

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 589

Introduced by Pansing Brooks, 28.

Read first time January 21, 2015

Committee: Education

- 1 A BILL FOR AN ACT relating to education funding; to amend section 9-812,
- 2 Revised Statutes Cumulative Supplement, 2014; to provide for
- 3 allocation of the Nebraska Education Improvement Fund; and to repeal
- 4 the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 9-812, Revised Statutes Cumulative Supplement,
2 2014, is amended to read:

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

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

30 (3) Of the money available to be transferred to the Education
31 Innovation Fund, the Nebraska Opportunity Grant Fund, the Nebraska

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

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

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

10 (c) Through June 30, 2016, nineteen and three-fourths percent of the
11 money remaining after the payment of prizes and operating expenses and
12 the initial transfer to the Compulsive Gamblers Assistance Fund shall be
13 transferred to the Education Innovation Fund;

14 (d) Through June 30, 2016, twenty-four and three-fourths percent of
15 the money remaining after the payment of prizes and operating expenses
16 and the initial transfer to the Compulsive Gamblers Assistance Fund shall
17 be transferred to the Nebraska Opportunity Grant Fund;

18 (e) Forty-four and one-half percent of the money remaining after the
19 payment of prizes and operating expenses and the initial transfer to the
20 Compulsive Gamblers Assistance Fund shall be transferred to the Nebraska
21 Environmental Trust Fund to be used as provided in the Nebraska
22 Environmental Trust Act;

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

1 of prizes and operating expenses and the initial transfer to the
2 Compulsive Gamblers Assistance Fund shall be transferred to the General
3 Fund; and

4 (g) One percent of the money remaining after the payment of prizes
5 and operating expenses and the initial transfer to the Compulsive
6 Gamblers Assistance Fund shall be transferred to the Compulsive Gamblers
7 Assistance Fund to be used as provided in section 9-1006.

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

11 (b) For fiscal year 2013-14, the Education Innovation Fund shall be
12 allocated as follows: (i) The first one million dollars shall be
13 transferred to the Excellence in Teaching Cash Fund to fund the
14 Excellence in Teaching Act; (ii) the next allocation shall be distributed
15 to local systems as grants for approved accelerated or differentiated
16 curriculum programs for students identified as learners with high ability
17 pursuant to section 79-1108.02 in an aggregated amount up to the amount
18 distributed in the prior fiscal year for such purposes increased by the
19 basic allowable growth rate pursuant to section 79-1025; (iii) up to the
20 next one hundred sixty thousand dollars shall be used by the State
21 Department of Education to implement section 79-759; (iv) the next one
22 million seven hundred fifty thousand dollars shall be allocated to early
23 childhood education grants awarded by the department pursuant to section
24 79-1103; (v) the next one million dollars shall be transferred to the
25 Early Childhood Education Endowment Cash Fund for use pursuant to section
26 79-1104.02; (vi) the next two hundred thousand dollars shall be used to
27 provide grants to establish bridge programs pursuant to sections 79-1189
28 to 79-1195; (vii) the next ten thousand dollars shall be used to fund the
29 Interstate Compact on Educational Opportunity for Military Children;
30 (viii) the next eighty-five thousand five hundred fifty dollars shall be
31 allocated to the State Department of Education for distribution pursuant

1 to section 79-2306; and (ix) the amount remaining shall be allocated,
2 after administrative expenses, for distance education equipment and
3 incentives pursuant to sections 79-1336 and 79-1337. No funds received as
4 allocations from the Education Innovation Fund pursuant to this
5 subdivision may be obligated for payment to be made after June 30, 2016.

6 (c) For fiscal year 2014-15, the Education Innovation Fund shall be
7 allocated, after administrative expenses, as follows: (i) The first one
8 million two hundred thousand dollars shall be transferred to the
9 Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act;
10 (ii) the next allocation shall be distributed to local systems as grants
11 for approved accelerated or differentiated curriculum programs for
12 students identified as learners with high ability pursuant to section
13 79-1108.02 in an aggregated amount up to the amount distributed in the
14 prior fiscal year for such purposes increased by the basic allowable
15 growth rate pursuant to section 79-1025; (iii) the next one million eight
16 hundred fifty thousand dollars shall be allocated to early childhood
17 education grants awarded by the State Department of Education pursuant to
18 section 79-1103; (iv) the next one million dollars shall be transferred
19 to the Early Childhood Education Endowment Cash Fund for use pursuant to
20 section 79-1104.02; (v) the next two hundred thousand dollars shall be
21 used to provide grants to establish bridge programs pursuant to sections
22 79-1189 to 79-1195; (vi) the next ten thousand dollars shall be used to
23 fund the Interstate Compact on Educational Opportunity for Military
24 Children; (vii) the next two million dollars shall be allocated for
25 distance education equipment and incentives pursuant to sections 79-1336
26 and 79-1337; (viii) the next one million dollars shall be transferred to
27 the School District Reorganization Fund; (ix) up to the next one hundred
28 forty-five thousand dollars shall be used by the State Department of
29 Education to implement section 79-759; and (x) the next three hundred
30 thirty-five thousand dollars shall be allocated to local systems as
31 grants awarded by the State Department of Education to assist schools in

1 evaluating and improving career education programs to align such programs
2 with the state's economic and workforce needs. Except for funds
3 transferred to the School District Reorganization Fund, the Early
4 Childhood Education Endowment Cash Fund, or the department for early
5 childhood education grants pursuant to section 79-1103, no funds received
6 as allocations from the Education Innovation Fund pursuant to this
7 subdivision may be obligated for payment to be made after June 30, 2016,
8 and such funds received as transfers or allocations from the Education
9 Innovation Fund that have not been used for their designated purpose as
10 of such date shall be transferred to the Nebraska Education Improvement
11 Fund on or before August 1, 2016.

12 (d) For fiscal year 2015-16, the Education Innovation Fund shall be
13 allocated, after administrative expenses, as follows: (i) The first one
14 million two hundred thousand dollars shall be transferred to the
15 Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act;
16 (ii) the next allocation shall be distributed to local systems as grants
17 for approved accelerated or differentiated curriculum programs for
18 students identified as learners with high ability pursuant to section
19 79-1108.02 in an aggregated amount up to the amount distributed in the
20 prior fiscal year for such purposes increased by the basic allowable
21 growth rate pursuant to section 79-1025; (iii) the next one million nine
22 hundred fifty thousand dollars shall be allocated to early childhood
23 education grants awarded by the State Department of Education pursuant to
24 section 79-1103; (iv) the next one million dollars shall be transferred
25 to the Early Childhood Education Endowment Cash Fund for use pursuant to
26 section 79-1104.02; (v) the next ten thousand dollars shall be used to
27 fund the Interstate Compact on Educational Opportunity for Military
28 Children; (vi) the next two million five hundred thousand dollars shall
29 be allocated for distance education equipment and incentives pursuant to
30 sections 79-1336 and 79-1337; (vii) the next one million dollars shall be
31 transferred to the School District Reorganization Fund; (viii) up to the

1 next one hundred forty-five thousand dollars shall be used by the State
2 Department of Education to implement section 79-759; and (ix) of the
3 amount remaining, (A) three million dollars shall be retained in the
4 Education Innovation Fund to transfer to the Nebraska Education
5 Improvement Fund on June 30, 2016, and (B) the remaining amount shall be
6 allocated to local systems as grants awarded by the State Department of
7 Education to assist schools in evaluating and improving career education
8 programs to align such programs with the state's economic and workforce
9 needs. Except for funds transferred to the School District Reorganization
10 Fund, the Early Childhood Education Endowment Cash Fund, or the
11 department for early childhood education grants pursuant to section
12 79-1103, no funds received as allocations from the Education Innovation
13 Fund pursuant to this subdivision may be obligated for payment to be made
14 after June 30, 2016, and such funds received as transfers or allocations
15 from the Education Innovation Fund that have not been used for their
16 designated purpose as of such date shall be transferred to the Nebraska
17 Education Improvement Fund on or before August 1, 2016.

18 (e) The Education Innovation Fund terminates on June 30, 2016. Any
19 money in the fund on such date shall be transferred to the Nebraska
20 Education Improvement Fund on such date.

21 (5) The Nebraska Education Improvement Fund is created. The fund
22 shall consist of money transferred pursuant to subsections (3) and (4) of
23 this section, money transferred pursuant to section 85-1920, and any
24 other funds appropriated by the Legislature. Any money in the fund
25 available for investment shall be invested by the state investment
26 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
27 State Funds Investment Act.

28 (a) For fiscal year 2016-17, the Nebraska Education Improvement Fund
29 shall be allocated, after administrative expenses, as follows: (i) The
30 first two million dollars shall be transferred to the Excellence in
31 Teaching Cash Fund to fund the Excellence in Teaching Act; (ii) the next

1 one million nine hundred fifty thousand dollars shall be allocated to
2 early childhood education grants awarded by the State Department of
3 Education pursuant to section 79-1103; (iii) the next one million dollars
4 shall be transferred to the Early Childhood Education Endowment Cash Fund
5 for use pursuant to section 79-1104.02; and (iv) the next one million
6 dollars shall be transferred to the School District Reorganization Fund.

7 (b) For fiscal year 2017-18, the Nebraska Education Improvement Fund
8 shall be allocated, after administrative expenses, as follows: (i) The
9 first three million dollars shall be transferred to the Excellence in
10 Teaching Cash Fund to fund the Excellence in Teaching Act; (ii) the next
11 one million nine hundred fifty thousand dollars shall be allocated to
12 early childhood education grants awarded by the State Department of
13 Education pursuant to section 79-1103; (iii) the next one million dollars
14 shall be transferred to the Early Childhood Education Endowment Cash Fund
15 for use pursuant to section 79-1104.02; and (iv) the next one million
16 dollars shall be transferred to the School District Reorganization Fund.

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

22 (7) Unclaimed prize money on a winning lottery ticket shall be
23 retained for a period of time prescribed by rules and regulations. If no
24 claim is made within such period, the prize money shall be used at the
25 discretion of the Tax Commissioner for any of the purposes prescribed in
26 this section.

27 Sec. 2. Original section 9-812, Revised Statutes Cumulative
28 Supplement, 2014, is repealed.