

LEGISLATIVE BILL 512

Approved by the Governor May 22, 2017

Introduced by Education Committee: Groene, 42, Chairperson; Ebke, 32; Erdman, 47; Kolowski, 31; Linehan, 39; Morfeld, 46; Pansing Brooks, 28; Walz, 15.

A BILL FOR AN ACT relating to education; to amend sections 79-319, 79-746, 79-1065, 79-10,141, 79-1108.02, 79-1144, 85-173, 85-174, 85-308, 85-917, 85-933, 85-949, 85-2401, 85-2403, and 85-2405, Reissue Revised Statutes of Nebraska, and sections 9-812, 77-3442, 79-237, 79-2,144, 79-1003, 79-1007.11, 79-1017.01, 79-1028.01, 79-1054, and 85-502.01, Revised Statutes Cumulative Supplement, 2016; to adopt the Student Online Personal Protection Act; to provide requirements for public school districts relating to swimming activities; to eliminate the Education Innovation Fund; to change provisions related to the Nebraska Education Improvement Fund; to provide for voluntary termination incentives; to change exceptions to levy limitations and budget limitations for new voluntary termination incentives; to change provisions relating to option enrollment; to change a deadline for the state school security director; to transfer duties and eliminate the State Board of Vocational Education; to define and redefine terms; to eliminate the best practices allowance and best practices aid; to provide for adjustments of federal funding for school districts; to change provisions relating to grants under the Summer Food Service Program; to provide for repayment of federal funds; to change and eliminate provisions relating to educational institutions ceasing to function; to change residency provisions for veterans and their spouses and dependents and other eligible persons; to provide duties for the Coordinating Commission for Postsecondary Education; to create a fund; to assess for-profit postsecondary institutions; to require bonds or other security agreements; to authorize claims resulting from the termination of operations; to allow for advertising as prescribed; to require a report; to eliminate the Council on Student Attendance; to harmonize provisions; to provide operative dates; to repeal the original sections; to outright repeal sections 79-321, 79-527.01, 79-738, 79-739, 79-740, 79-741, 79-742, 79-743, 79-744, and 85-175, Reissue Revised Statutes of Nebraska, and section 79-1004, Revised Statutes Cumulative Supplement, 2016; and to declare an emergency.

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

Section 1. Sections 1 to 3 of this act shall be known and may be cited as the Student Online Personal Protection Act.

Sec. 2. For purposes of the Student Online Personal Protection Act:

(1) Covered information means personally identifiable information or material or information that is linked to personally identifiable information or material in any medium or format that is not publicly available and is any of the following:

(a) Created or gathered by or provided to an operator by a student, or the student's parent or legal guardian, in the course of the student's, parent's, or legal guardian's use of the operator's site, service, or application for elementary, middle, or high school purposes;

(b) Created by or provided to an operator by an employee or agent of an elementary school, middle school, high school, or school district for elementary, middle, or high school purposes; or

(c) Gathered by an operator through the operation of its site, service, or application for elementary, middle, or high school purposes and personally identifies a student, including, but not limited to, information in the student's educational record or electronic mail, first and last name, home address, telephone number, electronic mail address, or other information that allows physical or online contact, discipline records, test results, special education data, juvenile dependency records, grades, evaluations, criminal records, medical records, health records, social security number, biometric information, disabilities, socioeconomic information, food purchases, political affiliations, religious information, text messages, documents, student identifiers, search activity, photos, voice recordings, or geolocation information;

(2) Interactive computer service has the definition found in 47 U.S.C. 230, as such section existed on January 1, 2017;

(3) Elementary, middle, or high school purposes means purposes that are directed by or that customarily take place at the direction of an elementary school, a middle school, a high school, a teacher, or a school district or that aid in the administration of school activities, including, but not limited to, instruction in the classroom or at home, administrative activities, collaboration between students, school personnel, or parents, and other purposes that are pursued for the use and benefit of the school or school district;

(4) Operator means, to the extent it is operating in this capacity, the operator of an Internet web site, online service, online application, or mobile

application with actual knowledge that the site, service, or application is used primarily for elementary, middle, or high school purposes and was designed and marketed for elementary, middle, or high school purposes. This term does not include Internet web sites, online services, online applications, or mobile applications operated by a postsecondary institution with a physical presence in Nebraska; and

(5) Targeted advertising means presenting advertisements to a student where the advertisement is selected based on information obtained or inferred over time from that student's online behavior, usage of applications, or covered information. It does not include advertising to a student at an online location based upon that student's current visit to that location, or in response to that student's request for information or feedback, without the retention of that student's online activities or requests over time for the purpose of targeting subsequent advertisements.

Sec. 3. (1) An operator shall not knowingly:

(a) Engage in targeted advertising on the operator's site, service, or application or targeted advertising on any other site, service, or application if the targeting of the advertising is based on any information, including covered information and persistent unique identifiers, that the operator has acquired because of the use of that operator's site, service, or application for elementary, middle, or high school purposes;

(b) Use covered information, including persistent unique identifiers, created or gathered by the operator's site, service, or application to amass a profile about a student except in furtherance of elementary, middle, or high school purposes. Amassing a profile does not include the collection and retention of account information that remains under the control of the student, the student's parent or guardian, or the elementary school, middle school, or high school;

(c) Sell or rent a student's covered information. This subdivision does not apply to (i) the purchase, merger, or other type of acquisition of an operator by another entity if the operator or successor entity complies with this section regarding such covered information or (ii) a national assessment provider if the provider secures the express written consent of the student or parent or guardian of the student given in response to clear and conspicuous notice that access to covered information shall only be provided for purposes of obtaining employment, educational scholarships, financial aid, or postsecondary educational opportunities for such student; or

(d) Except as otherwise provided in subsection (3) of this section, disclose covered information unless the disclosure is made for the following purposes:

(i) In furtherance of the elementary, middle, or high school purpose of the site, service, or application, if the recipient of the covered information disclosed under this subdivision does not further disclose the covered information except to allow or improve operability and functionality of the operator's site, service, or application;

(ii) To ensure legal and regulatory compliance or protect against liability;

(iii) To respond to or participate in the judicial process;

(iv) To protect the safety or integrity of users of the site or other individuals or the security of the site, service, or application;

(v) For a school, educational, or employment purpose requested by the student or the student's parent or guardian if the covered information is not used or further disclosed for any other purpose; or

(vi) To a third party if the operator contractually prohibits the third party from using any covered information for any purpose other than providing the contracted service to or on behalf of the operator, prohibits the third party from disclosing any covered information provided by the operator with subsequent third parties, and requires the third party to implement and maintain reasonable security procedures and practices.

(2) Nothing in this section shall prohibit the operator from using covered information for maintaining, developing, supporting, improving, or diagnosing the operator's site, service, or application.

(3) An operator shall:

(a) Implement and maintain reasonable security procedures and practices appropriate to the nature of the covered information designed to protect that covered information from unauthorized access, destruction, use, modification, or disclosure; and

(b) Delete within a reasonable time period a student's covered information if the elementary school, middle school, high school, or school district requests deletion of covered information under the control of the elementary school, middle school, high school, or school district, unless a student or parent or guardian consents to the maintenance of the covered information.

(4) An operator may use or disclose covered information of a student under the following circumstances:

(a) If other provisions of federal or state law require the operator to disclose the covered information and the operator complies with the requirements of federal and state law in protecting and disclosing such covered information;

(b) As long as no covered information is used for advertising or to amass a profile on the student for purposes other than elementary, middle, or high school purposes, for legitimate research purposes as required by state or federal law and subject to the restrictions under applicable state and federal law or as allowed by state or federal law and in furtherance of elementary,

middle, or high school purposes or postsecondary educational purposes; or

(c) To state or local educational agencies, including elementary schools, middle schools, high schools, and school districts, for elementary, middle, or high school purposes, as permitted by state or federal law.

(5) This section does not prohibit an operator from doing any of the following:

(a) Using covered information to improve educational products if such covered information is not associated with an identified student within the operator's site, service, or application or other sites, services, or applications owned by the operator;

(b) Using covered information that is not associated with an identified student to demonstrate or market the effectiveness of the operator's products or services;

(c) Sharing covered information that is not associated with an identified student for the development and improvement of educational sites, services, or applications;

(d) Using recommendation engines to recommend to a student either of the following:

(i) Additional content relating to an educational, other learning, or employment opportunity purpose within an online site, service, or application if the recommendation is not determined in whole or in part by payment or other consideration from a third party; or

(ii) Additional services relating to an educational, other learning, or employment opportunity purpose within an online site, service, or application if the recommendation is not determined in whole or in part by payment or other consideration from a third party; or

(e) Responding to a student's request for information or for feedback without the information or response being determined in whole or in part by payment or other consideration from a third party.

(6) This section does not:

(a) Limit the authority of a law enforcement agency to obtain any content or covered information from an operator as authorized by law or under a court order;

(b) Limit the ability of an operator to use student data, including covered information, for adaptive learning or customized student learning purposes;

(c) Apply to general audience Internet web sites, general audience online services, general audience online applications, or general audience mobile applications, even if login credentials created for an operator's site, service, or application may be used to access those general audience sites, services, or applications;

(d) Limit service providers from providing Internet connectivity to schools or a student and his or her family;

(e) Prohibit an operator of an Internet web site, online service, online application, or mobile application from marketing educational products directly to parents if the marketing did not result from the use of covered information obtained by the operator through the provision of services covered under this section;

(f) Impose a duty upon a provider of an electronic store, network gateway, marketplace, or other means of purchasing or downloading software or applications to review or enforce compliance with this section on those applications or software;

(g) Impose a duty upon a provider of an interactive computer service to review or enforce compliance with this section by third-party content providers; or

(h) Prohibit a student from downloading, exporting, transferring, saving, or maintaining his or her own student data or documents.

Sec. 4. Every swimming pool owned, rented, leased, or otherwise used by a school district for practice, competition, or any other school function shall have at least one person present during such use who is currently certified by a nationally recognized aquatic training program in first aid, cardiopulmonary resuscitation, and drowning risk prevention.

Sec. 5. Section 9-812, Revised Statutes Cumulative Supplement, 2016, is amended to read:

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

(2) A portion of the dollar amount of the lottery tickets which have been sold on an annualized basis shall be transferred from the State Lottery Operation Trust Fund to the Education Innovation Fund, the Nebraska Opportunity Grant Fund, the Nebraska Education Improvement Fund, the Nebraska Environmental Trust Fund, the Nebraska State Fair Board, and the Compulsive Gamblers Assistance Fund as provided in subsection (3) of this section. The dollar amount transferred pursuant to this subsection shall equal the greater of (a)

the dollar amount transferred to the funds in fiscal year 2002-03 or (b) any amount which constitutes at least twenty-two percent and no more than twenty-five percent of the dollar amount of the lottery tickets which have been sold on an annualized basis. To the extent that funds are available, the Tax Commissioner and director may authorize a transfer exceeding twenty-five percent of the dollar amount of the lottery tickets sold on an annualized basis.

(3) Of the money available to be transferred to the Education Innovation Fund, the Nebraska Opportunity Grant Fund, the Nebraska Education Improvement Fund, the Nebraska Environmental Trust Fund, the Nebraska State Fair Board, and the Compulsive Gamblers Assistance Fund:

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

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

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

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

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

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

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

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

~~(b) For fiscal year 2014-15, the Education Innovation Fund shall be allocated, after administrative expenses, as follows: (i) The first one million two hundred thousand dollars shall be transferred to the Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act; (ii) the next allocation shall be distributed to local systems as grants for approved accelerated or differentiated curriculum programs for students identified as learners with high ability pursuant to section 79-1108.02 in an aggregated amount up to the amount distributed in the prior fiscal year for such purposes increased by the basic allowable growth rate pursuant to section 79-1025; (iii) the next one million eight hundred fifty thousand dollars shall be allocated to early childhood education grants awarded by the State Department of Education pursuant to section 79-1103; (iv) the next one million dollars shall be transferred to the Early Childhood Education Endowment Cash Fund for use pursuant to section 79-1104.02; (v) the next two hundred thousand dollars shall be used to provide grants to establish bridge programs pursuant to sections 79-1189 to 79-1195; (vi) the next ten thousand dollars shall be used to fund the Interstate Compact on Educational Opportunity for Military Children; (vii) the next two million dollars shall be allocated for distance education equipment and incentives pursuant to sections 79-1336 and 79-1337; (viii) the next one million dollars shall be transferred to the School District Reorganization Fund; (ix) up to the next one hundred forty-five thousand dollars shall be used by the State Department of Education to implement section 79-759; and (x) the next three hundred thirty-five thousand dollars shall be allocated to local systems as grants awarded by the State Department of Education to assist schools in evaluating and improving career education programs to align such programs with the state's economic and workforce needs. Except for funds transferred to the School District Reorganization Fund, the Early Childhood Education Endowment Cash Fund, or the department for early childhood education grants pursuant to section 79-1103, no funds received as allocations from the Education Innovation Fund pursuant to this subdivision may be obligated for payment to be made after June 30, 2016, and such funds received as transfers or allocations from the Education Innovation Fund that have not been used for their designated purpose as of such date shall be transferred to the Nebraska Education Improvement Fund on or before August 1, 2016.~~

~~(c) For fiscal year 2015-16, the Education Innovation Fund shall be allocated, after administrative expenses, as follows: (i) The first one million two hundred thousand dollars shall be transferred to the Excellence in Teaching Cash Fund to fund the Excellence in Teaching Act; (ii) the next allocation shall be distributed to local systems as grants for approved accelerated or differentiated curriculum programs for students identified as learners with high ability pursuant to section 79-1108.02 in an aggregated amount up to the amount distributed in the prior fiscal year for such purposes increased by the basic allowable growth rate pursuant to section 79-1025; (iii) the next one million nine hundred fifty thousand dollars shall be allocated to early childhood education grants awarded by the State Department of Education pursuant to section 79-1103; (iv) the next one million dollars shall be transferred to the Early Childhood Education Endowment Cash Fund for use pursuant to section 79-1104.02; (v) the next ten thousand dollars shall be used to fund the Interstate Compact on Educational Opportunity for Military Children; (vi) the next two million five hundred thousand dollars shall be allocated for distance education equipment and incentives pursuant to sections 79-1336 and 79-1337; (vii) the next one million dollars shall be transferred to the School District Reorganization Fund; (viii) up to the next one hundred forty-five thousand dollars shall be used by the State Department of Education to implement section 79-759; and (ix) of the amount remaining, (A) three million dollars shall be retained in the Education Innovation Fund to transfer to the Nebraska Education Improvement Fund on June 30, 2016, and (B) the remaining amount shall be allocated to local systems as grants awarded by the State Department of Education to assist schools in evaluating and improving career education programs to align such programs with the state's economic and workforce needs. Except for funds transferred to the School District Reorganization Fund, the Early Childhood Education Endowment Cash Fund, or the department for early childhood education grants pursuant to section 79-1103, no funds received as allocations from the Education Innovation Fund pursuant to this subdivision may be obligated for payment to be made after June 30, 2016, and such funds received as transfers or allocations from the Education Innovation Fund that have not been used for their designated purpose as of such date shall be transferred to the Nebraska Education Improvement Fund on or before August 1, 2016.~~

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

~~(4) (5) The Nebraska Education Improvement Fund is created. The fund shall consist of money transferred pursuant to subsections (3) and (4) of this section, money transferred pursuant to section 85-1920, and any other funds appropriated by the Legislature. The fund shall be allocated, after actual and necessary administrative expenses, as provided in this section for fiscal years 2016-17 through 2020-21. A portion of each allocation may be retained by the agency to which the allocation is made or the agency administering the fund to which the allocation is made for actual and necessary expenses incurred by such agency for administration, evaluation, and technical assistance related to the purposes of the allocation, except that no amount of the allocation to the Nebraska Opportunity Grant Fund may be used for such purposes. On or before December 31, 2019, the Education Committee of the Legislature shall electronically submit recommendations to the Clerk of the Legislature regarding how the fund should be allocated to best advance the educational priorities of the state for the five-year period beginning with fiscal year 2021-22. For fiscal year 2016-17, an amount equal to ten percent of the revenue allocated to the Education Innovation Fund and to the Nebraska Opportunity Grant Fund for fiscal year 2015-16 shall be retained in the Nebraska Education Improvement Fund. For fiscal years 2017-18 through 2020-21, an amount equal to ten percent of the revenue received by the Nebraska Education Improvement Fund in the prior fiscal year shall be retained in the fund. For fiscal years 2016-17 through 2020-21, the remainder of the fund, after payment of any learning community transition aid pursuant to section 79-10,145, shall be allocated as follows:~~

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

~~(b) Seventeen percent of the allocated funds to the Department of Education Innovative Grant Fund to be used (i) for competitive innovation grants pursuant to section 79-1054 and (ii) for school fiscal year 2017-18, to carry out the purposes of section 79-759;~~

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

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

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

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

~~(5) (6) Any money in the State Lottery Operation Trust Fund, the State Lottery Operation Cash Fund, the State Lottery Prize Trust Fund, the Nebraska Education Improvement Fund, or the Education Innovation Fund available for investment shall be invested by the state investment officer pursuant to the~~

Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

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

Sec. 6. Section 77-3442, Revised Statutes Cumulative Supplement, 2016, is amended to read:

77-3442 (1) Property tax levies for the support of local governments for fiscal years beginning on or after July 1, 1998, shall be limited to the amounts set forth in this section except as provided in section 77-3444.

(2)(a) Except as provided in subdivisions (2)(b) and (2)(e) of this section, school districts and multiple-district school systems may levy a maximum levy of one dollar and five cents per one hundred dollars of taxable valuation of property subject to the levy.

(b) For each fiscal year prior to fiscal year 2017-18, learning communities may levy a maximum levy for the general fund budgets of member school districts of ninety-five cents per one hundred dollars of taxable valuation of property subject to the levy. The proceeds from the levy pursuant to this subdivision shall be distributed pursuant to section 79-1073.

(c) Except as provided in subdivision (2)(e) of this section, for each fiscal year prior to fiscal year 2017-18, school districts that are members of learning communities may levy for purposes of such districts' general fund budget and special building funds a maximum combined levy of the difference of one dollar and five cents on each one hundred dollars of taxable property subject to the levy minus the learning community levy pursuant to subdivision (2)(b) of this section for such learning community.

(d) Excluded from the limitations in subdivisions (2)(a) and (2)(c) of this section are (i) amounts levied to pay for current and future sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination of employment occurring prior to September 1, 2017, (ii) amounts levied by a school district otherwise at the maximum levy pursuant to subdivision (2)(a) of this section to pay for current and future qualified voluntary termination incentives for certificated teachers pursuant to subsection (3) of section 11 of this act that are not otherwise included in an exclusion pursuant to subdivision (2)(d) of this section, (iii) amounts levied by a school district otherwise at the maximum levy pursuant to subdivision (2)(a) of this section to pay for seventy-five percent of the current and future sums agreed to be paid to certificated employees in exchange for a voluntary termination of employment occurring between September 1, 2017, and August 31, 2018, as a result of a collective bargaining agreement in force and effect on the operative date of this section that are not otherwise included in an exclusion pursuant to subdivision (2)(d) of this section, (iv) amounts levied by a school district otherwise at the maximum levy pursuant to subdivision (2)(a) of this section to pay for fifty percent of the current and future sums agreed to be paid to certificated employees in exchange for a voluntary termination of employment occurring between September 1, 2018, and August 31, 2019, as a result of a collective bargaining agreement in force and effect on the operative date of this section that are not otherwise included in an exclusion pursuant to subdivision (2)(d) of this section, (v) amounts levied by a school district otherwise at the maximum levy pursuant to subdivision (2)(a) of this section to pay for twenty-five percent of the current and future sums agreed to be paid to certificated employees in exchange for a voluntary termination of employment occurring between September 1, 2019, and August 31, 2020, as a result of a collective bargaining agreement in force and effect on the operative date of this section that are not otherwise included in an exclusion pursuant to subdivision (2)(d) of this section, (vi) amounts levied in compliance with sections 79-10,110 and 79-10,110.02, and (vii) amounts levied to pay for special building funds and sinking funds established for projects commenced prior to April 1, 1996, for construction, expansion, or alteration of school district buildings. For purposes of this subsection, commenced means any action taken by the school board on the record which commits the board to expend district funds in planning, constructing, or carrying out the project.

(e) Federal aid school districts may exceed the maximum levy prescribed by subdivision (2)(a) or (2)(c) of this section only to the extent necessary to qualify to receive federal aid pursuant to Title VIII of Public Law 103-382, as such title existed on September 1, 2001. For purposes of this subdivision, federal aid school district means any school district which receives ten percent or more of the revenue for its general fund budget from federal government sources pursuant to Title VIII of Public Law 103-382, as such title existed on September 1, 2001.

(f) For each fiscal year, learning communities may levy a maximum levy of one-half cent on each one hundred dollars of taxable property subject to the levy for elementary learning center facility leases, for remodeling of leased elementary learning center facilities, and for up to fifty percent of the estimated cost for focus school or program capital projects approved by the learning community coordinating council pursuant to section 79-2111.

(g) For each fiscal year, learning communities may levy a maximum levy of one and one-half cents on each one hundred dollars of taxable property subject to the levy for early childhood education programs for children in poverty, for elementary learning center employees, for contracts with other entities or individuals who are not employees of the learning community for elementary learning center programs and services, and for pilot projects, except that no

more than ten percent of such levy may be used for elementary learning center employees.

(3) For each fiscal year, community college areas may levy the levies provided in subdivisions (2)(a) through (c) of section 85-1517, in accordance with the provisions of such subdivisions. A community college area may exceed the levy provided in subdivision (2)(b) of section 85-1517 by the amount necessary to retire general obligation bonds assumed by the community college area or issued pursuant to section 85-1515 according to the terms of such bonds or for any obligation pursuant to section 85-1535 entered into prior to January 1, 1997.

(4)(a) Natural resources districts may levy a maximum levy of four and one-half cents per one hundred dollars of taxable valuation of property subject to the levy.

(b) Natural resources districts shall also have the power and authority to levy a tax equal to the dollar amount by which their restricted funds budgeted to administer and implement ground water management activities and integrated management activities under the Nebraska Ground Water Management and Protection Act exceed their restricted funds budgeted to administer and implement ground water management activities and integrated management activities for FY2003-04, not to exceed one cent on each one hundred dollars of taxable valuation annually on all of the taxable property within the district.

(c) In addition, natural resources districts located in a river basin, subbasin, or reach that has been determined to be fully appropriated pursuant to section 46-714 or designated as overappropriated pursuant to section 46-713 by the Department of Natural Resources shall also have the power and authority to levy a tax equal to the dollar amount by which their restricted funds budgeted to administer and implement ground water management activities and integrated management activities under the Nebraska Ground Water Management and Protection Act exceed their restricted funds budgeted to administer and implement ground water management activities and integrated management activities for FY2005-06, not to exceed three cents on each one hundred dollars of taxable valuation on all of the taxable property within the district for fiscal year 2006-07 and each fiscal year thereafter through fiscal year 2017-18.

(5) Any educational service unit authorized to levy a property tax pursuant to section 79-1225 may levy a maximum levy of one and one-half cents per one hundred dollars of taxable valuation of property subject to the levy.

(6)(a) Incorporated cities and villages which are not within the boundaries of a municipal county may levy a maximum levy of forty-five cents per one hundred dollars of taxable valuation of property subject to the levy plus an additional five cents per one hundred dollars of taxable valuation to provide financing for the municipality's share of revenue required under an agreement or agreements executed pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. The maximum levy shall include amounts levied to pay for sums to support a library pursuant to section 51-201, museum pursuant to section 51-501, visiting community nurse, home health nurse, or home health agency pursuant to section 71-1637, or statue, memorial, or monument pursuant to section 80-202.

(b) Incorporated cities and villages which are within the boundaries of a municipal county may levy a maximum levy of ninety cents per one hundred dollars of taxable valuation of property subject to the levy. The maximum levy shall include amounts paid to a municipal county for county services, amounts levied to pay for sums to support a library pursuant to section 51-201, a museum pursuant to section 51-501, a visiting community nurse, home health nurse, or home health agency pursuant to section 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

(7) Sanitary and improvement districts which have been in existence for more than five years may levy a maximum levy of forty cents per one hundred dollars of taxable valuation of property subject to the levy, and sanitary and improvement districts which have been in existence for five years or less shall not have a maximum levy. Unconsolidated sanitary and improvement districts which have been in existence for more than five years and are located in a municipal county may levy a maximum of eighty-five cents per hundred dollars of taxable valuation of property subject to the levy.

(8) Counties may levy or authorize a maximum levy of fifty cents per one hundred dollars of taxable valuation of property subject to the levy, except that five cents per one hundred dollars of taxable valuation of property subject to the levy may only be levied to provide financing for the county's share of revenue required under an agreement or agreements executed pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. The maximum levy shall include amounts levied to pay for sums to support a library pursuant to section 51-201 or museum pursuant to section 51-501. The county may allocate up to fifteen cents of its authority to other political subdivisions subject to allocation of property tax authority under subsection (1) of section 77-3443 and not specifically covered in this section to levy taxes as authorized by law which do not collectively exceed fifteen cents per one hundred dollars of taxable valuation on any parcel or item of taxable property. The county may allocate to one or more other political subdivisions subject to allocation of property tax authority by the county under subsection (1) of section 77-3443 some or all of the county's five cents per one hundred dollars of valuation authorized for support of an agreement or agreements to be levied by the political subdivision for the purpose of supporting that political subdivision's share of revenue required under an agreement or agreements

executed pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. If an allocation by a county would cause another county to exceed its levy authority under this section, the second county may exceed the levy authority in order to levy the amount allocated.

(9) Municipal counties may levy or authorize a maximum levy of one dollar per one hundred dollars of taxable valuation of property subject to the levy. The municipal county may allocate levy authority to any political subdivision or entity subject to allocation under section 77-3443.

(10) Beginning July 1, 2016, rural and suburban fire protection districts may levy a maximum levy of ten and one-half cents per one hundred dollars of taxable valuation of property subject to the levy if (a) such district is located in a county that had a levy pursuant to subsection (8) of this section in the previous year of at least forty cents per one hundred dollars of taxable valuation of property subject to the levy or (b) for any rural or suburban fire protection district that had a levy request pursuant to section 77-3443 in the previous year, the county board of the county in which the greatest portion of the valuation of such district is located did not authorize any levy authority to such district in the previous year.

(11) Property tax levies (a) for judgments, except judgments or orders from the Commission of Industrial Relations, obtained against a political subdivision which require or obligate a political subdivision to pay such judgment, to the extent such judgment is not paid by liability insurance coverage of a political subdivision, (b) for preexisting lease-purchase contracts approved prior to July 1, 1998, (c) for bonds as defined in section 10-134 approved according to law and secured by a levy on property except as provided in section 44-4317 for bonded indebtedness issued by educational service units and school districts, and (d) for payments by a public airport to retire interest-free loans from the Department of Aeronautics in lieu of bonded indebtedness at a lower cost to the public airport are not included in the levy limits established by this section.

(12) The limitations on tax levies provided in this section are to include all other general or special levies provided by law. Notwithstanding other provisions of law, the only exceptions to the limits in this section are those provided by or authorized by sections 77-3442 to 77-3444.

(13) Tax levies in excess of the limitations in this section shall be considered unauthorized levies under section 77-1606 unless approved under section 77-3444.

(14) For purposes of sections 77-3442 to 77-3444, political subdivision means a political subdivision of this state and a county agricultural society.

(15) For school districts that file a binding resolution on or before May 9, 2008, with the county assessors, county clerks, and county treasurers for all counties in which the school district has territory pursuant to subsection (7) of section 79-458, if the combined levies, except levies for bonded indebtedness approved by the voters of the school district and levies for the refinancing of such bonded indebtedness, are in excess of the greater of (a) one dollar and twenty cents per one hundred dollars of taxable valuation of property subject to the levy or (b) the maximum levy authorized by a vote pursuant to section 77-3444, all school district levies, except levies for bonded indebtedness approved by the voters of the school district and levies for the refinancing of such bonded indebtedness, shall be considered unauthorized levies under section 77-1606.

Sec. 7. Section 79-237, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-237 (1) For a student to begin attendance as an option student in an option school district in which the student resides, the student's parent or legal guardian shall submit an application to the school board of the option school district between September 1 and March 15 for attendance during the following and subsequent school years. Except as provided in subsection (2) of this section, applications submitted after March 15 shall contain a release approval from the resident school district on the application form prescribed and furnished by the State Department of Education pursuant to subsection (8) of this section. A district may not accept or approve any applications submitted after such date without such a release approval. The option school district shall provide the resident school district with the name of the applicant on or before April 1 or, in the case of an application submitted after March 15, within sixty days after submission. The option school district shall notify, in writing, the parent or legal guardian of the student and the resident school district whether the application is accepted or rejected on or before April 1 or, in the case of an application submitted after March 15, within sixty days after submission. An option school district that is a member of a learning community may not approve an application pursuant to this section for a student who resides in such learning community to attend prior to school year 2017-18.

(2) A student who relocates to a different resident school district after February 1 or whose option school district merges with another district effective after February 1 may submit an application to the school board of an option school district for attendance during the current or immediately following and subsequent school years unless the applicant is a resident of a learning community and the application is for attendance to begin prior to school year 2017-18 in an option school district that is also a member of such learning community. Such application does not require the release approval of the resident school district. The option school district shall accept or reject such application within forty-five days.

(3) A parent or guardian may provide information on the application for an option school district that is a member of a learning community regarding the applicant's potential qualification for free or reduced-price lunches. Any such information provided shall be subject to verification and shall only be used for the purposes of subsection (4) of section 79-238. Nothing in this subsection requires a parent or guardian to provide such information. Determinations about an applicant's qualification for free or reduced-price lunches for purposes of subsection (4) of section 79-238 shall be based on any verified information provided on the application. If no such information is provided, the student shall be presumed not to qualify for free or reduced-price lunches for the purposes of subsection (4) of section 79-238.

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

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

(6) Except as provided in subsection (5) of this section or, for open enrollment option students, in section 79-235.01, the option student shall attend the option school district until graduation unless the student relocates in a different resident school district, transfers to a private or parochial school, or chooses to return to the resident school district.

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

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

(9) An option student who subsequently chooses to attend a private or parochial school and who is not an open enrollment option student shall be automatically accepted to return to either the resident school district or option school district upon the completion of the grade levels offered at the private or parochial school. If such student chooses to return to the option school district, the student's parent or legal guardian shall submit another application to the school board of the option school district which shall be automatically accepted, and the deadlines prescribed in this section shall be waived.

Sec. 8. Section 79-2,144, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-2,144 The state school security director appointed pursuant to section 79-2,143 shall be responsible for providing leadership and support for safety and security for the public schools. Duties of the director include, but are not limited to:

(1) Collecting safety and security plans, required pursuant to rules and regulations of the State Department of Education relating to accreditation of schools, and other school security information from each school system in Nebraska. School districts shall provide the state school security director with the safety and security plans of the school district and any other security information requested by the director, but any plans or information submitted by a school district may be withheld by the department pursuant to subdivision (8) of section 84-712.05;

(2) Recommending minimum standards for school security on or before January 1, 2016, to the State Board of Education;

(3) Conducting an assessment of the security of each public school building, which assessment shall be completed by August 31, ~~2019~~ 2017;

(4) Identifying deficiencies in school security based on the minimum standards adopted by the State Board of Education and making recommendations to school boards for remedying such deficiencies;

(5) Establishing security awareness and preparedness tools and training programs for public school staff;

(6) Establishing research-based model instructional programs for staff, students, and parents to address the underlying causes for violent attacks on schools;

(7) Overseeing suicide awareness and prevention training in public schools pursuant to section 79-2,146;

(8) Establishing tornado preparedness standards which shall include, but not be limited to, ensuring that every school conducts ~~conduct~~ at least two tornado drills per year;

(9) Responding to inquiries and requests for assistance relating to school security from private, denominational, and parochial schools; and

(10) Recommending curricular and extracurricular materials to assist school districts in preventing and responding to cyberbullying and digital citizenship issues.

Sec. 9. Section 79-319, Reissue Revised Statutes of Nebraska, is amended to read:

79-319 The State Board of Education has the authority to (1) provide for the education of and approve special educational facilities and programs provided in the public schools for children with disabilities, (2) act as the state's authority for the approval of all types of veterans educational

programs and have jurisdiction over the administration and supervision of on-the-job and apprenticeship training, on-the-farm training, and flight training programs for veterans which are financially supported in whole or in part by the federal government, (3) supervise and administer any educational or training program established within the state by the federal government, except postsecondary education in approved colleges, (4) coordinate educational activities in the state that pertain to elementary and secondary education and such other educational programs as are placed by statute under the jurisdiction of the board, (5) administer any state or federal career and technical education laws and funding as directed, (6) receive and distribute according to law any money, commodities, goods, or services made available to the board from the state or federal government or from any other source and distribute money in accordance with the terms of any grant received, including the distribution of money from grants by the federal government to schools, preschools, day care centers, day care homes, nonprofit agencies, and political subdivisions of the state or institutions of learning not owned or exclusively controlled by the state or a political subdivision thereof, so long as no public funds of the state, any political subdivision, or any public corporation are added to such federal grants, (7) ~~(6)~~ publish, from time to time, directories of schools and educators, pamphlets, curriculum guides, rules and regulations, handbooks on school constitution and other matters of interest to educators, and similar publications. Such publications may be distributed without charge to schools and school officials within this state or may be sold at a price not less than the actual cost of printing. The proceeds of such sale shall be remitted to the State Treasurer for credit to the State Department of Education Cash Fund which may be used by the State Department of Education for the purpose of printing and distributing further such publications on a nonprofit basis. Copies of such publications shall be provided to the Nebraska Publications Clearinghouse pursuant to section 51-413, and (8) ~~(7)~~ when necessary for the proper administration of the functions of the department and with the approval of the Governor and the Department of Administrative Services, rent or lease space outside the State Capitol.

Sec. 10. Section 79-746, Reissue Revised Statutes of Nebraska, is amended to read:

79-746 Any public school district in this state may enter into an agreement with any other public school district in this state to provide and share vocational educational programs, particularly programs involving recent technological developments such as electronics, computer science, and communications. The agreement's terms shall be approved by the school board or board of education of each school district participating in the agreement. The terms of the agreement shall include, but not be limited to, the method of sharing or hiring personnel, purchasing equipment and materials, and course curriculum.

The State Board of ~~Vocational~~ Education shall be apprised of all interdistrict school agreements at the time such agreements are executed.

Sec. 11. (1) A school district may agree to pay incentives to a certificated employee in exchange for a voluntary termination of employment.

(2) For purposes of this section, incentives paid in exchange for a voluntary termination of employment include any amount paid, except pursuant to the Retirement Incentive Plan or Staff Development Assistance agreement required under sections 79-854 to 79-856 for school districts involved in a unification or reorganization, to or on behalf of any certificated staff member in exchange for a voluntary termination of employment, including, but not limited to, early retirement inducements and costs to the school district for insurance coverage for such certificated staff member or any member of such certificated staff member's family.

(3) Incentives paid to a certificated teacher in exchange for a voluntary termination of employment shall be a qualified voluntary termination incentive for a certificated teacher for purposes of sections 77-3442 and 79-1028.01 if:

(a) All current and future incentives paid by the school district to such certificated teacher for such voluntary termination of employment do not exceed thirty-five thousand dollars in total and such school district has not and shall not pay any other incentives to such certificated teacher for any voluntary termination of employment;

(b) All current and future incentives for such voluntary termination of employment are paid within five years after such voluntary termination of employment or prior to such certificated teacher becoming eligible for medicare, whichever occurs first;

(c) Such school district has, to the satisfaction of the State Board of Education, demonstrated that the payment of such incentives in exchange for a voluntary termination of employment will result in a net savings in salary and benefit costs to the school district over a five-year period; and

(d) Such incentives to be paid in exchange for a voluntary termination of employment were not included in any collective bargaining agreement.

(4) Each school district shall report all incentives paid in exchange for voluntary terminations of employment on the annual financial report in the manner specified by the department.

(5) The State Board of Education may adopt and promulgate rules and regulations to carry out the purposes of this section.

Sec. 12. Section 79-1003, Revised Statutes Cumulative Supplement, 2016, is amended to read:

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

(1) Adjusted general fund operating expenditures means (a) for school fiscal years 2013-14 through 2015-16, the difference of the general fund operating expenditures as calculated pursuant to subdivision (23) of this section increased by the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, instructional time allowance, teacher education allowance, and focus school and program allowance, (b) for school fiscal years 2016-17 through 2018-19, the difference of the general fund operating expenditures as calculated pursuant to subdivision (23) of this section increased by the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, ~~best practices allowance~~, and focus school and program allowance, and (c) for school fiscal year 2019-20 and each school fiscal year thereafter, the difference of the general fund operating expenditures as calculated pursuant to subdivision (23) of this section increased by the cost growth factor calculated pursuant to section 79-1007.10, minus the transportation allowance, special receipts allowance, poverty allowance, limited English proficiency allowance, distance education and telecommunications allowance, elementary site allowance, summer school allowance, ~~best practices allowance~~, community achievement plan allowance, and focus school and program allowance;

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

(3) Allocated income tax funds means the amount of assistance paid to a local system pursuant to section 79-1005.01 as adjusted, for school fiscal years prior to school fiscal year 2017-18, by the minimum levy adjustment pursuant to section 79-1008.02;

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

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

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

(7) Categorical funds means funds limited to a specific purpose by federal or state law, including, but not limited to, Title I funds, Title VI funds, federal vocational education funds, federal school lunch funds, Indian education funds, Head Start funds, and funds from the Education Innovation Fund;

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

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

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

(11) Department means the State Department of Education;

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

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

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

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

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

(17) Formula students means:

(a) For state aid certified pursuant to section 79-1022, the sum of the

product of fall membership from the school fiscal year immediately preceding the school fiscal year in which the aid is to be paid multiplied by the average ratio of average daily membership to fall membership for the second school fiscal year immediately preceding the school fiscal year in which the aid is to be paid and the prior two school fiscal years plus sixty percent of the qualified early childhood education fall membership plus tuitioned students from the school fiscal year immediately preceding the school fiscal year in which aid is to be paid minus the product of the number of students enrolled in kindergarten that is not full-day kindergarten from the fall membership multiplied by 0.5; and

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

(18) Free lunch and free milk calculated students means, using the most recent data available on November 1 of the school fiscal year immediately preceding the school fiscal year in which aid is to be paid, (a) for schools that did not provide free meals to all students pursuant to the community eligibility provision, students who individually qualified for free lunches or free milk pursuant to the federal Richard B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts and sections existed on January 1, 2015, and rules and regulations adopted thereunder, plus (b) for schools that provided free meals to all students pursuant to the community eligibility provision, (i) for school fiscal year 2016-17, the product of the students who attended such school multiplied by the identified student percentage calculated pursuant to such federal provision or (ii) for school fiscal year 2017-18 and each school fiscal year thereafter, the greater of the number of students in such school who individually qualified for free lunch or free milk using the most recent school fiscal year for which the school did not provide free meals to all students pursuant to the community eligibility provision or one hundred ten percent of the product of the students who qualified for free meals at such school pursuant to the community eligibility provision multiplied by the identified student percentage calculated pursuant to such federal provision, except that the free lunch and free milk students calculated for any school pursuant to subdivision (18)(b)(ii) of this section shall not exceed one hundred percent of the students qualified for free meals at such school pursuant to the community eligibility provision;

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

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

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

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

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

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

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

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

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

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

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

(28) Local system means a learning community for purposes of calculation of state aid for each school fiscal year prior to school fiscal year 2017-18, a unified system, a Class VI district and the associated Class I districts, or a Class II, III, IV, or V district and any affiliated Class I districts or portions of Class I districts. The membership, expenditures, and resources of Class I districts that are affiliated with multiple high school districts will be attributed to local systems based on the percent of the Class I valuation that is affiliated with each high school district;

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

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

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

(32) Poverty students means (a) for school fiscal years prior to 2016-17, the number of low-income students or the number of students who are free lunch and free milk students in a district plus the difference of the number of low-income students or the number of students who are free lunch and free milk students in a district, whichever is greater, minus the average number of poverty students for such district, prior to such addition, for the three

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

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

(34) Qualified early childhood education fall membership means the product of membership on the last Friday in September 2006 and each year thereafter of students who will be eligible to attend kindergarten the following school year and are enrolled in an early childhood education program approved by the department pursuant to section 79-1103 for such school district for such school year multiplied by the ratio of the planned instructional hours of the program divided by one thousand thirty-two if: (a) The program is receiving a grant pursuant to such section for the third year; (b) the program has already received grants pursuant to such section for three years; or (c) the program has been approved pursuant to subsection (5) of section 79-1103 for such school year and the two preceding school years, including any such students in portions of any of such programs receiving an expansion grant;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(47) Temporary aid adjustment factor means (a) for school fiscal years before school fiscal year 2007-08, one and one-fourth percent of the sum of the local system's transportation allowance, the local system's special receipts allowance, and the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping and (b) for school fiscal year 2007-08, one and one-fourth percent of the sum of the local system's transportation allowance, special receipts

allowance, and distance education and telecommunications allowance and the product of the local system's adjusted formula students multiplied by the average formula cost per student in the local system's cost grouping;

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

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

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

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

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

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

Sec. 13. Section 79-1007.11, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-1007.11 (1) Except as otherwise provided in this section, for school fiscal years 2013-14 through 2015-16, each school district's formula need shall equal the difference of the sum of the school district's basic funding, poverty allowance, limited English proficiency allowance, focus school and program allowance, summer school allowance, special receipts allowance, transportation allowance, elementary site allowance, instructional time allowance, teacher education allowance, distance education and telecommunications allowance, averaging adjustment, new learning community transportation adjustment, student growth adjustment, any positive student growth adjustment correction, and new school adjustment, minus the sum of the limited English proficiency allowance correction, poverty allowance correction, and any negative student growth adjustment correction.

(2) Except as otherwise provided in this section, for school fiscal year 2016-17, each school district's formula need shall equal the difference of the sum of the school district's basic funding, poverty allowance, limited English proficiency allowance, focus school and program allowance, summer school allowance, special receipts allowance, transportation allowance, elementary site allowance, ~~best practices allowance~~, distance education and telecommunications allowance, averaging adjustment, new learning community transportation adjustment, student growth adjustment, any positive student growth adjustment correction, and new school adjustment, minus the sum of the limited English proficiency allowance correction, poverty allowance correction, and any negative student growth adjustment correction.

(3) Except as otherwise provided in this section, for school fiscal years 2017-18 and 2018-19, each school district's formula need shall equal the difference of the sum of the school district's basic funding, poverty allowance, poverty allowance adjustment, limited English proficiency allowance, focus school and program allowance, summer school allowance, special receipts allowance, transportation allowance, elementary site allowance, ~~best practices allowance~~, distance education and telecommunications allowance, averaging adjustment, new community achievement plan adjustment, student growth adjustment, any positive student growth adjustment correction, and new school adjustment minus the sum of the limited English proficiency allowance correction, poverty allowance correction, and any negative student growth adjustment correction.

(4) Except as otherwise provided in this section, for school fiscal year 2019-20 and each school fiscal year thereafter, each school district's formula need shall equal the difference of the sum of the school district's basic funding, poverty allowance, limited English proficiency allowance, focus school and program allowance, summer school allowance, special receipts allowance, transportation allowance, elementary site allowance, ~~best practices allowance~~, distance education and telecommunications allowance, community achievement plan allowance, averaging adjustment, new community achievement plan adjustment, student growth adjustment, any positive student growth adjustment correction, and new school adjustment minus the sum of the limited English proficiency allowance correction, poverty allowance correction, and any negative student growth adjustment correction.

(5) If the formula need calculated for a school district pursuant to subsections (1) through (4) of this section is less than one hundred percent of the formula need for such district for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated, the formula need for such district shall equal one hundred percent of the formula need for such district for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated.

(6) If the formula need calculated for a school district pursuant to subsections (1) through (4) of this section is more than one hundred twelve percent of the formula need for such district for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated,

the formula need for such district shall equal one hundred twelve percent of the formula need for such district for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated, except that the formula need shall not be reduced pursuant to this subsection for any district receiving a student growth adjustment for the school fiscal year for which aid is being calculated.

(7) For purposes of subsections (5) and (6) of this section, the formula need for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated shall be the formula need used in the final calculation of aid pursuant to section 79-1065 and for districts that were affected by a reorganization with an effective date in the calendar year preceding the calendar year in which aid is certified for the school fiscal year for which aid is being calculated, the formula need for the school fiscal year immediately preceding the school fiscal year for which aid is being calculated shall be attributed to the affected school districts based on information provided to the department by the school districts or proportionally based on the adjusted valuation transferred if sufficient information has not been provided to the department.

Sec. 14. Section 79-1017.01, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-1017.01 (1) For state aid calculated for school fiscal years 2014-15 and 2015-16, local system formula resources includes other actual receipts determined pursuant to section 79-1018.01, net option funding determined pursuant to section 79-1009, teacher education aid determined pursuant to section 79-1007.25, instructional time aid determined pursuant to subsection (2) of section 79-1007.23, allocated income tax funds determined pursuant to section 79-1005.01, and minimum levy adjustments determined pursuant to section 79-1008.02 and is reduced by amounts paid by the district in the most recently available complete data year as property tax refunds pursuant to or in the manner prescribed by section 77-1736.06.

(2) For state aid calculated for school fiscal year 2016-17 and each school fiscal year thereafter, local system formula resources includes other actual receipts determined pursuant to section 79-1018.01, net option funding determined pursuant to section 79-1009, ~~best practices aid determined pursuant to section 79-1004, if any districts in the local system qualify,~~ allocated income tax funds determined pursuant to section 79-1005.01, community achievement plan aid determined pursuant to section 79-1005, and minimum levy adjustments determined pursuant to section 79-1008.02 for school fiscal years prior to school fiscal year 2017-18, and is reduced by amounts paid by the district in the most recently available complete data year as property tax refunds pursuant to or in the manner prescribed by section 77-1736.06.

Sec. 15. Section 79-1028.01, Revised Statutes Cumulative Supplement, 2016, is amended to read:

79-1028.01 (1) For each school fiscal year, a school district may exceed its budget authority for the general fund budget of expenditures as calculated pursuant to section 79-1023 for such school fiscal year by a specific dollar amount for the following exclusions:

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

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

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

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

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

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

(g) Expenditures for incentives sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination of employment occurring prior to July 1, 2009, occurring on or after the last day of the 2010-11 school year and prior to the first day of the 2013-14 school year, or, to the extent that a district demonstrates to the State Board of Education pursuant to subsection (3) of this section that the agreement will result in a net savings in salary and benefit costs to the school district over a five-year period, occurring on or after the first day of the 2013-14 school year and prior to September 1, 2017;

(h) Expenditures by a school district with budgeted expenditures otherwise equal to the budget authority for the general fund budget of expenditures for such school district as calculated pursuant to section 79-1023 for such school

fiscal year for current and future qualified voluntary termination incentives for certificated teachers pursuant to subsection (3) of section 11 of this act that are not otherwise included in an exclusion pursuant to this subsection;

(i) Expenditures by a school district with budgeted expenditures otherwise equal to the budget authority for the general fund budget of expenditures for such school district as calculated pursuant to section 79-1023 for such school fiscal year for seventy-five percent of incentives agreed to be paid to certificated employees in exchange for a voluntary termination of employment occurring between September 1, 2017, and August 31, 2018, as a result of a collective bargaining agreement in force and effect on the operative date of this section that are not otherwise included in an exclusion pursuant to this subsection;

(j) Expenditures by a school district with budgeted expenditures otherwise equal to the budget authority for the general fund budget of expenditures for such school district as calculated pursuant to section 79-1023 for such school fiscal year for fifty percent of incentives agreed to be paid to certificated employees in exchange for a voluntary termination of employment occurring between September 1, 2018, and August 31, 2019, as a result of a collective bargaining agreement in force and effect on the operative date of this section that are not otherwise included in an exclusion pursuant to this subsection;

(k) Expenditures by a school district with budgeted expenditures otherwise equal to the budget authority for the general fund budget of expenditures for such school district as calculated pursuant to section 79-1023 for such school fiscal year for twenty-five percent of incentives agreed to be paid to certificated employees in exchange for a voluntary termination of employment occurring between September 1, 2019, and August 31, 2020, as a result of a collective bargaining agreement in force and effect on the operative date of this section that are not otherwise included in an exclusion pursuant to this subsection;

~~(l) (h) The special education budget of expenditures;~~

~~(m) (i) Expenditures of special grant funds; and~~

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

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

(a) The first school fiscal year the district will be participating in Network Nebraska for the full school fiscal year, for the difference of the estimated expenditures for such school fiscal year for telecommunications services, access to data transmission networks that transmit data to and from the school district, and the transmission of data on such networks as such expenditures are defined by the department for purposes of the distance education and telecommunications allowance minus the dollar amount of such expenditures for the second school fiscal year preceding the first full school fiscal year the district participates in Network Nebraska;

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

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

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

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

Sec. 16. Section 79-1054, Revised Statutes Cumulative Supplement, 2016, is amended to read:

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

(2) An application for a grant pursuant to subsection (1) of this section

shall describe:

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

(b) The method for annually evaluating progress toward a measurable objective, with a summative evaluation of progress submitted to the state board and electronically to the Education Committee of the Legislature on or before July 1, 2019;

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

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

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

(a) Representing a best practice;

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

(c) A local issue for further study.

~~(4) For grant projects that are recommended as best practices, the State Board of Education may establish criteria allowing such best practices to be included in the best practices allowance to school districts pursuant to section 79-1004 beginning with aid calculated for school fiscal year 2021-22. The criteria shall:~~

~~(a) Specify qualifications for a school district to participate in the best practices allowance for each best practice to be included in the allowance;~~

~~(b) Specify a best practices dollar amount based on eighty-five percent of the estimated costs related to each best practice included in the allowance that would not otherwise be incurred without the best practice, that do not replace other such costs, and that are not included in another allowance;~~

~~(c) Specify an accountability process which will result in a future aid correction if a school district is found to be in violation of any of the qualifications; and~~

~~(d) Specify any other criteria deemed relevant by the state board.~~

~~(5) On or before November 1, 2020, and on or before November 1 of each year thereafter, the department shall certify to each qualifying school district the amount of the best practices cost pursuant to this section for such school district and the total best practices cost for all qualifying school districts to be included in the calculation of state aid for the next school fiscal year.~~

~~(4) (6) On or before December 1, 2017, and on or before December 1 of each year thereafter, the state board shall electronically submit a report to the Clerk of the Legislature on all such grants, including, but not limited to, the results of the evaluations for each grant and on the best practices allowance if the allowance has been implemented. The state board may adopt and promulgate rules and regulations to carry out this section, including, but not limited to, application procedures, selection procedures, and annual evaluation reporting procedures.~~

~~(5) (7) The Department of Education Innovative Grant Fund is created. The fund shall be administered by the State Department of Education and shall consist of transfers pursuant to section 9-812, repayments of grant funds, and interest payments received in the course of administering this section. The fund shall be used to carry out this section. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.~~

Sec. 17. Section 79-1065, Reissue Revised Statutes of Nebraska, is amended to read:

79-1065 The State Department of Education shall adjust payments of state funds provided under Chapter 79 or federal funds provided under federal law to school districts which, after final determination, received funds not equal to the appropriate allocation for the previous school fiscal year such that the district will receive the funds to which it was finally determined to be entitled. If the total adjustment cannot be made from the funds to be provided in the current school fiscal year, the adjustment shall be prorated, with additional adjustments made to payments for future school fiscal years. The department shall maintain an accurate account and a record of the reasons the adjustments were made and the amount of such adjustments.

Sec. 18. Section 79-10,141, Reissue Revised Statutes of Nebraska, is amended to read:

79-10,141 (1) Because children are susceptible to hunger in the summertime, resulting in negative health effects, the Legislature intends, as a state nutrition and health policy, that the State of Nebraska's participation in the Summer Food Service Program of the United States Department of Agriculture be strengthened where it is needed to provide adequate nutrition for children.

(2) To encourage participation and utilization of the Summer Food Service Program, the department shall:

(a) Provide information to sponsors concerning the benefits and availability of the Summer Food Service Program; and

(b) Award grants of up to fifteen thousand dollars on a competitive basis to sponsors approved by the department. Grants awarded under this section may be used for nonrecurring expenses incurred in initiating or expanding services under the Summer Food Service Program, including, but not limited to, the acquisition of equipment, salaries of staff, training of staff in new

capacities, outreach efforts to publicize new or expanded services under the Summer Food Service Program, minor alterations to accommodate new equipment, computer point-of-service systems for food service, and the purchase of vehicles for transporting food to sites. Funds may be expended up to the full cost of a qualifying expense incurred by a sponsor in initiating or expanding the services under the Summer Food Service Program, and if the funds are expended solely for the benefit of child nutrition programs administered by the department, no proration of the expense shall be required. Funds shall not be used for food, computers, except point-of-service systems, or capital outlay. The total amount of grants awarded under this section shall be limited to one hundred ~~forty~~ thousand dollars per fiscal year.

(3) In awarding grants under this section, the department shall give preference in the following order of priority to:

(a) Sponsors located within the boundaries of school districts in which fifty percent or more of the students apply and qualify for free and reduced-price lunches or located within the boundaries of a census tract in which fifty percent or more of the children fall under the poverty threshold as defined by the United States Department of Agriculture;

(b) Sponsors in which health or education activities are emphasized; and

(c) Sponsors that participate in the Summer Food Service Program at the time of grant application.

(4) Sponsors may apply for grants under this section by:

(a) Submitting to the department a plan to start or expand services under the Summer Food Service Program;

(b) Agreeing to operate the Summer Food Service Program for a period of not less than two years; and

(c) Assuring that the expenditure of funds from state and local resources for the maintenance of other child nutrition programs administered by the department shall not be diminished as a result of grants received under this section.

Sec. 19. Section 79-1108.02, Reissue Revised Statutes of Nebraska, is amended to read:

79-1108.02 (1) The department shall distribute funds appropriated amounts from the Education Innovation Fund pursuant to section 9-812 for purposes of ~~subsection (2)~~ of this section to local systems as defined in section 79-1003 annually on or before October 15. The funds distributed pursuant to this section shall be distributed based on a pro rata share of the eligible costs submitted in grant applications.

(2) Local systems may apply to the department for base funds and matching funds pursuant to this section to be spent on approved accelerated or differentiated curriculum programs. Each eligible local system shall receive one-tenth of one percent of the appropriation as base funds plus a pro rata share of the remainder of the appropriation based on identified students participating in an accelerated or differentiated curriculum program, up to ten percent of the prior year's fall membership as defined in section 79-1003, as matching funds. Eligible local systems shall:

(a) Provide an approved accelerated or differentiated curriculum program for students identified as learners with high ability;

(b) Provide funds from other sources for the approved accelerated or differentiated curriculum program greater than or equal to fifty percent of the matching funds received pursuant to this subsection;

(c) Provide an accounting of the funds received pursuant to this section, funds required by subdivision (b) of this subsection, and the total cost of the program on or before August 1 of the year following the receipt of funds in a manner prescribed by the department, not to exceed one report per year;

(d) Provide data regarding the academic progress of students participating in the accelerated or differentiated curriculum program in a manner prescribed by the department, not to exceed one report per year; and

(e) Include identified students from Class I districts that are part of the local system in the accelerated or differentiated curriculum program.

If a local system will not be providing the necessary matching funds pursuant to subdivision (b) of this subsection, the local system shall request a reduction in the amount received pursuant to this subsection such that the local system will be in compliance with such subdivision. Local systems not complying with the requirements of this subsection shall not be eligible local systems in the following year.

Sec. 20. Section 79-1144, Reissue Revised Statutes of Nebraska, is amended to read:

79-1144 (1) Funds shall be appropriated by the Legislature to carry out sections 79-1142 to 79-1144 and 79-1147. Such funds shall be channeled through the State Department of Education. The department is authorized to expend such funds upon proper vouchers approved by the department and warrants issued by the Director of Administrative Services for financial reimbursement to school districts, educational service units, special education cooperatives created by school districts, agencies, and parents or guardians, including (a) ~~(1)~~ reimbursement pursuant to section 79-1129 for actual transportation expenses per year for children with disabilities a pro rata amount which shall be determined by the State Board of Education from appropriations for special education approved by the Legislature based on all actual allowable transportation costs, (b) ~~(2)~~ reimbursement for instructional aids and consultative, supervisory, research, and testing services to school districts, and (c) ~~(3)~~ reimbursement for salaries, wages, maintenance, supplies, travel, and other expenses essential to carrying out the provisions for special

education programs. Minor building modifications shall not be eligible for state reimbursement as an allowable expense. Applications for state reimbursement for actual transportation expenses shall be submitted to the department annually on a date and on forms prescribed by the department. Amendments to applications for actual transportation expenses shall be submitted on dates prescribed by the department during the school year in which the original application was made.

(2) Any adjustment of payments pursuant to section 79-1065 caused by the failure of a school district to meet federal spending requirements under the federal Individuals with Disabilities Education Act as such act existed on January 1, 2017, may be used by the department to reimburse the United States Department of Education in the amount of the federal funds awarded to such school district or the amount of such adjustment, whichever is less.

Sec. 21. Section 85-173, Reissue Revised Statutes of Nebraska, is amended to read:

85-173 (1) Except as provided in subsection (2) of this section, the The trustees or officers of any postsecondary college or other institution of learning, whether incorporated or not, upon going out of existence or ceasing to function as a postsecondary an educational institution, may turn over its student records of all grades, attained by its students, to the central depository maintained by the office of registrar of the University of Nebraska-Lincoln as provided in section 85-174 Nebraska, to be preserved by his office as a central depository for this valuable historical material.

(2) The trustees or officers of any for-profit postsecondary institution as defined in section 85-2403, upon going out of existence or ceasing to function as a postsecondary institution, shall turn over its student records to the central depository maintained by the office of registrar of the University of Nebraska-Lincoln as provided in section 85-174.

Sec. 22. Section 85-174, Reissue Revised Statutes of Nebraska, is amended to read:

85-174 The office of registrar of the University of Nebraska-Lincoln Nebraska is hereby designated the central depository for the records of postsecondary such educational institutions in this state that as have ceased to exist, or may cease to exist in the future. The registrar of the University of Nebraska-Lincoln Nebraska shall, where possible, collect the records of such extinct postsecondary educational institution, and have the supervision, care, custody, and control of such said records. The registrar of the University of Nebraska, having the records of such postsecondary educational institutions, if any, shall, when requested, prepare transcripts of such grade records which may at any time become necessary to the former student for further scholastic work at other postsecondary institutions, or for certification for teaching or and other professional positions. Whenever such transcript is made, and after it has been compared with the original, it shall be certified by the registrar of the University of Nebraska, and shall thereafter be considered and accepted as evidence and, for all other purposes, the same as the original could be. For the preparation of such transcript, the registrar of the University of Nebraska may charge a nominal fee for services rendered.

Sec. 23. Section 85-308, Reissue Revised Statutes of Nebraska, is amended to read:

85-308 The purpose of the state colleges is the training and instruction of persons, both male and female, in the arts of teaching and managing schools, the principles and practice of the various branches of learning taught in our public schools, and the arts and sciences generally. The Board of Trustees of the Nebraska State Colleges shall have power to prescribe, for the state colleges, such courses of instruction as will best fit such persons for teaching and managing the public schools, and their instruction in the arts and sciences generally as provided in sections 79-741, 79-744, 85-194, 85-308, 85-606.01, 85-917 to 85-966, and 85-1511.

Sec. 24. Section 85-502.01, Revised Statutes Cumulative Supplement, 2016, is amended to read:

85-502.01 (1) A person who enrolls in a public college or university in this state and who is a veteran as defined in Title 38 of the United States Code and was discharged or released from a period of not fewer than ninety days of service in the active military, naval, or air service less than three years before the date of initial enrollment, a spouse or dependent of such a veteran, or an eligible recipient entitled to educational assistance of such a veteran as provided in 38 U.S.C. 3311(b)(9) or 38 U.S.C. 3319 while the transferor is on active duty in the uniformed services or as provided in 38 U.S.C. 3311(b)(9), as such sections existed on January 1, 2017 2015, shall be considered a resident student notwithstanding the provisions of section 85-502 if the person is (a) registered to vote in Nebraska and (b) demonstrates objective evidence of intent to be a resident of Nebraska.

(2) A person who is otherwise described in subsection (1) of this section and is an eligible individual under 38 U.S.C. 3679(c)(2), as such section existed on January 1, 2015, or who is a spouse or dependent of such a veteran under eighteen years of age is not required to comply with subdivision (1)(a) of this section.

(3) For purposes of this section, objective evidence of intent to be a resident of Nebraska includes either a Nebraska driver's license or state identification card or a Nebraska motor vehicle registration.

Sec. 25. Section 85-917, Reissue Revised Statutes of Nebraska, is amended to read:

85-917 The Legislature hereby declares that it is the intent and purpose

of sections ~~79-741, 79-744,~~ 85-194, 85-308, 85-606.01, 85-917 to 85-966, and 85-1511 to provide statements of role and mission for the state's systems and institutions of postsecondary education which will:

- (1) Provide for a coordinated state system of postsecondary education;
- (2) Provide for the maintenance and development of quality postsecondary educational programs and services for all citizens in all regions of the state;
- (3) Insure student and community access to comprehensive educational programs;
- (4) Limit unnecessary program and facility duplication through a coordinated planning and review process;
- (5) Encourage statewide long-term academic and fiscal planning for postsecondary education in the state;
- (6) Establish a legislative review process to insure that (a) role and mission statements are updated as necessary and (b) postsecondary institutions are complying with role and mission assignments and are serving a valuable purpose to the state within their current role and mission assignments; and
- (7) Provide a mechanism for (a) implementing an extensive change in the scope, role, and mission of a campus, (b) closing a campus, (c) merging campuses, and (d) changing a campus to serve a completely different public purpose.

Sec. 26. Section 85-933, Reissue Revised Statutes of Nebraska, is amended to read:

85-933 No funds generated or received from a General Fund appropriation, state aid assistance program, or receipts from a tax levy authorized by statute shall be expended in support of programs or activities which are in conflict with the role and mission assignments applicable to the University of Nebraska, state colleges, or community colleges under sections ~~79-741, 79-744,~~ 85-194, 85-308, 85-606.01, 85-917 to 85-966, and 85-1511.

Sec. 27. Section 85-949, Reissue Revised Statutes of Nebraska, is amended to read:

85-949 The role and mission assignments enumerated in sections 85-950 to 85-958 shall apply to the state college system and its institutions. Such assignments shall prohibit, limit, or restrict only those programs or services provided for under such sections. The Board of Trustees of the Nebraska State Colleges shall adopt and promulgate policies and procedures necessary to assure compliance with sections ~~79-741, 79-744,~~ 85-194, 85-308, 85-606.01, 85-917 to 85-966, and 85-1511.

Sec. 28. Section 85-2401, Reissue Revised Statutes of Nebraska, is amended to read:

85-2401 Sections 85-2401 to 85-2421 and sections 31 to 37 of this act shall be known and may be cited as the Postsecondary Institution Act.

Sec. 29. Section 85-2403, Reissue Revised Statutes of Nebraska, is amended to read:

85-2403 For purposes of the Postsecondary Institution Act:

(1) Authorization to operate means either an authorization to operate on a continuing basis or a recurrent authorization to operate;

(2) Authorization to operate on a continuing basis means approval by the commission to operate a postsecondary institution in this state without a renewal requirement and once such authorization has been issued it continues indefinitely unless otherwise suspended, revoked, or terminated, including such authorizations previously deemed to be effective as of May 5, 2011, pursuant to the Postsecondary Institution Act for private and out-of-state public postsecondary institutions that had been continuously offering four-year undergraduate programs with a physical presence in the state for at least twenty academic years and for Nebraska public postsecondary institutions;

(3) Branch facility means a facility in Nebraska (a) which is separate from a principal facility, (b) which offers a full program and full student services, (c) which is under the supervision of an onsite director or administrator, and (d)(i) the ownership, management, and control of which are the same as the principal facility, which principal facility is responsible for the delivery of all services, or (ii) at which education is offered by a franchisee of a franchisor authorized to operate as a postsecondary institution by the act;

(4) (3) Commission means the Coordinating Commission for Postsecondary Education;

(5) Executive director means the executive director of the commission or his or her designee;

(6) For-profit postsecondary institution means any private postsecondary institution that is not exempt for federal tax purposes under section 501(c)(3) of the Internal Revenue Code as defined in section 49-801.01;

(7) Nebraska public postsecondary institution means any public postsecondary institution established, operated, and governed by this state or any of its political subdivisions;

(8) Out-of-state public postsecondary institution means any public postsecondary institution established, operated, and governed by another state or any of its political subdivisions;

(9)(a) Physical (4)(a) Establishing a physical presence means:

(i) Offering a course for college credit or a degree program in this state that leads to an associate, baccalaureate, graduate, or professional degree, including:

(A) Establishing a physical location in this state where a student may receive synchronous or asynchronous instruction; or

(B) Offering a course or program that requires students to physically meet

in one location for instructional purposes more than once during the course term; or

(ii) Establishing an administrative office in this state, including:

(A) Maintaining an administrative office in this state for purposes of enrolling students, providing information to students about the institution, or providing student support services;

(B) Providing office space to staff, whether instructional or noninstructional staff; or

(C) Establishing a mailing address in this state.

(b) Physical presence does not include:

(i) Course offerings in the nature of a short course or seminar if instruction for the short course or seminar takes no more than twenty classroom hours and the institution offers no more than two courses as defined by the commission in a calendar year;

(ii) Course offerings on a military installation solely for military personnel or civilians employed on such installation;

(iii) An educational experience arranged for an individual student, such as a clinical, practicum, residency, or internship; or

(iv) Courses offered online or through the United States mail or similar delivery service which do not require the physical meeting of a student with instructional staff;

~~(5) Executive director means the executive director of the commission or his or her designee;~~

~~(6) Nebraska public postsecondary institution means any public institution established, operated, and governed by this state or any of its political subdivisions that provides postsecondary education;~~

~~(7) Out-of-state public postsecondary institution means any public institution with a physical presence in Nebraska that is established, operated, and governed by another state or any of its political subdivisions and that provides postsecondary education;~~

~~(10) (8) Postsecondary institution means any private postsecondary institution, out-of-state public postsecondary institution, or Nebraska public postsecondary institution with a physical presence in Nebraska that provides postsecondary education and is exempt from the Private Postsecondary Career School Act;~~

(11) Principal facility means the primary physical presence in Nebraska of a postsecondary institution;

~~(12) (9) Private postsecondary institution means any Nebraska or out-of-state nonpublic postsecondary institution with a physical presence in Nebraska, including any for-profit postsecondary institution or nonprofit postsecondary institution, that provides postsecondary education; and~~

~~(13) (10) Recurrent authorization to operate means approval by the commission to operate a postsecondary institution in this state until a renewal of such authorization is required.~~

Sec. 30. Section 85-2405, Reissue Revised Statutes of Nebraska, is amended to read:

85-2405 The commission has the following powers and duties:

(1) To establish levels for recurrent authorizations to operate based on institutional offerings;

(2) To receive, investigate as it may deem necessary, and act upon applications for a recurrent authorization to operate and applications to renew a recurrent authorization to operate;

(3) To establish reporting requirements by campus location either through the federal Integrated Postsecondary Education Data System, 20 U.S.C. 1094(a) (17), as such section existed on January 1, 2011, and 34 C.F.R. 668.14(b)(19), as such regulation existed on January 1, 2011, or directly to the commission for any postsecondary institution which has an authorization to operate;

(4) To maintain a list of postsecondary institutions which have authorization to operate, which list shall be made available to the public;

(5) After consultation with the State Department of Education regarding the potential impact of such agreement and any modifications thereto on Nebraska students who may participate in distance education offered by out-of-state private postsecondary career schools, to enter into interstate reciprocity agreements for the provision of postsecondary distance education across state boundaries;

(6) To administer interstate reciprocity agreements entered into pursuant to subdivision (5) of this section and to approve or disapprove, consistent with such agreements, participation in such agreements by postsecondary institutions that have their principal place of business in Nebraska and that choose to participate in such agreements;

(7) To establish a notification process when a postsecondary institution which has an authorization to operate changes its address or adds instructional sites within this state;

(8) To conduct site visits of postsecondary institutions to carry out the Postsecondary Institution Act;

(9) To establish fees for applications for a recurrent authorization to operate, applications to renew or modify a recurrent authorization to operate, and applications to participate or continue participation in an interstate postsecondary distance education reciprocity agreement, which fees shall be not more than the cost of reviewing and evaluating the applications;

(10) To receive, evaluate, approve, and pay claims pursuant to section 35 of this act, assess for-profit postsecondary institutions pursuant to section 32 of this act, and administer the Guaranty Recovery Cash Fund;

(11) ~~(10)~~ To investigate any violations of the act by a postsecondary institution; and

(12) ~~(11)~~ To adopt and promulgate rules, regulations, and procedures to administer the act and the Guaranty Recovery Cash Fund.

Sec. 31. The Guaranty Recovery Cash Fund is hereby established. The fund shall receive assessments imposed by the commission pursuant to section 32 of this act and shall be used by the commission to pay claims authorized pursuant to section 35 of this act. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act. Any interest earned on the money in the fund shall accrue to the fund.

Sec. 32. (1) The commission shall annually assess each for-profit postsecondary institution one-tenth of one percent of the prior school year's gross tuition revenue until the Guaranty Recovery Cash Fund reaches the minimum fund level. The fund shall be maintained at a minimum fund level of two hundred fifty thousand dollars and a maximum fund level of five hundred thousand dollars. At any time when the fund drops below the minimum fund level, the commission may resume the assessment. Funds in excess of the maximum fund level shall be used as directed by the commission to provide grants or scholarships for students attending for-profit postsecondary institutions in Nebraska.

(2) The commission shall require documentation from each for-profit postsecondary institution to verify the tuition revenue collected by the institution and to determine the amount of the assessment under this section.

(3) Any for-profit postsecondary institution applying for an initial recurrent authorization to operate shall not be assessed under this section for the first year of operation but shall be assessed each year thereafter for four years or until the fund reaches the minimum fund level, whichever occurs last, and shall maintain the surety bond or other security required by section 33 of this act.

(4) If a for-profit postsecondary institution fails to comply with this section, its authorization to operate shall be subject to revocation.

(5) The commission shall remit all funds collected pursuant to this section to the State Treasurer for credit to the Guaranty Recovery Cash Fund.

Sec. 33. Until the Guaranty Recovery Cash Fund initially reaches the minimum fund level prescribed in section 32 of this act, when an application is made for an initial recurrent authorization to operate, the commission may require any for-profit postsecondary institution making such application to file with the commission a good and sufficient surety bond or other security agreement in a penal amount deemed satisfactory by the commission. Such bond or other security shall cover both principal and branch facilities. The bond or agreement shall be executed by the applicant as principal and by a surety company qualified and authorized to do business in the state. The bond or agreement shall be conditioned to provide indemnification to any student or enrollee or his or her parent or guardian determined to have suffered loss or damage by the termination of operations by the for-profit postsecondary institution. The surety shall pay any final judgment rendered by any court of this state having jurisdiction upon receipt of written notification of the judgment. Regardless of the number of years that such bond or agreement is in force, the aggregate liability of the surety thereon shall in no event exceed the penal sum of the bond or agreement. The bond or agreement may be continuous.

Sec. 34. (1) Until the Guaranty Recovery Cash Fund initially reaches the minimum fund level prescribed in section 32 of this act, the bond or other security agreement of an institution provided for in section 33 of this act shall cover the period of the recurrent authorization to operate except when a surety is released as provided in this section.

(2) A bond or other security agreement filed under section 33 of this act may be released after such surety serves written notice on the commission thirty days prior to the release. Such release shall not discharge or otherwise affect any claim previously or subsequently filed by a student or enrollee or his or her parent or guardian provided for in section 35 of this act for the termination of operations by the for-profit postsecondary institution during the term for which tuition has been paid while the bond or agreement was in force.

(3) During the term of the bond or agreement and upon forfeiture of the bond or agreement, the commission retains a property interest in the surety's guarantee of payment under the bond or agreement which is not affected by the bankruptcy, insolvency, or other financial incapacity of the operator or principal on the bond or agreement.

Sec. 35. (1) The money in the Guaranty Recovery Cash Fund shall be used in the following order of priority:

(a) To reimburse any student injured by the termination of operations by a for-profit postsecondary institution on or after the operative date of this section for the cost of tuition and fees. A student injured by the termination of operations by a for-profit postsecondary institution means (i) a student who has paid tuition and fees to the institution for which classes were offered but not finished due to termination of operations, (ii) a student who has paid tuition and fees to the institution for which classes were not offered and no refunds were made, and (iii) a student who ceased to be enrolled in classes at an institution while the institution was in operation and to whom a refund of unearned tuition and fees became due from the institution after the institution terminated operations and no refunds were made within the institution's required time period following the student's withdrawal from the institution;

(b) To reimburse any former student of a for-profit postsecondary institution that has terminated operations on or after the operative date of this section for the cost of obtaining such student's student records;

(c) To reimburse the University of Nebraska for reasonable expenses directly associated with the storage and maintenance of academic records pursuant to sections 85-173 and 85-174 of those students adversely affected by termination of operations by a for-profit postsecondary institution; and

(d) To reimburse the Nebraska Opportunity Grant Fund for any funds distributed to a for-profit postsecondary institution for an academic term that was not completed by students receiving awards under the Nebraska Opportunity Grant Act due to the termination of operations by a for-profit postsecondary institution after the operative date of this section to the extent such funds are not returned to the Nebraska Opportunity Grant Fund by the for-profit postsecondary institution.

(2) No claim shall be allowed unless the claim is submitted within one year after the termination of operations by the for-profit postsecondary institution and there are sufficient funds available in the Guaranty Recovery Cash Fund to pay the claim.

Sec. 36. A for-profit postsecondary institution may include references to the Guaranty Recovery Cash Fund in advertising or information provided to students or prospective students. Any such reference shall clearly describe the protection and limitations prescribed in section 35 of this act and the relevant rules and regulations adopted and promulgated by the commission.

Sec. 37. On or before November 1 of each year, the commission shall submit electronically a report to the Governor and the Legislature containing:

(1) The number of claims made against the Guaranty Recovery Cash Fund;

(2) The institutions against which the claims are made;

(3) The number of claims that are approved and the associated payouts from the funds;

(4) The number of claims that are denied; and

(5) The amount of money in the Guaranty Recovery Cash Fund used to reimburse the Nebraska Opportunity Grant Fund.

Sec. 38. Sections 1, 2, 3, 4, 6, 11, 15, 21, 22, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 40, and 42 of this act become operative on September 1, 2017. The other sections of this act become operative on their effective date.

Sec. 39. Original sections 79-319, 79-746, 79-1065, 79-10,141, 79-1108.02, 79-1144, 85-308, 85-917, 85-933, and 85-949, Reissue Revised Statutes of Nebraska, and sections 9-812, 79-237, 79-2,144, 79-1003, 79-1007.11, 79-1017.01, 79-1054, and 85-502.01, Revised Statutes Cumulative Supplement, 2016, are repealed.

Sec. 40. Original sections 85-173, 85-174, 85-2401, 85-2403, and 85-2405, Reissue Revised Statutes of Nebraska, and sections 77-3442 and 79-1028.01, Revised Statutes Cumulative Supplement, 2016, are repealed.

Sec. 41. The following sections are outright repealed: Sections 79-321, 79-527.01, 79-738, 79-739, 79-740, 79-741, 79-742, 79-743, and 79-744, Reissue Revised Statutes of Nebraska, and section 79-1004, Revised Statutes Cumulative Supplement, 2016.

Sec. 42. The following section is outright repealed: Section 85-175, Reissue Revised Statutes of Nebraska.

Sec. 43. Since an emergency exists, this act takes effect when passed and approved according to law.