

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1066

FINAL READING

Introduced by Sullivan, 41.

Read first time January 20, 2016

Committee: Education

1 A BILL FOR AN ACT relating to education; to amend sections 79-234,
2 79-237, 79-238, 79-576, 79-607, 79-734, 79-760.03, 79-772, 79-773,
3 79-774, 79-775, 79-1005.01, and 79-1065.01, Reissue Revised Statutes
4 of Nebraska, section 71-1958, Revised Statutes Cumulative
5 Supplement, 2014, and sections 79-8,137.01, 79-8,137.03,
6 79-8,137.04, 79-1003, 79-1028.01, 79-10,143, 79-2110, and 79-2120,
7 Revised Statutes Supplement, 2015; to change provisions relating to
8 the Step Up to Quality Child Care Act, the enrollment option
9 program, school district secretaries, penalties involving school
10 transportation, the textbook loan program, state assessments,
11 expanded-learning experiences, student loan repayment assistance,
12 the Excellence in Teaching Act, the Tax Equity and Educational
13 Opportunities Support Act, free and reduced-price lunches, and
14 learning communities; to rename an act; to provide duties for the
15 State Department of Education; to eliminate support grants for
16 consolidation, a fund, and obsolete provisions relating to the
17 American Recovery and Reinvestment Act percentage; to harmonize
18 provisions; to repeal the original sections; and to outright repeal
19 sections 79-1011, 79-1012, 79-1028.02, and 79-1028.04, Reissue
20 Revised Statutes of Nebraska.

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

1 Section 1. Section 71-1958, Revised Statutes Cumulative Supplement,
2 2014, is amended to read:

3 71-1958 (1) Quality rating criteria shall be used as provided in
4 this section to assign a quality scale rating to each applicable child
5 care or early childhood education program if the program applies under
6 section 71-1957 to participate in the quality rating and improvement
7 system developed pursuant to section 71-1955.

8 (2) Licensure under the Child Care Licensing Act for a program which
9 serves children from birth to kindergarten-entrance age shall be
10 sufficient criteria to be rated at step one.

11 (3) Meeting criteria established by the State Department of
12 Education for a prekindergarten service or prekindergarten program
13 established pursuant to section 79-1104 and reporting to the Nebraska
14 Early Childhood Professional Record System created under section 71-1962
15 shall be sufficient criteria to be rated at step three.

16 (4) Meeting performance standards required by the federal government
17 for a federal Head Start program or Early Head Start program and
18 reporting to the Nebraska Early Childhood Professional Record System
19 created under section 71-1962 shall be sufficient criteria to be rated at
20 step three.

21 (5) Accreditation by a nationally recognized accrediting body
22 approved by the State Department of Education and reporting to the
23 Nebraska Early Childhood Professional Record System created under section
24 71-1962 shall be sufficient criteria to be rated at step three.

25 (6) A participating applicable child care or early childhood
26 education program operating under a provisional license shall have a
27 quality scale rating at step one even if it meets other quality rating
28 criteria. If a participating applicable child care or early childhood
29 education program is at a quality scale rating higher than step one and
30 the program's license is placed on ~~corrective action status~~, disciplinary
31 limitation, probation, or suspension, such program shall have its quality

1 scale rating changed to step one. If an applicable child care or early
2 childhood education program's license is revoked, the program is not
3 eligible to participate in or receive a quality scale rating under the
4 quality rating and improvement system until the program has an operating
5 license which is in full force and effect.

6 Sec. 2. Section 79-234, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 79-234 (1) An enrollment option program is hereby established to
9 enable any kindergarten through twelfth grade Nebraska student to attend
10 a school in a Nebraska public school district in which the student does
11 not reside subject to the limitations prescribed in section 79-238. The
12 option shall be available only once to each student prior to graduation,
13 except that the option does not count toward such limitation if such
14 option meets, or met at the time of the option, one of the following
15 criteria: (a) The student relocates to a different resident school
16 district, (b) the option school district merges with another district,
17 (c) the option school district is a Class I district, (d) the student
18 will have completed either the grades offered in the school building
19 originally attended in the option school district or the grades
20 immediately preceding the lowest grade offered in the school building for
21 which a new option is sought, (e) the option would allow the student to
22 continue current enrollment in a school district, or (f) the option would
23 allow the student to enroll in a school district in which the student was
24 previously enrolled as a ~~resident~~ student. Sections 79-232 to 79-246 do
25 not relieve a parent or guardian from the compulsory attendance
26 requirements in section 79-201.

27 (2) The program shall not apply to any student who resides in a
28 district which has entered into an annexation agreement pursuant to
29 section 79-473, except that such student may transfer to another district
30 which accepts option students.

31 Sec. 3. Section 79-237, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 79-237 (1) For a student to begin attendance as an option student in
3 an option school district which is not in a learning community in which
4 the student resides, the student's parent or legal guardian shall submit
5 an application to the school board of the option school district between
6 September 1 and March 15 for attendance during the following and
7 subsequent school years. Except as provided in subsection (2) of this
8 section, applications submitted after March 15 shall contain a release
9 approval from the resident school district on the application form
10 prescribed and furnished by the State Department of Education pursuant to
11 subsection (8) of this section. A district may not accept or approve any
12 applications submitted after such date without such a release approval.
13 The option school district shall provide the resident school district
14 with the name of the applicant on or before April 1 or, in the case of an
15 application submitted after March 15, within sixty days after submission.
16 The option school district shall notify, in writing, the parent or legal
17 guardian of the student and the resident school district whether the
18 application is accepted or rejected on or before April 1 or, in the case
19 of an application submitted after March 15, within sixty days after
20 submission.

21 (2) A student who relocates to a different resident school district
22 after February 1 ~~or~~ ⁷ whose option school district merges with another
23 district effective after February 1, ~~or whose qualification for the~~
24 ~~option for school year 2013-14 is changed pursuant to the changes made to~~
25 ~~subsection (1) of section 79-234 by Laws 2013, LB410,~~ may submit an
26 application to the school board of an option school district for
27 attendance during the immediately following and subsequent school years.
28 Such application does not require the release approval of the resident
29 school district. The option school district shall accept or reject such
30 application within forty-five days.

31 (3) For a student who resides in a learning community to begin

1 attendance in an option school district which is a member of such
2 learning community, the student's parent or legal guardian shall submit
3 an application to the school board of the option school district (a) for
4 any learning community established prior to February 13, 2009, between
5 February 13, 2009, and April 1, 2009, or (b) for any learning community
6 established thereafter, between September 1 and March 15. Applications
7 submitted after such deadlines shall be accompanied by a written release
8 from the resident school district. Students who reside in a learning
9 community shall only begin attendance in an option school district which
10 is a member of such learning community prior to the end of the first full
11 school year for which the option school district is a member of such
12 learning community. The option school district shall provide the resident
13 school district with the name of the applicant within five days after the
14 applicable deadline. The option school district shall notify, in writing,
15 the parent or legal guardian of the student and the resident school
16 district whether the application is accepted or rejected on or before
17 April 1. A parent or guardian may provide information on the application
18 regarding the applicant's potential qualification for free or reduced-
19 price lunches. Any such information provided shall be subject to
20 verification and shall only be used for the purposes of subsection (4) of
21 section 79-238. Nothing in this subsection requires a parent or guardian
22 to provide such information. Determinations about an applicant's
23 qualification for free or reduced-price lunches for purposes of
24 subsection (4) of section 79-238 shall be based on any verified
25 information provided on the application. If no such information is
26 provided, the student shall be presumed not to qualify for free or
27 reduced-price lunches for the purposes of subsection (4) of section
28 79-238.

29 (4) Applications for students who do not actually attend the option
30 school district may be withdrawn in good standing upon mutual agreement
31 by both the resident and option school districts.

1 (5) No option student shall attend an option school district for
2 less than one school year unless the student relocates to a different
3 resident school district, completes requirements for graduation prior to
4 the end of his or her senior year, transfers to a private or parochial
5 school, or upon mutual agreement of the resident and option school
6 districts cancels the enrollment option and returns to the resident
7 school district.

8 (6) Except as provided in subsection (5) of this section, the option
9 student shall attend the option school district until graduation unless
10 the student relocates in a different resident school district, transfers
11 to a private or parochial school, or chooses to return to the resident
12 school district.

13 (7) In each case of cancellation pursuant to subsections (5) and (6)
14 of this section, the student's parent or legal guardian shall provide
15 written notification to the school board of the option school district
16 and the resident school district on forms prescribed and furnished by the
17 department under subsection (8) of this section in advance of such
18 cancellation.

19 (8) The application and cancellation forms shall be prescribed and
20 furnished by the State Department of Education.

21 (9) An option student who subsequently chooses to attend a private
22 or parochial school shall be automatically accepted to return to either
23 the resident school district or option school district upon the
24 completion of the grade levels offered at the private or parochial
25 school. If such student chooses to return to the option school district,
26 the student's parent or legal guardian shall submit another application
27 to the school board of the option school district which shall be
28 automatically accepted, and the deadlines prescribed in this section
29 shall be waived.

30 Sec. 4. Section 79-238, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 79-238 (1) Except as provided in section 79-240, the school board of
2 the option school district shall adopt by resolution specific standards
3 for acceptance and rejection of applications. Standards may include the
4 capacity of a program, class, grade level, or school building or the
5 availability of appropriate special education programs operated by the
6 option school district. Capacity shall be determined by setting a maximum
7 number of option students that a district will accept in any program,
8 class, grade level, or school building, based upon available staff,
9 facilities, projected enrollment of resident students, projected number
10 of students with which the option school district will contract based on
11 existing contractual arrangements, and availability of appropriate
12 special education programs. The school board of the option school
13 district may by resolution declare a program, a class, or a school
14 unavailable to option students due to lack of capacity. Standards shall
15 not include previous academic achievement, athletic or other
16 extracurricular ability, disabilities, proficiency in the English
17 language, or previous disciplinary proceedings except as provided in
18 section 79-266.01. False or substantively misleading information
19 submitted by a parent or guardian on an application to an option school
20 district may be cause for the option school district to reject a
21 previously accepted application if the rejection occurs prior to the
22 student's attendance as an option student.

23 (2) The school board of every school district shall also adopt
24 specific standards and conditions for acceptance or rejection of a
25 request for release of a resident or option student submitting an
26 application to an option school district after March 15 under subsection
27 (1) of section 79-237. Standards shall not include that a request
28 occurred after the deadline set forth in this subsection.

29 (3) Any option school district shall give first priority for
30 enrollment to siblings of option students, except that the option school
31 district shall not be required to accept the sibling of an option student

1 if the district is at capacity except as provided in subsection (1) of
2 section 79-240.

3 (4) Any option school district that is in a learning community shall
4 give second priority for enrollment to students who reside in the
5 learning community and who contribute to the socioeconomic diversity of
6 enrollment as defined in section 79-2110 at the school building to which
7 the student will be assigned pursuant to section 79-235.

8 Sec. 5. Section 79-576, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 79-576 The secretary of a Class I, II, III, IV, or VI school
11 district shall be clerk of the school board and of all ~~district~~ meetings
12 when present, but if he or she is not present, the school board legal
13 ~~voters~~ may appoint a clerk for the time being, who shall certify the
14 proceedings to the secretary ~~clerk~~ to be recorded by him or her.

15 Sec. 6. Section 79-607, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 79-607 The State Board of Education shall adopt and promulgate rules
18 and regulations for operators of pupil transportation vehicles as to
19 physical and mental qualities, driving skills and practices, and
20 knowledge of traffic laws, rules, and regulations which relate to school
21 bus transportation. Such traffic rules and regulations shall by reference
22 be made a part of any such contract with a school district. Any officer
23 or employee of any school district who violates any of the traffic rules
24 or regulations or fails to include obligations to comply with the traffic
25 rules and regulations in any contract executed by him or her on behalf of
26 a school district may shall be guilty of a Class V misdemeanor and may
27 ~~shall~~, upon conviction thereof, be subject to removal from office or
28 employment. Any person operating a school bus under contract with a
29 school district who fails to comply with any of such traffic rules and
30 regulations may shall be guilty of breach of contract, and such person
31 may be dismissed or such contract may shall be canceled after notice and

1 hearing by ~~the responsible officers~~ of such school district.

2 Sec. 7. Section 79-734, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 79-734 (1) School boards and boards of education of all classes of
5 school districts shall purchase all textbooks, equipment, and supplies
6 necessary for the schools of such district. The duty to make such
7 purchases may be delegated to employees of the school district.

8 (2) School boards and boards of education shall purchase and loan
9 textbooks to all children who are enrolled in kindergarten to grade
10 twelve of a public school and, upon individual request, to children who
11 are enrolled in kindergarten to grade twelve of a private school which is
12 approved for continued legal operation under rules and regulations
13 established by the State Board of Education pursuant to subdivision (5)
14 (c) of section 79-318. The Legislature may appropriate funds to carry out
15 the provisions of this subsection. A school district is not obligated to
16 spend any money for the purchase and loan of textbooks to children
17 enrolled in private schools other than funds specifically appropriated by
18 the Legislature to be distributed by the State Department of Education
19 for the purpose of purchasing and loaning textbooks as provided in this
20 subsection. Textbooks loaned to children enrolled in kindergarten to
21 grade twelve of such private schools shall be textbooks which are
22 designated for use in the public schools of the school district in which
23 the child resides or the school district in which the private school the
24 child attends is located. Such textbooks shall be loaned free to such
25 children subject to such rules and regulations as are or may be
26 prescribed by such school boards or boards of education. The State
27 Department of Education shall adopt and promulgate rules and regulations
28 to carry out this section. The rules and regulations shall include
29 provisions for the distribution of funds appropriated for textbooks. The
30 rules and regulations shall include a deadline for applications from
31 school districts for distribution of funds. If funds are not appropriated

1 to cover the entire cost of applications, a pro rata reduction shall be
2 made. It is the intent of the Legislature that on or before October 1,
3 2016, the department provide to the Education Committee of the
4 Legislature recommended changes to this subsection that reflect advances
5 in technology and educational content for students.

6 Sec. 8. Section 79-760.03, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 79-760.03 (1) For school year 2009-10 and each school year
9 thereafter, the State Board of Education shall implement a statewide
10 system for the assessment of student learning and for reporting the
11 performance of school districts and learning communities pursuant to this
12 section. The assessment and reporting system shall measure student
13 knowledge of subject matter materials covered by measurable academic
14 content standards selected by the state board.

15 (2) The state board shall adopt a plan for an assessment and
16 reporting system and implement and maintain the assessment and reporting
17 system according to such plan. The plan shall be submitted annually to
18 the State Department of Education, the Governor, the chairperson of the
19 Education Committee of the Legislature, and the Clerk of the Legislature.
20 The plan submitted to the committee and the Clerk of the Legislature
21 shall be submitted electronically. The state board shall select grade
22 levels for assessment and reporting required pursuant to subsections (4)
23 through (7) of this section. The purposes of the system are to:

24 (a) Determine how well public schools are performing in terms of
25 achievement of public school students related to the state academic
26 content standards;

27 (b) Report the performance of public schools based upon the results
28 of state assessment instruments and national assessment instruments;

29 (c) Provide information for the public and policymakers on the
30 performance of public schools; and

31 (d) Provide for the comparison among Nebraska public schools and the

1 comparison of Nebraska public schools to public schools elsewhere.

2 (3) The Governor shall appoint a technical advisory committee to
3 review (a) the statewide assessment plan, (b) and state assessment
4 instruments, and (c) the accountability system developed under the
5 Quality Education Accountability Act. The technical advisory committee
6 shall consist of three nationally recognized experts in educational
7 assessment and measurement, one administrator from a school in Nebraska,
8 and one teacher from a school in Nebraska. The members shall serve terms
9 of three years, except that two of the members shall be appointed for
10 initial terms of two years. Any vacancy shall be filled by the Governor
11 for the remainder of the term. One of the members shall be designated as
12 chairperson by the Governor. Members shall be reimbursed for their actual
13 and necessary expenses as provided in sections 81-1174 to 81-1177. The
14 committee shall advise the Governor, the state board, and the State
15 Department of Education on the development of statewide assessment
16 instruments and the statewide assessment plan. The appointments to the
17 committee shall be confirmed by the Legislature.

18 (4) The state board shall prescribe a statewide assessment of
19 writing that relies on writing samples in each of three grades selected
20 by the state board. Each year at least one of the three selected grades
21 shall participate in the statewide writing assessment with each selected
22 grade level participating at least once every three years.

23 (5) For school year 2009-10 and for each school year thereafter, the
24 state board shall prescribe a statewide assessment of reading. The
25 statewide assessment of reading shall include assessment instruments for
26 each of the grade levels three through eight and for one grade in high
27 school and standards adopted by the state board pursuant to section
28 79-760.01.

29 (6) For no later than school year 2010-11 and for each school year
30 thereafter, the state board shall prescribe a statewide assessment of
31 mathematics. The statewide assessment of mathematics shall include

1 assessment instruments for each of the grade levels three through eight
2 and for one grade in high school and standards adopted by the state board
3 pursuant to section 79-760.01. If no statewide assessment of mathematics
4 is administered in school year 2009-10, school districts shall report
5 mathematics assessment results in the same manner as such information was
6 reported in school year 2008-09.

7 (7) For no later than school year 2011-12 and each school year
8 thereafter, the state board shall prescribe a statewide assessment of
9 science. The statewide assessment of science shall include assessment
10 instruments for each of the grade levels selected by the state board and
11 standards adopted by the state board pursuant to section 79-760.01. The
12 grade levels shall include at least one grade in elementary school, one
13 grade in middle school or junior high school, and one grade in high
14 school.

15 (8) The department shall conduct studies to verify the technical
16 quality of assessment instruments and demonstrate the comparability of
17 assessment instrument results required by the act. The department shall
18 annually report such findings to the Governor, the Legislature, and the
19 state board. The report submitted to the Legislature shall be submitted
20 electronically.

21 (9) The state board shall recommend national assessment instruments
22 for the purpose of national comparison. Each school district shall report
23 individual student data for scores and sub-scores according to procedures
24 established by the state board and the department pursuant to section
25 79-760.05.

26 (10) The aggregate results of assessment instruments and national
27 assessment instruments shall be reported by the district on a building
28 basis to the public in that district, to the learning community
29 coordinating council if such district is a member of a learning
30 community, and to the department. Each learning community shall also
31 report the aggregate results of any assessment instruments and national

1 assessment instruments to the public in that learning community and to
2 the department. The department shall report the aggregate results of any
3 assessment instruments and national assessment instruments on a learning
4 community, district, and building basis as part of the statewide
5 assessment and reporting system.

6 (11)(a) The assessment and reporting plan shall:

7 (i) Provide for the confidentiality of the results of individual
8 students; and

9 (ii) Include all public schools and all public school students.

10 (b) The state board shall adopt criteria for the inclusion of
11 students with disabilities, students entering the school for the first
12 time, and students with limited English proficiency.

13 The department may determine appropriate accommodations for the
14 assessment of students with disabilities or any student receiving special
15 education programs and services pursuant to section 79-1139. Alternate
16 academic achievement standards in reading, mathematics, and science and
17 alternate assessment instruments aligned with the standards may be among
18 the accommodations for students with severe cognitive disabilities.

19 (12) The state board may select additional grade levels, ~~and~~
20 ~~additional~~ subject areas, or assessment instruments for statewide
21 assessment consistent instruments to comply with federal requirements.

22 (13) The state board shall not require school districts to
23 administer assessments or assessment instruments other than as prescribed
24 by the act.

25 (14) The state board shall appoint committees of teachers, from each
26 appropriate subject area, and administrators to assist in the development
27 of statewide assessment instruments required by the act.

28 Sec. 9. Section 79-772, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 79-772 Sections 79-772 to 79-775 shall be known and may be cited as
31 the Center for Student Leadership and Expanded ~~Extended~~ Learning Act.

1 Sec. 10. Section 79-773, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 79-773 (1) The Legislature finds that:

4 (a) Since 1928, Nebraska students have benefited from participation
5 in career education student organizations ~~such as Nebraska FFA, Family~~
6 ~~Career and Community Leaders of America (FCCLA), Future Business Leaders~~
7 ~~of America (FBLA), Skills USA, Nebraska DECA, and Health Occupations~~
8 ~~Students of America (HOSA);~~

9 (b) Research conducted in 2007 by the National Research Center for
10 Career and Technical Education has documented a positive association
11 between career education student organizations participation and academic
12 motivation, academic engagement, grades, career self-efficacy, college
13 aspirations, and employability skills;

14 (c) Long-term sustainability of the state associations of career
15 education student organizations has a positive impact on Nebraska
16 students and is in the best interests of the economic well-being of the
17 State of Nebraska;

18 (d) Students in Nebraska schools should have opportunities to
19 acquire academic, technical, and employability knowledge and skills
20 needed to meet the demands of a global economy;

21 (e) Students benefit from the opportunities provided by career
22 education student organizations to develop and demonstrate leadership
23 skills that prepare them for civic, economic, and entrepreneurial
24 leadership roles;

25 (f) Students benefit from engaging in expanded-learning ~~extended-~~
26 ~~learning~~ experiences outside their normal classrooms that allow them to
27 apply their knowledge and skill in authentic real-world ~~real-world~~ situations;

28 (g) There is a need to establish and expand strategies and programs
29 that enable young people to be college-ready and career-ready, build
30 assets, and remain as productive citizens in their communities; and

31 (h) There is a need to establish a statewide structure that supports

1 existing and emerging curriculum and program offerings with student
2 leadership development opportunities and experiences.

3 (2) The Legislature recognizes that Nebraska must provide
4 opportunities to educate young people with leadership and employability
5 skills to (a) meet the needs of business and industry and remain
6 economically viable, (b) educate and nurture future entrepreneurs for
7 successful business ventures to diversify and strengthen our economic
8 base, (c) foster rewarding personal development experiences that involve
9 students in their communities and encourage them to return to their
10 communities after completing postsecondary education, and (d) invest in
11 and support the leadership development of our future state and community
12 civic leaders.

13 Sec. 11. Section 79-774, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 79-774 For purposes of the Center for Student Leadership and
16 Expanded ~~Extended~~ Learning Act:

17 (1) Career and technical education means educational programs that
18 support the development of knowledge and skill in the following areas:
19 Agriculture, food, and natural resources; architecture and construction;
20 arts, audiovisual, technology, and communication; business management and
21 administration; education and training; finance; government and public
22 administration; health science; hospitality and tourism; human services;
23 information technology; law, public safety, and security; marketing;
24 manufacturing; science, technology, engineering, and mathematics; and
25 transportation, distribution, and logistics;

26 (2) Career education student organization means an organization for
27 individuals enrolled in a career and technical education program that
28 engages career and technical education activities as an integral part of
29 the instructional program; and

30 (3) Expanded ~~Extended~~ learning means school-based or school-linked
31 activities and programs that utilize school-community partnerships to

1 expand opportunities for students to participate in educational
2 activities outside the normal classroom.

3 Sec. 12. Section 79-775, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 79-775 The purpose of the Center for Student Leadership and Expanded
6 ~~Extended~~ Learning Act is to provide state support for establishing and
7 maintaining within the State Department of Education the Center for
8 Student Leadership and Expanded ~~Extended~~ Learning. The center shall
9 provide ongoing financial and administrative support for state leadership
10 and administration of Nebraska career education student organizations,
11 create and coordinate opportunities for students to participate in
12 educational activities outside the normal classroom, and partner with
13 state and local organizations to share research and identify best
14 practices that can be disseminated to schools and community
15 organizations.

16 Sec. 13. Section 79-8,137.01, Revised Statutes Supplement, 2015, is
17 amended to read:

18 79-8,137.01 The Enhancing Excellence in Teaching Program is created.
19 For purposes of the Enhancing Excellence in Teaching Program:

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

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

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

1 (4) Eligible student means an individual who (a) is a certificated
2 teacher employed to teach in an approved or accredited school in
3 Nebraska, (b) is enrolled in an eligible graduate program, ~~including a~~
4 ~~course of study leading to an endorsement in a shortage area specified by~~
5 ~~the State Board of Education,~~ (c) if enrolled at a state-funded eligible
6 institution, is a resident student as described in section 85-502 or, if
7 enrolled in a privately funded eligible institution, would be deemed a
8 resident student if enrolled in a state-funded eligible institution, (d)
9 is majoring in a shortage area, curriculum and instruction, a subject
10 area in which the individual already holds a secular teaching
11 endorsement, or a subject area that will result in an additional secular
12 teaching endorsement which the superintendent of the school district or
13 head administrator of the private, denominational, or parochial school
14 employing the individual believes will be beneficial to the students of
15 such school district or school as evidenced by a statement signed by the
16 superintendent or head administrator, and (e) is applying for a loan
17 pursuant to the Enhancing Excellence in Teaching Program to be received
18 at a time other than during fiscal year 2011-12 or 2012-13;

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

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

26 Sec. 14. Section 79-8,137.03, Revised Statutes Supplement, 2015, is
27 amended to read:

28 79-8,137.03 (1) The department shall administer the Enhancing
29 Excellence in Teaching Program either directly or by contracting with
30 public or private entities.

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

1 (a) Agree to complete an eligible graduate ~~or endorsement~~ program at
2 an eligible institution and to complete the program on which the
3 applicant's eligibility is based as determined by the department; and

4 (b) Commit to teach in an accredited or approved public or private
5 school in Nebraska upon successful completion of the eligible graduate ~~or~~
6 ~~endorsement~~ program for which the applicant is applying to the Enhancing
7 Excellence in Teaching Program and to maintaining certification pursuant
8 to sections 79-806 to 79-815.

9 (3) Eligible students may apply on an annual basis for loans in an
10 amount of not more than one hundred seventy-five dollars per credit hour.
11 Loans awarded to individual students shall not exceed a cumulative period
12 exceeding five consecutive years. Loans shall only be awarded through the
13 department. Loans shall be funded pursuant to section 79-8,137.05.

14 Sec. 15. Section 79-8,137.04, Revised Statutes Supplement, 2015, is
15 amended to read:

16 79-8,137.04 (1) Prior to receiving any money from a loan pursuant to
17 the Enhancing Excellence in Teaching Program, an eligible student shall
18 enter into a contract with the department. Such contract shall be exempt
19 from the requirements of sections 73-501 to 73-510. The contract shall
20 require that if (a) the borrower is not employed as a full-time teacher
21 teaching in an approved or accredited school in Nebraska for a time
22 period equal to the number of years required for loan forgiveness
23 pursuant to subsection (2) of this section or (b) the borrower does not
24 complete the requirements for graduation within five consecutive years
25 after receiving the initial loan under the program, then the loan shall
26 be repaid, with interest at the rate fixed pursuant to section 45-103
27 accruing as of the date the borrower signed the contract and actual
28 collection costs as determined by the department. If a borrower fails to
29 remain enrolled at an eligible institution or otherwise fails to meet the
30 requirements of an eligible student, repayment of the loan shall commence
31 within six months after such change in eligibility. The State Board of

1 Education may by rules and regulations provide for exceptions to the
2 conditions of repayment pursuant to this subsection based upon mitigating
3 circumstances.

4 (2)(a) If the borrower (i) successfully completes the eligible
5 graduate ~~or endorsement~~ program for which the borrower is receiving a
6 forgivable loan pursuant to the Enhancing Excellence in Teaching Program
7 and maintains certification pursuant to sections 79-806 to 79-815, (ii)
8 maintains employment as a teacher in an approved or accredited school in
9 this state, and (iii) otherwise meets the requirements of the contract,
10 payments shall be suspended for the number of years that the borrower is
11 required to remain employed as a teacher in this state under the
12 contract.

13 (b) For recipients who received funds for the first time funds
14 ~~received~~ prior to July 1, 2016, beginning after the first two years of
15 teaching full-time in Nebraska following graduation for the degree for
16 which the loan was received, for each year that the borrower teaches
17 full-time in Nebraska pursuant to the contract, the loan shall be
18 forgiven in an amount equal to three thousand dollars, except that if the
19 borrower teaches full-time in a school district that is in a local system
20 classified as very sparse 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, teaches in a school building in which at
23 least forty percent of the students are poverty students as defined in
24 section 79-1003, or teaches in an accredited or approved private school
25 in Nebraska in which at least forty percent of the enrolled students
26 qualified for free lunches as determined by the most recent data
27 available from the department, payments shall be forgiven each year in an
28 amount equal to six thousand dollars.

29 (c) For recipients who received funds for the first time funds
30 ~~received~~ on or after July 1, 2016, beginning after the first two years of
31 teaching full-time in Nebraska following completion of the eligible

1 ~~graduate program graduation for the degree~~ for which the loan was
2 received, for each year that the borrower teaches full-time in Nebraska
3 pursuant to the contract, the loan shall be forgiven in an amount equal
4 to one thousand five hundred dollars, except that if the borrower teaches
5 full-time in a school district that is in a local system classified as
6 very sparse as defined in section 79-1003, teaches in a school building
7 in which at least forty percent of the ~~formula~~ students are poverty
8 students as defined in section 79-1003, teaches in a school building that
9 provides free meals to all students pursuant to the community eligibility
10 provision, or teaches in an accredited private school or educational
11 service unit or an approved private school in Nebraska in which at least
12 forty percent of the enrolled students qualified for free lunches as
13 determined by the most recent data available from the department,
14 payments shall be forgiven each year in an amount equal to one thousand
15 five hundred dollars for the first year of loan forgiveness and three
16 thousand dollars for each year of loan forgiveness thereafter.

17 Sec. 16. Section 79-1003, Revised Statutes Supplement, 2015, is
18 amended to read:

19 79-1003 For purposes of the Tax Equity and Educational Opportunities
20 Support Act:

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

1 operating expenditures as calculated pursuant to subdivision (23) of this
2 section increased by the cost growth factor calculated pursuant to
3 section 79-1007.10, minus the transportation allowance, special receipts
4 allowance, poverty allowance, limited English proficiency allowance,
5 distance education and telecommunications allowance, elementary site
6 allowance, summer school allowance, best practices allowance, and focus
7 school and program allowance;

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

18 (3) Allocated income tax funds means the amount of assistance paid
19 to a local system pursuant to section 79-1005.01 as adjusted by the
20 minimum levy adjustment pursuant to section 79-1008.02;

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

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

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

30 (7) Categorical funds means funds limited to a specific purpose by
31 federal or state law, including, but not limited to, Title I funds, Title

1 VI funds, federal vocational education funds, federal school lunch funds,
2 Indian education funds, Head Start funds, and funds from the Education
3 Innovation Fund. ~~Categorical funds does not include funds received~~
4 ~~pursuant to section 79-1028.02 or 79-1028.04;~~

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 Class I, II, III, IV, V, or VI school
24 district and, beginning with the calculation of state aid for school
25 fiscal year 2011-12 and each school fiscal year thereafter, a unified
26 system as defined in section 79-4,108;

27 (13) Ensuing school fiscal year means the school fiscal year
28 following the current school fiscal year;

29 (14) Equalization aid means the amount of assistance calculated to
30 be paid to a local system pursuant to sections 79-1007.11 to 79-1007.23,
31 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02, ~~79-1028.02,~~ and

1 ~~79-1028.04;~~

2 (15) Fall membership means the total membership in kindergarten
3 through grade twelve attributable to the local system as reported on the
4 fall school district membership reports for each district pursuant to
5 section 79-528;

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

8 (17) Formula students means:

9 (a) For state aid certified pursuant to section 79-1022, the sum of
10 the product of fall membership from the school fiscal year immediately
11 preceding the school fiscal year in which the aid is to be paid
12 multiplied by the average ratio of average daily membership to fall
13 membership for the second school fiscal year immediately preceding the
14 school fiscal year in which the aid is to be paid and the prior two
15 school fiscal years plus sixty percent of the qualified early childhood
16 education fall membership plus tuitioned students from the school fiscal
17 year immediately preceding the school fiscal year in which aid is to be
18 paid minus the product of the number of students enrolled in kindergarten
19 that is not full-day kindergarten from the fall membership multiplied by
20 0.5; and

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

28 (18) Free lunch and free milk calculated students ~~student~~ means, ~~for~~
29 ~~school fiscal year 2016-17 and each school fiscal year thereafter,~~ using
30 the most recent data available on November 1 of the school fiscal year
31 immediately preceding the school fiscal year in which aid is to be paid,

1 (a) for schools that did not provide free meals to all students pursuant
2 to the community eligibility provision, students who individually a
3 student who qualified for free lunches or free milk and attended a school
4 that uses information collected from parents and guardians pursuant to
5 section 79-10,143 to determine such qualifications pursuant to the
6 federal Richard B. Russell National School Lunch Act, 42 U.S.C. 1751 et
7 seq., and the federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et
8 seq., as such acts and sections existed on January 1, 2015, and rules and
9 regulations adopted thereunder, plus (b) for schools that provided free
10 meals to all students pursuant to the community eligibility provision,
11 (i) for school fiscal year 2016-17, the product of the students who
12 attended such school the product of the students who attend a school that
13 provides free meals to all students pursuant to the community eligibility
14 provision multiplied by the identified student percentage calculated
15 pursuant to such federal provision or (ii) for school fiscal year 2017-18
16 and each school fiscal year thereafter, the greater of the number of
17 students in such school who individually qualified for free lunch or free
18 milk using the most recent school fiscal year for which the school did
19 not provide free meals to all students pursuant to the community
20 eligibility provision or one hundred ten percent of the product of the
21 students who qualified for free meals at such school pursuant to the
22 community eligibility provision multiplied by the identified student
23 percentage calculated pursuant to such federal provision, except that the
24 free lunch and free milk students calculated for any school pursuant to
25 subdivision (18)(b)(ii) of this section shall not exceed one hundred
26 percent of the students qualified for free meals at such school pursuant
27 to the community eligibility provision;

28 (19) Free lunch and free milk student means, for school fiscal years
29 prior to school fiscal year 2016-17, a student who qualified for free
30 lunches or free milk from the most recent data available on November 1 of
31 the school fiscal year immediately preceding the school fiscal year in

1 which aid is to be paid;

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

4 (21) General fund budget of expenditures means the total budget of
5 disbursements and transfers for general fund purposes as certified in the
6 budget statement adopted pursuant to the Nebraska Budget Act, except that
7 for purposes of the limitation imposed in section 79-1023 and the
8 calculation pursuant to subdivision (2) of section 79-1027.01, the
9 general fund budget of expenditures does not include any special grant
10 funds, exclusive of local matching funds, received by a district;

11 (22) General fund expenditures means all expenditures from the
12 general fund;

13 (23) General fund operating expenditures means for state aid
14 calculated for school fiscal years 2012-13 and each school fiscal year
15 thereafter, as reported on the annual financial report for the second
16 school fiscal year immediately preceding the school fiscal year in which
17 aid is to be paid, the total general fund expenditures minus (a) the
18 amount of all receipts to the general fund, to the extent that such
19 receipts are not included in local system formula resources, from early
20 childhood education tuition, summer school tuition, educational entities
21 as defined in section 79-1201.01 for providing distance education courses
22 through the Educational Service Unit Coordinating Council to such
23 educational entities, private foundations, individuals, associations,
24 charitable organizations, the textbook loan program authorized by section
25 79-734, federal impact aid, and levy override elections pursuant to
26 section 77-3444, (b) the amount of expenditures for categorical funds,
27 tuition paid, transportation fees paid to other districts, adult
28 education, community services, redemption of the principal portion of
29 general fund debt service, retirement incentive plans authorized by
30 section 79-855, and staff development assistance authorized by section
31 79-856, (c) the amount of any transfers from the general fund to any bond

1 fund and transfers from other funds into the general fund, (d) any legal
2 expenses in excess of fifteen-hundredths of one percent of the formula
3 need for the school fiscal year in which the expenses occurred, (e)
4 expenditures to pay for sums agreed to be paid by a school district to
5 certificated employees in exchange for a voluntary termination occurring
6 prior to July 1, 2009, occurring on or after the last day of the 2010-11
7 school year and prior to the first day of the 2013-14 school year, or, to
8 the extent that a district has demonstrated to the State Board of
9 Education pursuant to section 79-1028.01 that the agreement will result
10 in a net savings in salary and benefit costs to the school district over
11 a five-year period, occurring on or after the first day of the 2013-14
12 school year, (f)(i) expenditures to pay for employer contributions
13 pursuant to subsection (2) of section 79-958 to the School Employees
14 Retirement System of the State of Nebraska to the extent that such
15 expenditures exceed the employer contributions under such subsection that
16 would have been made at a contribution rate of seven and thirty-five
17 hundredths percent or (ii) expenditures to pay for school district
18 contributions pursuant to subdivision (1)(c)(i) of section 79-9,113 to
19 the retirement system established pursuant to the Class V School
20 Employees Retirement Act to the extent that such expenditures exceed the
21 school district contributions under such subdivision that would have been
22 made at a contribution rate of seven and thirty-seven hundredths percent,
23 and (g) any amounts paid by the district for lobbyist fees and expenses
24 reported to the Clerk of the Legislature pursuant to section 49-1483.

25 For purposes of this subdivision (23) of this section, receipts from
26 levy override elections shall equal ninety-nine percent of the difference
27 of the total general fund levy minus a levy of one dollar and five cents
28 per one hundred dollars of taxable valuation multiplied by the assessed
29 valuation for school districts that have voted pursuant to section
30 77-3444 to override the maximum levy provided pursuant to section
31 77-3442;

1 (24) High school district means a school district providing
2 instruction in at least grades nine through twelve;

3 (25) Income tax liability means the amount of the reported income
4 tax liability for resident individuals pursuant to the Nebraska Revenue
5 Act of 1967 less all nonrefundable credits earned and refunds made;

6 (26) Income tax receipts means the amount of income tax collected
7 pursuant to the Nebraska Revenue Act of 1967 less all nonrefundable
8 credits earned and refunds made;

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

17 (28) Local system means a learning community for purposes of
18 calculation of state aid for the second full school fiscal year after
19 becoming a learning community and each school fiscal year thereafter, a
20 unified system, a Class VI district and the associated Class I districts,
21 or a Class II, III, IV, or V district and any affiliated Class I
22 districts or portions of Class I districts. The membership, expenditures,
23 and resources of Class I districts that are affiliated with multiple high
24 school districts will be attributed to local systems based on the percent
25 of the Class I valuation that is affiliated with each high school
26 district;

27 (29) Low-income child means (a) for school fiscal years prior to
28 2016-17, a child under nineteen years of age living in a household having
29 an annual adjusted gross income for the second calendar year preceding
30 the beginning of the school fiscal year for which aid is being calculated
31 equal to or less than the maximum household income that would allow a

1 student from a family of four people to be a free lunch and free milk
2 student during the school fiscal year immediately preceding the school
3 fiscal year for which aid is being calculated and (b) for school fiscal
4 year 2016-17 and each school fiscal year thereafter, a child under
5 nineteen years of age living in a household having an annual adjusted
6 gross income for the second calendar year preceding the beginning of the
7 school fiscal year for which aid is being calculated equal to or less
8 than the maximum household income pursuant to sections 9(b)(1) and 17(c)
9 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.
10 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)
11 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)
12 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections
13 existed on January 1, 2015, for a household of that size that would have
14 allowed the child to meet the income qualifications for free meals during
15 the school fiscal year immediately preceding the school fiscal year for
16 which aid is being calculated;

17 (30) Low-income students means the number of low-income children
18 within the district multiplied by the ratio of the formula students in
19 the district divided by the total children under nineteen years of age
20 residing in the district as derived from income tax information;

21 (31) Most recently available complete data year means the most
22 recent single school fiscal year for which the annual financial report,
23 fall school district membership report, annual statistical summary,
24 Nebraska income tax liability by school district for the calendar year in
25 which the majority of the school fiscal year falls, and adjusted
26 valuation data are available;

27 (32) Poverty students means (a) for school fiscal years prior to
28 2016-17, the number of low-income students or the number of students who
29 are free lunch and free milk students in a district plus the difference
30 of the number of low-income students or the number of students who are
31 free lunch and free milk students in a district, whichever is greater,

1 minus the average number of poverty students for such district, prior to
2 such addition, for the three immediately preceding school fiscal years if
3 such difference is greater than zero and (b) for school fiscal year
4 2016-17 and each school fiscal year thereafter, the unadjusted poverty
5 students plus the difference of such unadjusted poverty students minus
6 the average number of poverty students for such district, prior to such
7 addition, for the three immediately preceding school fiscal years if such
8 difference is greater than zero;

9 (33) Qualified early childhood education average daily membership
10 means the product of the average daily membership for school fiscal year
11 2006-07 and each school fiscal year thereafter of students who will be
12 eligible to attend kindergarten the following school year and are
13 enrolled in an early childhood education program approved by the
14 department pursuant to section 79-1103 for such school district for such
15 school year multiplied by the ratio of the actual instructional hours of
16 the program divided by one thousand thirty-two if: (a) The program is
17 receiving a grant pursuant to such section for the third year; (b) the
18 program has already received grants pursuant to such section for three
19 years; or (c) the program has been approved pursuant to subsection (5) of
20 section 79-1103 for such school year and the two preceding school years,
21 including any such students in portions of any of such programs receiving
22 an expansion grant;

23 (34) Qualified early childhood education fall membership means the
24 product of membership on the last Friday in September 2006 and each year
25 thereafter of students who will be eligible to attend kindergarten the
26 following school year and are enrolled in an early childhood education
27 program approved by the department pursuant to section 79-1103 for such
28 school district for such school year multiplied by the ratio of the
29 planned instructional hours of the program divided by one thousand
30 thirty-two if: (a) The program is receiving a grant pursuant to such
31 section for the third year; (b) the program has already received grants

1 pursuant to such section for three years; or (c) the program has been
2 approved pursuant to subsection (5) of section 79-1103 for such school
3 year and the two preceding school years, including any such students in
4 portions of any of such programs receiving an expansion grant;

5 (35) Regular route transportation means the transportation of
6 students on regularly scheduled daily routes to and from the attendance
7 center;

8 (36) Reorganized district means any district involved in a
9 consolidation and currently educating students following consolidation;

10 (37) School year or school fiscal year means the fiscal year of a
11 school district as defined in section 79-1091;

12 (38) Sparse local system means a local system that is not a very
13 sparse local system but which meets the following criteria:

14 (a)(i) Less than two students per square mile in the county in which
15 each high school is located, based on the school district census, (ii)
16 less than one formula student per square mile in the local system, and
17 (iii) more than ten miles between each high school attendance center and
18 the next closest high school attendance center on paved roads;

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

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

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

30 (39) Special education means specially designed kindergarten through
31 grade twelve instruction pursuant to section 79-1125, and includes

1 special education transportation;

2 (40) Special grant funds means the budgeted receipts for grants,
3 including, but not limited to, categorical funds, reimbursements for
4 wards of the court, short-term borrowings including, but not limited to,
5 registered warrants and tax anticipation notes, interfund loans,
6 insurance settlements, and reimbursements to county government for
7 previous overpayment. The state board shall approve a listing of grants
8 that qualify as special grant funds;

9 (41) State aid means the amount of assistance paid to a district
10 pursuant to the Tax Equity and Educational Opportunities Support Act;

11 (42) State board means the State Board of Education;

12 (43) State support means all funds provided to districts by the
13 State of Nebraska for the general fund support of elementary and
14 secondary education;

15 (44) Statewide average basic funding per formula student means the
16 statewide total basic funding for all districts divided by the statewide
17 total formula students for all districts;

18 (45) Statewide average general fund operating expenditures per
19 formula student means the statewide total general fund operating
20 expenditures for all districts divided by the statewide total formula
21 students for all districts;

22 (46) Teacher has the definition found in section 79-101;

23 (47) Temporary aid adjustment factor means (a) for school fiscal
24 years before school fiscal year 2007-08, one and one-fourth percent of
25 the sum of the local system's transportation allowance, the local
26 system's special receipts allowance, and the product of the local
27 system's adjusted formula students multiplied by the average formula cost
28 per student in the local system's cost grouping and (b) for school fiscal
29 year 2007-08, one and one-fourth percent of the sum of the local system's
30 transportation allowance, special receipts allowance, and distance
31 education and telecommunications allowance and the product of the local

1 system's adjusted formula students multiplied by the average formula cost
2 per student in the local system's cost grouping;

3 (48) Tuition receipts from converted contracts means tuition
4 receipts received by a district from another district in the most
5 recently available complete data year pursuant to a converted contract
6 prior to the expiration of the contract;

7 (49) Tuitioned students means students in kindergarten through grade
8 twelve of the district whose tuition is paid by the district to some
9 other district or education agency;

10 (50) Unadjusted poverty students means, for school fiscal year
11 2016-17 and each school fiscal year thereafter, the greater of the number
12 of low-income students or the free lunch and free milk calculated
13 students in a district; and

14 (51) Very sparse local system means a local system that has:

15 (a)(i) Less than one-half student per square mile in each county in
16 which each high school attendance center is located based on the school
17 district census, (ii) less than one formula student per square mile in
18 the local system, and (iii) more than fifteen miles between the high
19 school attendance center and the next closest high school attendance
20 center on paved roads; or

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

26 Sec. 17. Section 79-1005.01, Reissue Revised Statutes of Nebraska,
27 is amended to read:

28 79-1005.01 (1) One hundred two million two hundred eighty-nine
29 thousand eight hundred seventeen dollars which is An amount equal to the
30 amount appropriated to the School District Income Tax Fund for
31 distribution in school fiscal year 1992-93 shall be disbursed as option

1 payments as determined under section 79-1009 and as allocated income tax
2 funds as determined in this section and sections 79-1008.01, 79-1015.01,
3 79-1017.01, and 79-1018.01, except as provided in section 79-1008.02.
4 Funds not distributed as allocated income tax funds due to minimum levy
5 adjustments shall not increase the amount available to local systems for
6 distribution as allocated income tax funds.

7 (2) Not later than November 15 of each year, the Tax Commissioner
8 shall certify to the department for the preceding tax year the income tax
9 liability of resident individuals for each local system. ~~The 1996 income~~
10 ~~tax liability of resident individuals of Class I districts that are~~
11 ~~affiliated with multiple high school districts shall be divided between~~
12 ~~local systems based on the percentage of the Class I district's valuation~~
13 ~~affiliated with each high school district.~~

14 (3) Using the data certified by the Tax Commissioner pursuant to
15 subsection (2) of this section, the department shall calculate the
16 allocation percentage and each local system's allocated income tax funds.
17 The allocation percentage shall be ~~an amount equal to the amount stated~~
18 ~~in subsection (1) of this section appropriated to the School District~~
19 ~~Income Tax Fund for distribution in school fiscal year 1992-93~~ minus the
20 total amount paid for option students pursuant to section 79-1009, ~~and~~
21 ~~(a) for aid calculated for school fiscal year 2010-11, minus twenty~~
22 ~~million dollars and (b) for aid calculated for school fiscal years~~
23 ~~2011-12 and 2012-13, minus twenty one million dollars~~ with the difference
24 divided by the aggregate statewide income tax liability of all resident
25 individuals certified pursuant to subsection (2) of this section. Each
26 local system's allocated income tax funds shall be calculated by
27 multiplying the allocation percentage times the local system's income tax
28 liability certified pursuant to subsection (2) of this section.

29 Sec. 18. Section 79-1028.01, Revised Statutes Supplement, 2015, is
30 amended to read:

31 79-1028.01 (1) For each school fiscal year, a school district may

1 exceed its budget authority for the general fund budget of expenditures
2 as calculated pursuant to section 79-1023 for such school fiscal year by
3 a specific dollar amount for the following exclusions:

4 (a) Expenditures for repairs to infrastructure damaged by a natural
5 disaster which is declared a disaster emergency pursuant to the Emergency
6 Management Act;

7 (b) Expenditures for judgments, except judgments or orders from the
8 Commission of Industrial Relations, obtained against a school district
9 which require or obligate a school district to pay such judgment, to the
10 extent such judgment is not paid by liability insurance coverage of a
11 school district;

12 (c) Expenditures pursuant to the Retirement Incentive Plan
13 authorized in section 79-855 or the Staff Development Assistance
14 authorized in section 79-856;

15 (d) Expenditures of amounts received from educational entities as
16 defined in section 79-1201.01 for providing distance education courses
17 through the Educational Service Unit Coordinating Council to such
18 educational entities;

19 (e) Expenditures to pay for employer contributions pursuant to
20 subsection (2) of section 79-958 to the School Employees Retirement
21 System of the State of Nebraska to the extent that such expenditures
22 exceed the employer contributions under such subsection that would have
23 been made at a contribution rate of seven and thirty-five hundredths
24 percent;

25 (f) Expenditures to pay for school district contributions pursuant
26 to subdivision (1)(c)(i) of section 79-9,113 to the retirement system
27 established pursuant to the Class V School Employees Retirement Act to
28 the extent that such expenditures exceed the school district
29 contributions under such subdivision that would have been made at a
30 contribution rate of seven and thirty-seven hundredths percent;

31 (g) Expenditures for sums agreed to be paid by a school district to

1 certificated employees in exchange for a voluntary termination occurring
2 prior to July 1, 2009, occurring on or after the last day of the 2010-11
3 school year and prior to the first day of the 2013-14 school year, or, to
4 the extent that a district demonstrates to the State Board of Education
5 pursuant to subsection (3) of this section that the agreement will result
6 in a net savings in salary and benefit costs to the school district over
7 a five-year period, occurring on or after the first day of the 2013-14
8 school year;

9 (h) The special education budget of expenditures; ~~and~~

10 (i) Expenditures of special grant funds; and -

11 (j) Expenditures of funds received as federal impact aid pursuant to
12 20 U.S.C. 7701 to 7714, as such sections existed on January 1, 2016, due
13 to a district having land within its boundaries that is federal property
14 classified as Indian lands under 20 U.S.C. 7713(7), as such section
15 existed on January 1, 2016, and funds received as impact aid due to
16 children in attendance who resided on Indian lands in accordance with 20
17 U.S.C. 7703(a)(1)(C), as such section existed on January 1, 2016.

18 (2) For each school fiscal year, a school district may exceed its
19 budget authority for the general fund budget of expenditures as
20 calculated pursuant to section 79-1023 for such school fiscal year by a
21 specific dollar amount and include such dollar amount in the budget of
22 expenditures used to calculate budget authority for the general fund
23 budget of expenditures pursuant to section 79-1023 for future years for
24 the following exclusions:

25 ~~(a) Expenditures of support grants to be received in such school~~
26 ~~fiscal year pursuant to section 79-1011;~~

27 (a) (b) The first school fiscal year the district will be
28 participating in Network Nebraska for the full school fiscal year, for
29 the difference of the estimated expenditures for such school fiscal year
30 for telecommunications services, access to data transmission networks
31 that transmit data to and from the school district, and the transmission

1 of data on such networks as such expenditures are defined by the
2 department for purposes of the distance education and telecommunications
3 allowance minus the dollar amount of such expenditures for the second
4 school fiscal year preceding the first full school fiscal year the
5 district participates in Network Nebraska;

6 (b e) Expenditures for new elementary attendance sites in the first
7 year of operation or the first year of operation after being closed for
8 at least one school year if such elementary attendance site will most
9 likely qualify for the elementary site allowance in the immediately
10 following school fiscal year as determined by the state board;

11 (c d) For the first school fiscal year for which early childhood
12 education membership is included in formula students for the calculation
13 of state aid, expenditures for early childhood education equal to the
14 amount the school district received in early childhood education grants
15 pursuant to section 79-1103 for the prior school fiscal year, increased
16 by the basic allowable growth rate; and

17 (d e) For school fiscal year 2013-14, an amount not to exceed two
18 percent over the previous school year if such increase is approved by a
19 seventy-five percent majority vote of the school board of such district.

20 (3) The state board shall approve, deny, or modify the amount
21 allowed for any exclusions to the budget authority for the general fund
22 budget of expenditures pursuant to this section.

23 Sec. 19. Section 79-1065.01, Reissue Revised Statutes of Nebraska,
24 is amended to read:

25 79-1065.01 If the adjustment under section 79-1065 results in a
26 school district being entitled to the payment of additional funds, the
27 State Department of Education shall automatically make a lump-sum payment
28 to the school district if the payment is less than one thousand dollars.
29 For amounts equal to or greater than one thousand dollars, the district
30 may apply to the State Department of Education for a lump-sum payment for
31 any amount up to one hundred percent of the adjustment, except that when

1 a school district is to receive a lump-sum payment pursuant to section
2 79-1022, one hundred percent of the adjustment shall be paid as one lump-
3 sum payment on the last business day of December during the ensuing
4 school fiscal year. The department shall notify the Director of
5 Administrative Services of the amount of funds to be paid in a lump sum
6 and the reduced amount of the monthly payments pursuant to section
7 79-1022. The department shall make such payment in a lump sum not later
8 than the last business day of September of the year in which the final
9 determination under this section is made.

10 Sec. 20. Section 79-10,143, Revised Statutes Supplement, 2015, is
11 amended to read:

12 79-10,143 A parent or guardian of any student enrolled in, or in the
13 process of enrolling in, any school district in the state may voluntarily
14 provide information on any application submitted pursuant to Nebraska
15 law, rules, and regulations regarding the applicant's potential to meet
16 the qualifications for free or reduced-price lunches solely for
17 determining eligibility pursuant to subsection (4) of section 79-238,
18 subsection (2) of section 79-241, section 79-2,131, section 79-2,133,
19 subsection (2) of section 79-611, subdivision (1)(c) and subsection (3)
20 of section 79-2110, or section 85-2104 without regard to whether the
21 school the child attends, or will attend, is a school that uses such
22 information to qualify students for free or reduced-price meals or a
23 school that provides free meals to all students pursuant to the community
24 eligibility provision. Each school district shall process information
25 provided pursuant to this section for students who attend a school that
26 provides free meals to all students pursuant to the community eligibility
27 provision in the same manner as the district would to determine the
28 qualification status of the student as the information for students who
29 attend school in a school building that uses such information to qualify
30 students for free or reduced-price meals. Each school district shall
31 comply with the federal Family Educational Rights and Privacy Act of

1 1974, 20 U.S.C. 1232g, as such act and section existed on January 1,
2 2015, and regulations adopted thereunder with regard to any information
3 collected pursuant to this section. If no such information is provided
4 pursuant to this section or on an application for free or reduced-price
5 meals, the student shall be presumed not to qualify for free or reduced-
6 price lunches ~~for the purposes of the application.~~

7 Sec. 21. Section 79-2110, Revised Statutes Supplement, 2015, is
8 amended to read:

9 79-2110 (1)(a) Each diversity plan shall provide for open enrollment
10 in all school buildings in the learning community, subject to specific
11 limitations necessary to bring about diverse enrollments in each school
12 building in the learning community. Such limitations, for school
13 buildings other than focus schools and programs other than focus
14 programs, shall include giving preference at each school building first
15 to siblings of students who will be enrolled as continuing students in
16 such school building or program for the first school year for which
17 enrollment is sought in such school building and then to students that
18 contribute to the socioeconomic diversity of enrollment at each building
19 and may include establishing zone limitations in which students may
20 access several schools other than their home attendance area school.
21 Notwithstanding the limitations necessary to bring about diversity, open
22 enrollment shall include providing access to students who do not
23 contribute to the socioeconomic diversity of a school building, if,
24 subsequent to the open enrollment selection process that is subject to
25 limitations necessary to bring about diverse enrollments, capacity
26 remains in a school building. In such a case, students who have applied
27 to attend such school building shall be selected to attend such school
28 building on a random basis up to the remaining capacity of such building.
29 A student who has otherwise been disqualified from the school building
30 pursuant to the school district's code of conduct or related school
31 discipline rules shall not be eligible for open enrollment pursuant to

1 this section. Any student who attended a particular school building in
2 the prior school year and who is seeking education in the grades offered
3 in such school building shall be allowed to continue attending such
4 school building as a continuing student.

5 (b) To facilitate the open enrollment provisions of this subsection,
6 each school year each member school district in a learning community
7 shall establish a maximum capacity for each school building under such
8 district's control pursuant to procedures and criteria established by the
9 learning community coordinating council. Each member school district
10 shall also establish attendance areas for each school building under the
11 district's control, except that the school board shall not establish
12 attendance areas for focus schools or focus programs. The attendance
13 areas shall be established such that all of the territory of the school
14 district is within an attendance area for each grade. Students residing
15 in a school district shall be allowed to attend a school building in such
16 school district.

17 (c) For purposes of this section and sections 79-238 and 79-611,
18 student who contributes to the socioeconomic diversity of enrollment
19 means (i) a student who does not qualify for free or reduced-price
20 lunches when, based upon the certification pursuant to section 79-2120,
21 the school building the student will attend either has more students
22 qualifying for free or reduced-price lunches than the average percentage
23 of such students in all school buildings in the learning community or
24 provides free meals to all students pursuant to the community eligibility
25 provision or (ii) a student who qualifies for free or reduced-price
26 lunches based on information collected from parents and guardians when,
27 based upon the certification pursuant to section 79-2120, the school
28 building the student will attend has fewer students qualifying for free
29 or reduced-price lunches than the average percentage of such students in
30 all school buildings in the learning community and does not provide free
31 meals to all students pursuant to the community eligibility provision.

1 (2)(a) On or before March 15 of each year beginning with the year
2 immediately following the year in which the initial coordinating council
3 for the learning community takes office, a parent or guardian of a
4 student residing in a member school district in a learning community may
5 submit an application to any school district in the learning community on
6 behalf of a student who is applying to attend a school building for the
7 following school year that is not in an attendance area where the
8 applicant resides or a focus school, focus program, or magnet school as
9 such terms are defined in section 79-769. On or before April 1 of each
10 year beginning with the year immediately following the year in which the
11 initial coordinating council for the learning community takes office, the
12 school district shall accept or reject such applications based on the
13 capacity of the school building, the eligibility of the applicant for the
14 school building or program, the number of such applicants that will be
15 accepted for a given school building, and whether or not the applicant
16 contributes to the socioeconomic diversity of the school or program to
17 which he or she has applied and for which he or she is eligible. The
18 school district shall notify such parent or guardian in writing of the
19 acceptance or rejection.

20 ~~(b) A parent or guardian may provide information on the application~~
21 ~~regarding the applicant's potential qualification for free or reduced-~~
22 ~~price lunches. Any such information provided shall be subject to~~
23 ~~verification and shall only be used for the purposes of this section.~~
24 ~~Nothing in this section requires a parent or guardian to provide such~~
25 ~~information. Determinations about an applicant's qualification for free~~
26 ~~or reduced price lunches for purposes of this section shall be based on~~
27 ~~any verified information provided on the application. If no such~~
28 ~~information is provided the student shall be presumed not to qualify for~~
29 ~~free or reduced price lunches for the purposes of this section.~~

30 **(b e)** A student may not apply to attend a school building in the
31 learning community for any grades that are offered by another school

1 building for which the student had previously applied and been accepted
2 pursuant to this section, absent a hardship exception as established by
3 the individual school district. On or before September 1 of each year
4 beginning with the year immediately following the year in which the
5 initial coordinating council for the learning community takes office,
6 each school district shall provide to the learning community coordinating
7 council a complete and accurate report of all applications received,
8 including the number of students who applied at each grade level at each
9 building, the number of students accepted at each grade level at each
10 building, the number of such students that contributed to the
11 socioeconomic diversity that applied and were accepted, the number of
12 applicants denied and the rationales for denial, and other such
13 information as requested by the learning community coordinating council.

14 (3) Each diversity plan may also include establishment of one or
15 more focus schools or focus programs and the involvement of every member
16 school district in one or more pathways across member school districts.
17 Enrollment in each focus school or focus program shall be designed to
18 reflect the socioeconomic diversity of the learning community as a whole.
19 School district selection of students for focus schools or focus programs
20 shall be on a random basis from two pools of applicants, those who
21 qualify for free and reduced-price lunches and those who do not qualify
22 for free and reduced-price lunches. The percentage of students selected
23 for focus schools from the pool of applicants who qualify for free and
24 reduced-price lunches shall be as nearly equal as possible to the
25 percentage of the student body of the learning community who qualify for
26 free and reduced-price lunches. The percentage of students selected for
27 focus schools from the pool of applicants who do not qualify for free and
28 reduced-price lunches shall be as nearly equal as possible to the
29 percentage of the student body of the learning community who do not
30 qualify for free and reduced-price lunches. If more capacity exists in a
31 focus school or program than the number of applicants for such focus

1 school or program that contribute to the socioeconomic diversity of the
2 focus school or program, the school district shall randomly select
3 applicants up to the number of applicants that will be accepted for such
4 building. A student who will complete the grades offered at a focus
5 program, focus school, or magnet school that is part of a pathway shall
6 be allowed to attend the focus program, focus school, or magnet school
7 offering the next grade level as part of the pathway as a continuing
8 student. A student who completes the grades offered at a focus program,
9 focus school, or magnet school shall be allowed to attend a school
10 offering the next grade level in the school district responsible for the
11 focus program, focus school, or magnet school as a continuing student. A
12 student who attended a program or school in the school year immediately
13 preceding the first school year for which the program or school will
14 operate as a focus program or focus school approved by the learning
15 community and meeting the requirements of section 79-769 and who has not
16 completed the grades offered at the focus program or focus school shall
17 be a continuing student in the program or school.

18 (4) On or before February 15 of each year beginning with the year
19 immediately following the year in which the initial coordinating council
20 for the learning community takes office, a parent or guardian of a
21 student who is currently attending a school building or program, except a
22 magnet school, focus school, or focus program, outside of the attendance
23 area where the student resides and who will complete the grades offered
24 at such school building prior to the following school year shall provide
25 notice, on a form provided by the school district, to the school board of
26 the school district containing such school building if such student will
27 attend another school building within such district as a continuing
28 student and which school building such student would prefer to attend. On
29 or before March 1, such school board shall provide a notice to such
30 parent or guardian stating which school building or buildings the student
31 shall be allowed to attend in such school district as a continuing

1 student for the following school year. If the student resides within the
2 school district, the notice shall include the school building offering
3 the grade the student will be entering for the following school year in
4 the attendance area where the student resides. This subsection shall not
5 apply to focus schools or programs.

6 (5) A parent or guardian of a student who moves to a new residence
7 in the learning community after April 1 may apply directly to a school
8 board within the learning community within ninety days after moving for
9 the student to attend a school building outside of the attendance area
10 where the student resides. Such school board shall accept or reject such
11 application within fifteen days after receiving the application, based on
12 the number of applications and qualifications pursuant to subsection (2)
13 or (3) of this section for all other students.

14 (6) A parent or guardian of a student who wishes to change school
15 buildings for emergency or hardship reasons may apply directly to a
16 school board within the learning community at any time for the student to
17 attend a school building outside of the attendance area where the student
18 resides. Such application shall state the emergency or hardship and shall
19 be kept confidential by the school board. Such school board shall accept
20 or reject such application within fifteen days after receiving the
21 application. Applications shall only be accepted if an emergency or
22 hardship was presented which justifies an exemption from the procedures
23 in subsection (4) of this section based on the judgment of such school
24 board, and such acceptance shall not exceed the number of applications
25 that will be accepted for the school year pursuant to subsection (2) or
26 (3) of this section for such building.

27 Sec. 22. Section 79-2120, Revised Statutes Supplement, 2015, is
28 amended to read:

29 79-2120 On or before March 1, 2009, and February 1 of each year
30 thereafter, for purposes of determining socioeconomic diversity of
31 enrollment as defined in section subsection (3) of section 79-238 and

1 ~~sections 79-611 and~~ 79-2110, the State Department of Education shall
2 certify to each learning community and each member school district the
3 average percentage of students qualifying for free or reduced-price
4 lunches in each school building in each member school district and in the
5 aggregate for all school buildings in the learning community based on the
6 most current information available to the department on the immediately
7 preceding January 1. For purposes of this section, the average percentage
8 of students qualifying for free or reduced-price lunches in school
9 buildings that provide free meals to all students pursuant to the
10 community eligibility provision shall equal the identified student
11 percentage, multiplied by 1.6, calculated pursuant to the community
12 eligibility provision. The State Board of Education may adopt and
13 promulgate rules and regulations to carry out this section.

14 Sec. 23. The State Department of Education shall promote the
15 community eligibility provision to schools and school districts eligible
16 to participate, and such promotion shall include, but is not limited to,
17 providing official departmental guidance regarding the options available
18 to schools and school districts for implementation and options for school
19 districts in maintaining state aid and federal funds.

20 Sec. 24. Original sections 79-234, 79-237, 79-238, 79-576, 79-607,
21 79-734, 79-760.03, 79-772, 79-773, 79-774, 79-775, 79-1005.01, and
22 79-1065.01, Reissue Revised Statutes of Nebraska, section 71-1958,
23 Revised Statutes Cumulative Supplement, 2014, and sections 79-8,137.01,
24 79-8,137.03, 79-8,137.04, 79-1003, 79-1028.01, 79-10,143, 79-2110, and
25 79-2120, Revised Statutes Supplement, 2015, are repealed.

26 Sec. 25. The following sections are outright repealed: Sections
27 79-1011, 79-1012, 79-1028.02, and 79-1028.04, Reissue Revised Statutes of
28 Nebraska.