from one percent of the  
2 core services funding appropriated pursuant to section 79-1241,  
3 appropriations by the Legislature for distance education, and fees  
4 established for services provided to educational entities.

5           Sec. 6. (1) The Educational Service Unit Coordinating  
6 Council shall work toward statewide coordination to provide the  
7 most cost-effective services for the students, teachers, and school  
8 districts in each educational service unit area. The council's  
9 duties include, but are not limited to:

10           (a) Preparation of strategic plans to assure the  
11 cost-efficient and equitable delivery of services across the state;

12           (b) Administration of statewide initiatives and provision  
13 of statewide services; and

14           (c) Coordination of distance education.

15           (2) All activities conducted by the council shall be  
16 conducted in accordance with the Open Meetings Act. This section  
17 does not require or provide for state control of the operations  
18 of any educational service unit area or abridge the governance  
19 ability, rights, or responsibilities of any educational service  
20 unit board.

21           Sec. 7. The Educational Service Unit Coordinating Council  
22 shall appoint a council director and a distance education director  
23 who shall hold office at the pleasure of the council, except  
24 that the person serving as the administrator of the Distance  
25 Education Council before the operative date of this section shall

1 be the initial distance education director under this section. The  
2 directors shall receive such salaries as the council determines.  
3 The directors shall be reimbursed for their actual expenses  
4 incurred in the performance of their duties as provided in sections  
5 81-1174 to 81-1177.

6 The directors shall perform duties as the council directs  
7 and shall not be members of the council. The council may also  
8 appoint or retain such other persons as it may deem necessary for  
9 the performance of its functions and shall prescribe their duties,  
10 fix their compensation, and provide for reimbursement of their  
11 actual and necessary expenses as provided in sections 81-1174 and  
12 81-1177 within the amounts available in the budget of the council.

13 Sec. 8. Section 79-1334, Revised Statutes Cumulative  
14 Supplement, 2006, is amended to read:

15 ~~79-1334~~ The powers and duties of the Distance Education  
16 Educational Service Unit Coordinating Council include, but are not  
17 limited to:

18 (1) Providing public access to lists of qualified  
19 distance education courses;

20 (2) Collecting and providing school schedules for  
21 participating educational entities;

22 (3) Facilitation of scheduling for qualified distance  
23 education courses;

24 (4) Brokering of qualified distance education courses to  
25 be purchased by educational entities;



1                   (5) Assessment of distance education needs and evaluation  
2 of distance education services;

3                   (6) Compliance with technical standards as set forth  
4 by the Nebraska Information Technology Commission and academic  
5 standards as set forth by the State Department of Education related  
6 to distance education;

7                   (7) Establishment of a system for prioritizing courses if  
8 the demand for Network Nebraska exceeds the capacity available for  
9 distance education and for choosing receiving educational entities  
10 when the demand for a course exceeds the capacity as determined by  
11 either the technology available or the course provider;

12                   (8) Scheduling and prioritization for access to Network  
13 Nebraska by educational entities in cooperation with the Chief  
14 Information Officer and using scheduling software or scheduling  
15 services which meet any applicable standards established by the  
16 commission;

17                   (9) Administration of learning management systems that  
18 are in compliance with any applicable standards of the commission  
19 either through the staff of the council or by delegation to an  
20 appropriate educational entity with the funding for such systems  
21 provided by participating educational entities; and

22                   (10) Coordination with educational service units and  
23 postsecondary educational institutions to provide assistance for  
24 instructional design for both two-way interactive video distance  
25 education courses and the offering of graduate credit courses in

1 distance education.

2           Sec. 9. Section 79-1335, Revised Statutes Cumulative  
3 Supplement, 2006, is amended to read:

4           ~~79-1335~~ The ~~Distance Education~~ Educational Service Unit  
5 Coordinating Council shall only provide assistance in brokering  
6 or scheduling courses to educational entities that have access  
7 to Network Nebraska. All costs to the council associated with  
8 assisting private, denominational, or parochial schools and  
9 private postsecondary educational institutions shall be paid by  
10 such private, denominational, or parochial school or private  
11 postsecondary educational institution. Any services of the council  
12 may also be offered to other public entities with access to  
13 Network Nebraska on a contractual basis. The council shall not  
14 approve technology purchases for the council in excess of ten  
15 thousand dollars without approval of the technical panel of the  
16 Nebraska Information Technology Commission that the purchases are  
17 in compliance with any applicable commission standards.

18           Sec. 10. Section 79-1223, Revised Statutes Cumulative  
19 Supplement, 2006, is amended to read:

20           79-1223 In order to carry out the purposes provided in  
21 section 79-1204, educational service units may purchase, lease,  
22 or lease-purchase real estate, equipment, supplies, services,  
23 and personal property for their own use. Educational service  
24 units may, either individually or collectively, purchase, lease,  
25 lease-purchase, or act as purchase agent for administrative and

1 instructional supplies, instructional equipment, instructional  
2 services, and personal property for resale only to educational  
3 entities, ~~as defined in section 79-1332.~~ When an educational  
4 service unit advertises for bids for administrative or  
5 instructional supplies, instructional equipment, instructional  
6 services, and personal property, acceptance of any bid submitted  
7 to the educational service unit shall obligate the educational  
8 service unit to award the contract in accordance with the plans  
9 and specifications and in the quantities set forth in the bid  
10 documents.

11           Sec. 11. Section 79-1233, Revised Statutes Cumulative  
12 Supplement, 2006, is amended to read:

13           79-1233 Each educational service unit shall provide  
14 access for all school districts within the geographical area  
15 served by the unit to telecomputing resources, which shall include  
16 the capacity to receive and transmit distance education courses  
17 on at least a regional basis beginning on or before August 1,  
18 2007, through the installation of necessary equipment at each  
19 educational service unit location or through interlocal agreements  
20 with other educational service units and shall provide support for  
21 training users to meet their specific telecomputing and distance  
22 education needs. School districts may annually elect prior to a  
23 date determined by the educational service unit not to connect to  
24 such telecomputing resources. Each educational service unit shall  
25 also develop, with the State Department of Education, a plan which

1 provides for connecting the telecomputing and distance education  
2 equipment of such school districts with the telecomputing and  
3 distance education equipment of the unit.

4           The leasing or purchase of and planning for telecomputing  
5 or distance education equipment and software for the educational  
6 service units shall meet the minimum standards as set by the  
7 Nebraska Information Technology Commission. The Chief Information  
8 Officer shall bid for such equipment and software and shall allow  
9 educational entities as defined in ~~section 79-1332~~ to participate  
10 in such statewide leasing or purchasing contracts. Educational  
11 service units may enter into agreements pursuant to the Interlocal  
12 Cooperation Act and the Joint Public Agency Act to carry out this  
13 section. Such agreements may include, but need not be limited  
14 to, provisions requiring any school district having telecomputing  
15 or distance education equipment connected to the educational  
16 service unit's telecomputing or distance education equipment to  
17 pay periodic fees necessary to cover the cost of such usage.

18           Sec. 12. Section 79-1241, Reissue Revised Statutes of  
19 Nebraska, is amended to read:

20           79-1241 (1) Funds For fiscal year 2008-09 and each fiscal  
21 year thereafter, one percent of the funds appropriated for core  
22 services shall be set aside for the Educational Service Unit  
23 Coordinating Council.

24           (2) For fiscal years prior to 2008-09, the funds  
25 appropriated for core services, and for fiscal year 2008-09

1 and each fiscal year thereafter, the remainder of the funds  
2 appropriated for core services shall be distributed proportionally  
3 to each educational service unit by the State Department of  
4 Education based on the fall membership in member districts in the  
5 preceding school fiscal year, except that no educational service  
6 unit shall receive less than two and one-half percent of the funds  
7 appropriated for core services.

8           ~~(2)~~ (3) Any funds appropriated for distribution pursuant  
9 to subsection (2) of this section ~~for school fiscal year 2003-04~~  
10 ~~and each school fiscal year thereafter~~ shall be distributed in  
11 ten as nearly as possible equal payments on the first business  
12 day of each month beginning in September of each school fiscal  
13 year and ending in June. Funds distributed pursuant to subsection  
14 (2) of this section shall be used for core services with the  
15 approval of representatives of two-thirds of the member school  
16 districts, representing a majority of the students in the member  
17 school districts. If a member school district provides evidence  
18 satisfactory to the educational service unit that the district  
19 will provide core services for itself in a cost-efficient manner,  
20 the educational service unit may distribute funds directly to the  
21 district to be used for providing core services, or if all member  
22 school districts within the boundaries of an educational service  
23 unit together provide evidence satisfactory to the State Department  
24 of Education that the districts will provide core services for  
25 themselves in a more cost-efficient manner than the educational

1 service unit, the department shall distribute funds directly to the  
2 districts to be used for providing core services.

3 ~~(3)~~ (4) If two or more educational service units merge,  
4 the resulting merged educational service unit shall, for each  
5 of the two fiscal years following the fiscal year in which the  
6 merger takes place, receive core services funds under subsection  
7 (2) of this section in an amount not less than the total of the  
8 core services funds that each of the merging educational service  
9 units received in the fiscal year immediately preceding the merger,  
10 except that if the appropriation for core services funds for either  
11 of the two fiscal years following the fiscal year in which the  
12 merger takes place is less than the appropriation for such funds  
13 for the fiscal year immediately preceding the merger, core services  
14 funds shall be reduced by a percentage equal to the ratio of the  
15 difference of such appropriation for the fiscal year immediately  
16 preceding the merger minus the appropriation for the fiscal year  
17 in question divided by the appropriation for the fiscal year  
18 immediately preceding the merger. Thereafter the distribution of  
19 core services funds to the merged educational service unit shall be  
20 as provided in subsection ~~(1)~~ (2) of this section.

21 Sec. 13. Section 79-1336, Revised Statutes Cumulative  
22 Supplement, 2006, is amended to read:

23 79-1336 (1) For fiscal years 2007-08 through 2013-14,  
24 the State Department of Education shall provide distance education  
25 equipment reimbursement to school districts and educational service

1 units from the Education Innovation Fund as provided in this  
2 section. Such reimbursements shall be for hardware or software  
3 purchased after July 14, 2006, for use in distance education  
4 and shall be limited to a total through fiscal year 2013-14 of  
5 twenty thousand dollars multiplied by the number of high school  
6 buildings for each school district and twenty thousand dollars  
7 for each educational service unit. The reimbursements may include  
8 installation costs for such hardware or software. Applications  
9 shall be accepted by the department beginning in the first year  
10 that the school district or the educational service unit accesses  
11 Network Nebraska and ending June 30, 2013. Applications shall be  
12 submitted on or before July 1 of each year on a form specified by  
13 the department and shall include:

14 (a) A description of the hardware or software purchased  
15 and how the hardware or software will be used for distance  
16 education;

17 (b) Copies of receipts for the purchases to be  
18 reimbursed; and

19 (c) For school districts, a commitment to either send  
20 or receive two-way interactive video distance education courses  
21 through the Distance Education Council until July 1, 2008, and the  
22 Educational Service Unit Coordinating Council on and after July  
23 1, 2008, each semester, or the equivalent of two semester courses  
24 each year, for four years and to apply for distance education  
25 incentives pursuant to section 79-1337 or to provide any other

1 evidence required by the department to show that the commitment was  
2 met.

3 (2) On or before August 1 of each year, the department  
4 shall certify the reimbursements to be paid to each school district  
5 or educational service unit on or before September 1 of each year.

6 (3) The department shall use the applications for  
7 distance education incentives submitted pursuant to section 79-1337  
8 and any other information requested by the department pursuant to  
9 rules and regulations of the department to verify that each school  
10 district that received a reimbursement completes the commitment to  
11 either send or receive two-way interactive video distance education  
12 courses through the ~~Distance Education Council~~ council for four  
13 years. Any school district failing to complete such commitment  
14 shall repay the Education Innovation Fund for the amount of any  
15 reimbursements received pursuant to this section. On or before  
16 September 1 of each year, the department shall notify any school  
17 district failing to complete the commitment for the prior school  
18 year that repayment of the reimbursement is required and the  
19 amount of such repayment. Repayments shall be due on or before the  
20 immediately following December 31. Late repayments shall accrue  
21 interest at the rate prescribed in section 45-104.02 from the date  
22 of the initial reimbursement.

23 (4) On or before October 1 of each year, a school  
24 district or educational service unit may appeal the denial of  
25 reimbursements or a school district may appeal the requirement to



1 repay reimbursements to the State Board of Education. The board  
2 shall allow a representative of the school district or educational  
3 service unit an opportunity to present information concerning the  
4 appeal to the board at the November board meeting. If the board  
5 finds that the department denied the reimbursement in error, the  
6 department shall pay the district or educational service unit from  
7 the Education Innovation Fund as soon as practical the amount which  
8 was denied in error. If the board finds that the department erred  
9 in notifying a school district that a reimbursement is required to  
10 be repaid, such notification shall be void.

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

13 Sec. 14. Section 79-1337, Revised Statutes Cumulative  
14 Supplement, 2006, is amended to read:

15 79-1337 (1) For fiscal years 2007-08 through 2015-16,  
16 the State Department of Education shall provide distance education  
17 incentives from the Education Innovation Fund to school districts  
18 and educational service units for qualified distance education  
19 courses and coordinated through the Distance Education Council  
20 until July 1, 2008, and the Educational Service Unit Coordinating  
21 Council on and after July 1, 2008, as provided in this section.

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

25 (a) For school districts, specify (i) the qualified

1 distance education courses which were received by students in the  
2 membership of the district in the then-current school fiscal year  
3 and which were not taught by a teacher employed by the school  
4 district and (ii) for each such course (A) the number of students  
5 in the membership of the district who received the course, (B)  
6 the educational entity employing the teacher, and (C) whether the  
7 course was a two-way interactive video distance education course;  
8 and

9 (b) For school districts and educational service units,  
10 specify (i) the qualified distance education courses which were  
11 received by students in the membership of another educational  
12 entity in the then-current school fiscal year and which were  
13 taught by a teacher employed by the school district or educational  
14 service unit, (ii) for each such course for school districts,  
15 the number of students in the membership of the district who  
16 received the course, and (iii) for each such course (A) the other  
17 educational entities in which students received the course and how  
18 many students received the course at such educational entities,  
19 (B) any school districts in the sparse cost grouping or the very  
20 sparse cost grouping as described in section 79-1007.02 that had  
21 at least one student in the membership who received the course,  
22 and (C) whether the course was a two-way interactive video distance  
23 education course.

24 (3) On or before September 1 of each year, the department  
25 shall certify the incentives to be paid to each school district and

1 educational service unit on or before October 1 of each year. The  
2 incentives for each district shall be calculated as follows:

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

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

9 (ii) One distance education unit for each qualified  
10 distance education course sent as reported pursuant to subdivision  
11 (2)(b) of this section if the course was not received by at least  
12 one student who was in the membership of another school district  
13 which was in the sparse cost grouping or the very sparse cost  
14 grouping;

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

22 (iv) Two distance education units for each qualified  
23 distance education course sent as reported pursuant to subdivision  
24 (2)(b) of this section if the course was received by at least one  
25 student who was in the membership of another school district which

1 was in the sparse cost grouping or the very sparse cost grouping  
2 and the course was a two-way interactive video distance education  
3 course;

4 (b) The difference of the amount available for  
5 distribution in the Education Innovation Fund on the August 1 when  
6 the applications were due minus any amount to be paid to school  
7 districts pursuant to section ~~79-1336~~ 11 of this act shall be  
8 divided by the number of distance education units to determine the  
9 incentive per distance education unit, except that the incentive  
10 per distance education unit shall not equal an amount greater than  
11 one thousand dollars; and

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

15 (4) The department may verify any or all application  
16 information using annual curriculum reports and may request such  
17 verification from the ~~Distance Education Council.~~ council.

18 (5) On or before October 1 of each year, a school  
19 district or educational service unit may appeal the denial of  
20 incentives for any course by the department to the State Board of  
21 Education. The board shall allow a representative of the school  
22 district or educational service unit an opportunity to present  
23 information concerning the appeal to the board at the November  
24 board meeting. If the board finds that the course meets the  
25 requirements of this section, the department shall pay the district

1 from the Education Innovation Fund as soon as practical in an  
2 amount for which the district or educational service unit should  
3 have qualified based on the incentive per distance education unit  
4 used in the original certification of incentives pursuant to this  
5 section.

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

8 Sec. 15. Section 86-515, Revised Statutes Cumulative  
9 Supplement, 2006, is amended to read:

10 86-515 (1) The Nebraska Information Technology Commission  
11 is created. The commission shall consist of (a) one member  
12 representing elementary and secondary education, (b) one member  
13 representing postsecondary education, (c) the Governor or his or  
14 her designee, (d) one member representing communities, and (e)  
15 five members representing the general public who have experience  
16 in developing strategic plans and making high-level business  
17 decisions. At any time that there is not a member of the ~~Distance~~  
18 ~~Education~~ Educational Service Unit Coordinating Council serving  
19 on the Nebraska Information Technology Commission, the technical  
20 panel established pursuant to section 86-521, or any working groups  
21 established pursuant to sections 86-512 to 86-524 that establish,  
22 coordinate, or prioritize needs for education, the Governor shall  
23 appoint to the commission one member who serves on the ~~Distance~~  
24 ~~Education~~ Educational Service Unit Coordinating Council.

25 (2) The Governor or a designee of the Governor shall

1 serve as chairperson of the commission.

2 (3) The members of the commission shall be appointed by  
3 the Governor with the approval of a majority of the Legislature.  
4 Members of the commission shall serve for terms of four years,  
5 except that two members initially appointed to represent the  
6 general public shall be appointed for a term of two years and any  
7 member appointed to represent the ~~Distance Education~~ Educational  
8 Service Unit Coordinating Council shall be appointed for a term  
9 of one year. Members shall be limited to two consecutive terms.  
10 The Governor or his or her designee shall serve on the commission  
11 for his or her term. Each member shall serve until the appointment  
12 and qualification of his or her successor. In case of a vacancy  
13 occurring prior to the expiration of the term of a member, the  
14 appointment shall be made only for the remainder of the term.

15 (4) Members shall be reimbursed for their actual and  
16 necessary expenses as provided in sections 81-1174 to 81-1177.

17 (5) The commission may employ or designate an executive  
18 director to provide administrative and operational support for  
19 the commission. The Department of Administrative Services and  
20 Nebraska Educational Telecommunications Commission shall assist  
21 with administrative and operational support for the Nebraska  
22 Information Technology Commission as necessary to carry out its  
23 duties.

24 Sec. 16. Section 86-5,100, Revised Statutes Cumulative  
25 Supplement, 2006, is amended to read:

1           86-5,100 The Chief Information Officer, in partnership  
2 with the University of Nebraska, shall develop and maintain a  
3 statewide, multipurpose, high capacity, scalable telecommunications  
4 network to be called Network Nebraska. The network shall consist  
5 of contractual arrangements with providers to meet the demand  
6 of state agencies, local governments, and educational entities  
7 as defined in section ~~79-1332~~, 79-1201.01. Such network shall  
8 provide access to a reliable and affordable infrastructure capable  
9 of carrying a spectrum of services and applications, including  
10 distance education, across the state. The Chief Information Officer  
11 shall provide access to each school district, each educational  
12 service unit, each community college, each state college, and  
13 the University of Nebraska at the earliest feasible date and  
14 no later than July 1, 2012. Access may be provided through  
15 educational service units or other aggregation points. The Chief  
16 Information Officer shall aggregate demand for those state agencies  
17 and educational entities choosing to participate and shall reduce  
18 costs for participants whenever feasible. The Chief Information  
19 Officer shall establish a cost structure based on actual costs plus  
20 administrative expenses and shall charge participants according to  
21 such cost structure.

22           Sec. 17. Sections 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 16,  
23 18, and 20 of this act become operative on July 1, 2008. The other  
24 sections of this act become operative on their effective date.

25           Sec. 18. Original sections 79-1201 and 79-1201.01,

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1 Reissue Revised Statutes of Nebraska, and sections 79-1223,  
2 79-1233, 79-1334, 79-1335, 86-515, and 86-5,100, Revised Statutes  
3 Cumulative Supplement, 2006, are repealed.

4           Sec. 19. Original section 79-1241, Reissue Revised  
5 Statutes of Nebraska, sections 79-1018.01, 79-1336, and 79-1337,  
6 Revised Statutes Cumulative Supplement, 2006, and section 79-1028,  
7 Revised Statutes Cumulative Supplement, 2006, as affected by  
8 Referendum 2006, No. 422, are repealed.

9           Sec. 20. The following sections are outright repealed:  
10 Sections 79-1332 and 79-1333, Revised Statutes Cumulative  
11 Supplement, 2006.