

LEGISLATURE OF NEBRASKA
 ONE HUNDREDTH LEGISLATURE
 FIRST SESSION
LEGISLATIVE BILL 603
 FINAL READING

Introduced by Raikes, 25

Read first time January 17, 2007

Committee: Education

A BILL

1 FOR AN ACT relating to education; to amend sections 32-515, 32-607,
 2 79-1201, 79-1201.01, 79-1208, 79-1211, 79-1212, 79-1217,
 3 and 79-1241, Reissue Revised Statutes of Nebraska,
 4 sections 13-503, 79-1012, 79-1018.01, 79-1103, 79-1223,
 5 79-1233, 79-1241.01, 79-1241.02, 79-1243, 79-1304,
 6 79-1334, 79-1335, 79-1336, 79-1337, 84-304, 86-515,
 7 and 86-5,100, Revised Statutes Cumulative Supplement,
 8 2006, and section 79-1028, Revised Statutes Cumulative
 9 Supplement, 2006, as affected by Referendum 2006, No.
 10 422; to change provisions relating to election of board
 11 members for educational service units; to provide a
 12 formula and change provisions relating to core services
 13 and technology infrastructure funding; to define terms;

1 to change provisions relating to distance education,
2 unit boundaries, and board membership; to provide for
3 election districts; to eliminate and create councils;
4 to provide a duty for the Auditor of Public Accounts;
5 to change provisions relating to the Early Childhood
6 Education Grant Program; to harmonize provisions; to
7 provide operative dates; to repeal the original sections;
8 to outright repeal sections 79-1332 and 79-1333, Revised
9 Statutes Cumulative Supplement, 2006; and to declare an
10 emergency.

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

1 Section 1. Section 13-503, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 13-503 For purposes of the Nebraska Budget Act, unless
4 the context otherwise requires:

5 (1) Governing body shall mean the governing body of
6 any county agricultural society, elected county fair board, joint
7 airport authority formed under the Joint Airport Authorities
8 Act, city or county airport authority, bridge commission created
9 pursuant to section 39-868, cemetery district, city, village,
10 municipal county, community college, community redevelopment
11 authority, county, drainage or levee district, educational
12 service unit, rural or suburban fire protection district,
13 historical society, hospital district, irrigation district,
14 learning community, natural resources district, nonprofit county
15 historical association or society for which a tax is levied under
16 subsection (1) of section 23-355.01, public building commission,
17 railroad transportation safety district, reclamation district,
18 road improvement district, rural water district, school district,
19 sanitary and improvement district, township, offstreet parking
20 district, transit authority, metropolitan utilities district,
21 Educational Service Unit Coordinating Council, and political
22 subdivision with the authority to have a property tax request, with
23 the authority to levy a toll, or that receives state aid;

24 (2) Levying board shall mean any governing body which has
25 the power or duty to levy a tax;

1 (3) Fiscal year shall mean the twelve-month period used
2 by each governing body in determining and carrying on its financial
3 and taxing affairs;

4 (4) Tax shall mean any general or special tax levied
5 against persons, property, or business for public purposes as
6 provided by law but shall not include any special assessment;

7 (5) Auditor shall mean the Auditor of Public Accounts;

8 (6) Cash reserve shall mean funds required for the period
9 before revenue would become available for expenditure but shall not
10 include funds held in any special reserve fund;

11 (7) Public funds shall mean all money, including nontax
12 money, used in the operation and functions of governing bodies.
13 For purposes of a county, city, or village which has a lottery
14 established under the Nebraska County and City Lottery Act, only
15 those net proceeds which are actually received by the county, city,
16 or village from a licensed lottery operator shall be considered
17 public funds, and public funds shall not include amounts awarded as
18 prizes;

19 (8) Adopted budget statement shall mean a proposed budget
20 statement which has been adopted or amended and adopted as provided
21 in section 13-506. Such term shall include additions, if any, to an
22 adopted budget statement made by a revised budget which has been
23 adopted as provided in section 13-511;

24 (9) Special reserve fund shall mean any special fund
25 set aside by the governing body for a particular purpose and not

1 available for expenditure for any other purpose. Funds created
2 for (a) the retirement of bonded indebtedness, (b) the funding
3 of employee pension plans, (c) the purposes of the Political
4 Subdivisions Self-Funding Benefits Act, (d) the purposes of the
5 Local Option Municipal Economic Development Act, (e) voter-approved
6 sinking funds, (f) statutorily authorized sinking funds, or (g) the
7 distribution of property tax receipts by a learning community to
8 member school districts shall be considered special reserve funds;

9 (10) Biennial period shall mean the two fiscal years
10 comprising a biennium commencing in odd-numbered years used by
11 a city in determining and carrying on its financial and taxing
12 affairs; and

13 (11) Biennial budget shall mean a budget by a city of
14 the primary or metropolitan class that adopts a charter provision
15 providing for a biennial period to determine and carry on the
16 city's financial and taxing affairs.

17 Sec. 2. Section 32-515, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 32-515 Candidates for the boards of educational service
20 units, except boards of educational service units with only
21 one member school district, shall be elected to represent the
22 geographical boundaries of the educational service unit as provided
23 in section 79-1217. The terms of members elected in 2008 to
24 represent odd-numbered election districts established pursuant to
25 section 15 of this act shall expire in 2011. The terms of members

1 elected in 2008 to represent even-numbered election districts
2 established under such section shall expire in 2013. Successors
3 to the members elected in 2008 initially appointed to the board
4 shall be elected for terms of four years. County candidates shall
5 file their written applications with the election commissioner or
6 county clerk no later than the deadline prescribed in subsection
7 ~~(2)~~ of section 32-606. Candidates for the position of members at
8 large shall file their written applications with the Secretary of
9 State no later than the deadline prescribed in subsection ~~(2)~~ of
10 section 32-606. Candidates for the board of educational service
11 units shall meet the qualifications found in ~~such~~ section 79-1217.
12 Board members shall be elected on the nonpartisan ballot.

13 Sec. 3. Section 32-607, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 32-607 All candidate filing forms shall contain the
16 following statement: I hereby swear that I will abide by the laws
17 of the State of Nebraska regarding the results of the primary and
18 general elections, that I am a registered voter and qualified to be
19 elected, and that I will serve if elected. Candidate filing forms
20 shall be filed with the following filing officers:

21 (1) For candidates for national, state, or congressional
22 office, directors of public power and irrigation districts,
23 directors of reclamation districts, directors of natural resources
24 districts, members at large of the boards of educational service
25 units, members of governing boards of community colleges, delegates

1 to national conventions, and other offices filled by election held
2 in more than one county and judges desiring retention, in the
3 office of the Secretary of State;

4 (2) For officers elected within a county, in the office
5 of the election commissioner or county clerk. If the candidate is
6 not a resident of the county, he or she shall submit a certificate
7 of registration obtained under section 32-316 with the candidate
8 filing form;

9 ~~(3) For representatives from the county in which they~~
10 ~~reside on the boards of educational service units, in the office of~~
11 ~~the election commissioner or county clerk;~~

12 ~~(4) (3) For officers in school districts which include~~
13 ~~land in adjoining counties, in the office of the election~~
14 ~~commissioner or county clerk of the county in which the greatest~~
15 ~~number of registered voters entitled to vote for the officers~~
16 ~~reside. If the candidate is not a resident of the county, he or she~~
17 ~~shall submit a certificate of registration obtained under section~~
18 ~~32-316 with the candidate filing form; and~~

19 ~~(5) (4) For city or village officers, in the office~~
20 ~~of the city or village clerk, except that in the case of joint~~
21 ~~elections, the filing may be either in the office of the election~~
22 ~~commissioner or county clerk or in the office of the city or~~
23 ~~village clerk with deputized personnel. When the city or village~~
24 ~~clerk is deputized to take filings, he or she shall return all~~
25 ~~filings to the office of the election commissioner or county clerk~~

1 by the end of the next business day following the filing deadline.

2 Sec. 4. Section 79-1012, Revised Statutes Cumulative
3 Supplement, 2006, is amended to read:

4 79-1012 The School District Reorganization Fund is
5 created. The fund shall be administered by the department. The fund
6 shall consist of money transferred from the Education Innovation
7 Fund and shall be used to provide payments to reorganized school
8 districts pursuant to section 79-1011 through June 30, 2008, and
9 to provide temporary funding for aggregation routing equipment and
10 network transport costs for Network Nebraska pursuant to section
11 34 of this act through June 30, 2010. Any money in excess of
12 the difference of two hundred thousand dollars minus any amount
13 previously used to provide temporary funding for aggregation
14 routing equipment and network transport costs for Network Nebraska
15 pursuant to section 34 of this act remaining in the fund on July
16 1, 2008, shall be transferred to the Education Innovation Fund
17 on such date. Any money remaining in the ~~fund~~ School District
18 Reorganization Fund on July 1, ~~2008, 2010,~~ shall be transferred to
19 the ~~General~~ Education Innovation Fund on such date. Any money in
20 the School District Reorganization Fund available for investment
21 shall be invested by the state investment officer pursuant to
22 the Nebraska Capital Expansion Act and the Nebraska State Funds
23 Investment Act.

24 Sec. 5. Section 79-1018.01, Revised Statutes Cumulative
25 Supplement, 2006, is amended to read:

1 79-1018.01 Local system formula resources include other
2 actual receipts available for the funding of general fund operating
3 expenditures as determined by the department for the second school
4 fiscal year immediately preceding the school fiscal year in which
5 aid is to be paid, except that receipts from the Community
6 Improvements Cash Fund, receipts acquired pursuant to the Low-Level
7 Radioactive Waste Disposal Act, and, beginning with the calculation
8 of state aid to be distributed in school fiscal year 2004-05,
9 tuition receipts from converted contracts shall not be included.

10 Other actual receipts include:

11 (1) Public power district sales tax revenue;

12 (2) Fines and license fees;

13 (3) Tuition receipts from individuals, other districts,
14 or any other source except receipts derived from adult education,
15 tuition receipts from converted contracts, and receipts from
16 educational entities as defined in section ~~79-1332~~ 79-1201.01 for
17 providing distance education courses through the Distance Education
18 Council until July 1, 2008, and the Educational Service Unit
19 Coordinating Council on and after July 1, 2008, to such educational
20 entities;

21 (4) Transportation receipts;

22 (5) Interest on investments;

23 (6) Other miscellaneous noncategorical local receipts,
24 not including receipts from private foundations, individuals,
25 associations, or charitable organizations;

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

3 (8) Special education receipts and non-special education
4 receipts from the state for wards of the court and wards of the
5 state;

6 (9) All receipts from the temporary school fund.
7 Beginning with the calculation of aid for school fiscal year
8 2002-03 and each school fiscal year thereafter, receipts from
9 the temporary school fund shall only include receipts pursuant
10 to section 79-1035 and the receipt of funds pursuant to section
11 79-1036 for property leased for a public purpose as set forth in
12 subdivision (1)(a) of section 77-202;

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

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

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

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

21 (14) All other noncategorical federal receipts;

22 (15) All receipts pursuant to the enrollment option
23 program under sections 79-232 to 79-246;

24 (16) Receipts under the federal Medicare Catastrophic
25 Coverage Act of 1988, as such act existed on May 8, 2001, as

1 authorized pursuant to sections 43-2510 and 43-2511 but only to the
2 extent of the amount the local system would have otherwise received
3 pursuant to the Special Education Act; and

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

6 Sec. 6. Section 79-1028, Revised Statutes Cumulative
7 Supplement, 2006, as affected by Referendum 2006, No. 422, is
8 amended to read:

9 79-1028 (1) A Class II, III, IV, V, or VI school
10 district may exceed its applicable allowable growth rate for (a)
11 expenditures in support of a service which is the subject of
12 an agreement or a modification of an existing agreement whether
13 operated by one of the parties to the agreement or an independent
14 joint entity or joint public agency, (b) expenditures to pay for
15 repairs to infrastructure damaged by a natural disaster which is
16 declared a disaster emergency pursuant to the Emergency Management
17 Act, (c) expenditures to pay for judgments, except judgments
18 or orders from the Commission of Industrial Relations, obtained
19 against a school district which require or obligate a school
20 district to pay such judgment, to the extent such judgment is not
21 paid by liability insurance coverage of a school district, (d)
22 expenditures to pay for sums agreed to be paid by a school district
23 to certificated employees in exchange for a voluntary termination
24 of employment, or (e) expenditures to pay for lease-purchase
25 contracts approved on or after July 1, 1997, and before July

1 1, 1998, to the extent the lease payments were not budgeted
2 expenditures for fiscal year 1997-98.

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

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

18 The department shall compute the district's estimated
19 allowable budget per pupil using the budgeted general fund
20 expenditures found on the budget statement for the current school
21 year divided by the number of formula students in the current
22 school year and multiplied by the district's applicable allowable
23 growth rate. The resulting allowable budget per pupil shall be
24 multiplied by the projected formula students to arrive at the
25 estimated budget needs for the ensuing year. The department

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

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

22 (4) A Class II, III, IV, V, or VI district may exceed its
23 applicable allowable growth rate by a specific dollar amount if the
24 district demonstrates to the satisfaction of the department that
25 it will exceed its applicable allowable growth rate as a result

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

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

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

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

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

17 (8) A Class II, III, IV, or V district that is a
18 member of a learning community may exceed its applicable allowable
19 growth rate for the first school fiscal year in which the school
20 district will be a member of a learning community for the full
21 school fiscal year by an amount equal to anticipated increases in
22 transportation expenditures necessary to meet the requirements of
23 subsection (2) of section 79-611 as approved by the department. The
24 department shall approve, deny, or modify the amount allowed
25 for anticipated increases in transportation expenditures. The

1 department shall compute the actual increase in transportation
2 expenditures necessary to meet the requirements of subsection (2)
3 of section 79-611 for such school fiscal year and shall, if needed,
4 modify the district's applicable allowable growth rate for the
5 ensuing school fiscal year.

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

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

21 (11) A Class II, III, IV, or V school district may exceed
22 its applicable allowable growth rate by a specific dollar amount
23 not to exceed the amount received during such school fiscal year
24 from educational entities as defined in section ~~79-1332~~ 79-1201.01
25 for providing distance education courses through the Distance

1 Education Council until July 1, 2008, and the Educational Service
2 Unit Coordinating Council on and after July 1, 2008, to such
3 educational entities.

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

10 Sec. 7. Section 79-1103, Revised Statutes Cumulative
11 Supplement, 2006, is amended to read:

12 79-1103 (1)(a) The State Department of Education shall
13 establish and administer the Early Childhood Education Grant
14 Program. Upon the effective date of an endowment agreement,
15 administration of the Early Childhood Education Grant Program
16 with respect to programs for children from birth to age three
17 shall transfer to the board of trustees. If there is no endowment
18 agreement in effect, the department shall request proposals in
19 accordance with this section for all early childhood education
20 programs from school districts, individually or in cooperation
21 with other school districts or educational service units, working
22 in cooperation with existing nonpublic programs which meet the
23 requirements of subsection (2) of section 79-1104. If there is
24 an endowment agreement in effect, the board of trustees shall
25 administer the Early Childhood Education Grant Program with respect

1 to programs for children from birth to age three pursuant to
2 section 79-1104.02 and the department shall continue to administer
3 the Early Childhood Education Grant Program with respect to
4 other prekindergarten programs pursuant to sections 79-1101 to
5 79-1104.05. All administrative procedures of the board of trustees,
6 including, but not limited to, rules, grant applications, and
7 funding mechanisms, shall harmonize with those established by the
8 department for other prekindergarten programs.

9 (b) The first priority shall be for (i) continuation
10 grants for programs that received grants in the prior school fiscal
11 year and for which the state aid calculation pursuant to the Tax
12 Equity and Educational Opportunities Support Act does not include
13 early childhood education students, in an amount equal to the
14 amount of such grant, except that if the grant was a first-year
15 grant the amount shall be reduced by thirty-three percent, and
16 (ii) continuation grants for programs for which the state aid
17 calculation pursuant to the act includes early childhood education
18 students, in an amount equal to the amount of the grant for the
19 school fiscal year prior to the first school fiscal year for
20 which early childhood education students were included in the state
21 aid calculation for the school district's local system minus the
22 calculated state aid amount, and (iii) for school fiscal year
23 2007-08, continuation grants for programs for which the state aid
24 calculation pursuant to the act includes early childhood education
25 students, but such state aid calculation does not result in the

1 school district receiving any equalization aid, in an amount equal
2 to the amount of the grant received in school fiscal year 2006-07.

3 The calculated state aid amount shall be calculated by multiplying
4 the cost grouping cost per student for the school district's local
5 system cost grouping by the adjusted formula students attributed to
6 the early childhood education programs pursuant to the Tax Equity
7 and Educational Opportunities Support Act.

8 (c) The second priority shall be for new grants and
9 expansion grants for programs that will serve at-risk children who
10 will be eligible to attend kindergarten the following school year.
11 New grants may be given for up to three years in an amount up to
12 one-half of the total budget of the program per year. Expansion
13 grants may be given for one year in an amount up to one-half
14 of the budget for expanding the capacity of the program to serve
15 additional children.

16 (d) The third priority shall be for new grants, expansion
17 grants, and continuation grants for programs serving children
18 younger than those who will be eligible to attend kindergarten
19 the following school year. New grants may be given for up to
20 three years in an amount up to one-half the total budget of the
21 program per year. Expansion grants may be given for one year in
22 an amount up to one-half the budget for expanding the capacity of
23 the program to serve additional children. Continuation grants under
24 this priority may be given annually in an amount up to one-half the
25 total budget of the program per year minus any continuation grants

1 received under the first priority.

2 (e) Programs serving children who will be eligible to
3 attend kindergarten the following school year shall be accounted
4 for separately for grant purposes from programs serving younger
5 children, but the two types of programs may be combined within the
6 same classroom to serve multi-age children. Programs that receive
7 grants for school fiscal years prior to school fiscal year 2005-06
8 to serve both children who will be eligible to attend kindergarten
9 the following school year and younger children shall account for
10 the two types of programs separately for grant purposes beginning
11 with school year 2005-06 and shall be deemed to have received
12 grants prior to school fiscal year 2005-06 for each year that
13 grants were received for the types of programs representing the age
14 groups of the children served.

15 (2) Each program proposal which is approved by the
16 department shall include (a) a planning period, (b) an agreement
17 to participate in periodic evaluations of the program to be
18 specified by the department, (c) evidence that the program will
19 be coordinated or contracted with existing programs, including
20 those listed in subdivision (d) of this subsection and nonpublic
21 programs which meet the requirements of subsection (2) of section
22 79-1104, (d) a plan to coordinate and use a combination of
23 local, state, and federal funding sources, including, but not
24 limited to, programs for children with disabilities below five
25 years of age funded through the Special Education Act, the Early

1 Intervention Act, funds available through the flexible funding
2 provisions under the Special Education Act, the federal Head
3 Start program, 42 U.S.C. 9831 et seq., the federal Even Start
4 Family Literacy Program, 20 U.S.C. 6361 et seq., Title I of
5 the federal Improving America's Schools Act of 1994, 20 U.S.C.
6 6301 et seq., and child care assistance through the Department
7 of Health and Human Services, (e) a plan to use sliding fee
8 scales and the funding sources included in subdivision (d) of
9 this subsection to maximize the participation of economically and
10 categorically diverse groups and to ensure that participating
11 children and families have access to comprehensive services, (f)
12 the establishment of an advisory body which includes families
13 and community members, (g) the utilization of appropriately
14 qualified staff, (h) an appropriate child-to-staff ratio, (i)
15 appropriate group size, (j) compliance with minimum health and
16 safety standards, (k) appropriate facility size and equipment,
17 (l) a strong family development and support component recognizing
18 the central role of parents in their children's development, (m)
19 developmentally and culturally appropriate curriculum, practices,
20 and assessment, (n) sensitivity to the economic and logistical
21 needs and circumstances of families in the provision of services,
22 (o) integration of children of diverse social and economic
23 characteristics, (p) a sound evaluation component, including at
24 least one objective measure of child performance and progress, (q)
25 continuity with programs in kindergarten and elementary grades,

1 (r) instructional hours that are similar to or less than the
2 instructional hours for kindergarten, (s) well-defined language
3 development and early literacy emphasis, including the involvement
4 of parents in family literacy activities, (t) a plan for ongoing
5 professional development of staff, and (u) inclusion of children
6 with disabilities as defined in the Special Education Act, all as
7 specified by rules and regulations of the department in accordance
8 with sound early childhood educational practice.

9 (3) The department shall make an effort to fund programs
10 widely distributed across the state in both rural and urban areas.

11 (4) A report evaluating the programs shall be made to the
12 State Board of Education and the Legislature by January 1 of each
13 odd-numbered year. Up to five percent of the total appropriation
14 for the Early Childhood Education Grant Program may be reserved
15 by the department for evaluation and technical assistance for the
16 programs.

17 (5) Programs may be approved for purposes of the Tax
18 Equity and Educational Opportunities Support Act, expansion grants,
19 and continuation grants on the submission of a continuation
20 plan demonstrating that the program will continue to meet the
21 requirements of subsection (2) of this section and a proposed
22 operating budget demonstrating that the program will continue to
23 receive resources from other sources equal to or greater than the
24 sum of any grant received pursuant to this section for the prior
25 school year plus any calculated state aid as calculated pursuant to

1 subsection (1) of this section for the prior school year.

2 (6) The State Board of Education may adopt and promulgate
3 rules and regulations to implement the Early Childhood Education
4 Grant Program, except that if there is an endowment agreement
5 in effect, the board of trustees shall recommend any rules and
6 regulations relating specifically to the Early Childhood Education
7 Grant Program with respect to programs for children from birth to
8 age three. It is the intent of the Legislature that the rules and
9 regulations for programs for children from birth to age three be
10 consistent to the greatest extent possible with those established
11 for other prekindergarten programs.

12 Sec. 8. Section 79-1201, Reissue Revised Statutes of
13 Nebraska, is amended to read:

14 79-1201 Sections 79-1201 to 79-1244 and sections 10, 15
15 to 20, and 24 of this act shall be known and may be cited as the
16 Educational Service Units Act.

17 Sec. 9. Section 79-1201.01, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 79-1201.01 For purposes of the Educational Service Units
20 Act and sections 79-1336 and 79-1337:

21 (1) Distance education course means a course with at
22 least one student in any of grades kindergarten through twelve
23 who is in a different location than the teacher and taught by a
24 teacher employed by an educational entity utilizing either two-way
25 interactive video or the Internet without two-way interactive

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

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

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

14 (4) Elementary distance education course means a distance
15 education course which is delivered utilizing two-way interactive
16 video to students who are enrolled in any of grades kindergarten
17 through eight;

18 (5) Network Nebraska means the network created pursuant
19 to section 86-5,100;

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

1 ~~(1)~~ (7) Technical training means training to equip
2 educators with knowledge about the skills and tools necessary
3 to infuse technological resources and software applications into
4 the curriculum to be used in classrooms with and by students
5 and includes, but is not limited to, computer workstation
6 troubleshooting, distance education, educational software, Internet
7 resources, local area network management, multimedia presentation
8 tools, and strategic planning;

9 ~~(2)~~ (8) Technology includes technical training and
10 technology infrastructure; ~~and~~

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

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

23 Sec. 10. On or before July 31, 2007, and on or before
24 July 31 of each year thereafter, the State Board of Education
25 shall adjust the boundaries of any educational service unit the

1 boundaries of which do not align with the boundaries of the member
 2 school districts on July 1 of such year. Such boundary adjustments
 3 shall align the boundaries of the educational service unit with
 4 the boundaries of the member school districts as the boundaries of
 5 the member school districts existed on July 1 of such year. Such
 6 boundary adjustments shall be referred to the appropriate county
 7 and educational service unit officials, and such officials shall
 8 implement the adjustments and make the necessary changes in the
 9 educational service unit maps and tax records.

10 Sec. 11. Section 79-1208, Reissue Revised Statutes of
 11 Nebraska, is amended to read:

12 79-1208 Petitions to the State Board of Education
 13 to change educational service unit boundaries shall include a
 14 description of the proposed boundaries and shall be accompanied
 15 by a plan of reorganization which shall include (1) a summary
 16 of the reasons for the proposed reorganization, (2) a plan for
 17 the provision of services to school districts affected by any
 18 reorganization plan, (3) ~~in~~ ~~eases~~ when a petition proposes the
 19 dissolution of an entire educational service unit or units for
 20 attachment to an existing educational service unit or for the
 21 merger of two or more educational service units into a new
 22 educational service unit, a summary of the terms on which such
 23 reorganization is made, including provision for the utilization of
 24 existing facilities, equipment, and materials and provision for the
 25 disposition of assets and any unbonded indebtedness of affected

1 educational service units, and (4) when a petition deals with the
2 attachment of new territory to an existing educational service
3 unit, verification of approval by majority vote of the receiving
4 educational service unit governing board, and (5) a plan for the
5 establishment of new election districts as required under section
6 79-1217.

7 Sec. 12. Section 79-1211, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 79-1211 The State Board of Education, within ninety
10 days after the receipt of any ~~such~~ petition described in section
11 79-1208, shall hold a public hearing on the proposed reorganization
12 plan. At the board's option, it may appoint a hearing officer
13 to conduct the public hearing and ~~recommend a decision to~~ issue
14 a summary of the evidence presented. The board may also direct
15 the appointed hearing officer to recommend a decision to the
16 board, which recommendation shall not be binding on the board.
17 Within one hundred twenty days after the receipt of such petition,
18 the board shall approve or reject such petition. If the board
19 rejects the petition, it shall clearly state its reasons for such
20 rejection. Approved petitions for reorganization of educational
21 service unit boundaries shall be referred to the appropriate county
22 and educational service unit officials to implement the plan and to
23 make the necessary changes in the educational service unit maps and
24 tax records.

25 Sec. 13. Section 79-1212, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2 79-1212 Members of boards of educational service units
3 existing prior to approval of any plan of reorganization shall
4 serve as board members of educational service units which are
5 reorganized pursuant to sections 79-1206 to 79-1211 until the
6 expiration of their original terms. Such persons shall be members
7 of the board of the reorganized educational service unit in which
8 they reside. Within thirty days after approval of any plan of
9 reorganization by the State Board of Education, the Commissioner of
10 Education shall call a meeting of board members of each educational
11 service unit being reorganized pursuant to sections 79-1206 to
12 79-1211. At such meeting, members of each such board shall appoint
13 one member from each ~~county~~ election district to be created
14 pursuant to the plan of reorganization not having representation
15 on such board to serve until the next general election. The board
16 shall take all necessary action to prepare for operation of the
17 reorganized educational service unit commencing one year following
18 approval of any plan of reorganization by the State Board of
19 Education. Expenses incurred by such board prior to such times
20 shall be prorated between the counties comprising the educational
21 service unit on the basis of the assessed valuation of such
22 counties.

23 Sec. 14. Section 79-1217, Reissue Revised Statutes of
24 Nebraska, is amended to read:

25 79-1217 (1) All educational service units, ~~except~~

1 ~~Educational Service Units No. 18 and 19,~~ shall be governed by a
2 board to be known as the Board of Educational Service Unit No.
3 ~~The~~ Until the first Thursday after the first Tuesday
4 in January 2009, the educational service unit board, except the
5 board of an educational service unit with only one member school
6 district, shall be composed of one member from each county and four
7 members at large, all of whom shall reside within the geographical
8 boundaries of the educational service unit, but no more than two
9 of the members at large shall be appointed or elected from the
10 same county unless any one county within the educational service
11 unit has a population in excess of one hundred fifty thousand
12 inhabitants or the educational service unit consists of only one
13 county. ~~The four candidates who receive the highest number of~~
14 ~~votes for at-large representative shall be elected,~~ except that
15 if more than two of such candidates reside within the same county
16 which has a population of one hundred fifty thousand inhabitants
17 or less, the candidates from such county receiving fewer votes
18 than the two candidates receiving the highest number of votes for
19 at-large representative from such county shall not be elected and a
20 vacancy or vacancies shall exist for at-large representative. ~~The~~
21 ~~vacancy shall be filled pursuant to subsection (2) of this section.~~
22 Beginning on the first Thursday after the first Tuesday in January
23 2009, the educational service unit board, except the board of an
24 educational service unit with only one member school district,
25 shall be composed of one member elected to represent each election

1 district established pursuant to section 15 of this act. Successors
2 to the members initially appointed pursuant to section 79-1212
3 shall be elected pursuant to section 32-515.

4 (2) Vacancies in office shall occur as set forth in
5 section 32-560 except as otherwise provided in section 79-1212
6 regarding the requirement to live in the district represented.
7 Whenever any vacancy occurs on the board, the remaining members
8 of such board shall appoint an individual residing within the
9 geographical boundaries election district of the educational
10 service unit for which the vacancy exists and meeting the
11 qualifications for the office to fill such vacancy for the balance
12 of the unexpired term.

13 (3) Members of the board shall receive no compensation
14 for their services but shall be reimbursed for the actual and
15 necessary expenses incurred in the performance of their duties
16 under the Educational Service Units Act as provided in sections
17 81-1174 to 81-1177.

18 (4) Except as provided in subsection (5) of this section,
19 any joint school district located in two or more counties shall
20 be considered a part of the educational service unit in which the
21 greater number of school-age children of such joint school district
22 reside. ~~All legal voters of any such joint school district shall be~~
23 ~~eligible to hold office as the county representative of the county~~
24 ~~in which the greater number of school-age children reside. Any~~
25 ~~legal voter of any joint school district shall be eligible to hold~~

1 office as the at-large representative if such legal voter resides
2 within the geographical boundary of the school district comprising
3 the educational service unit.

4 (5) Any Class I district which is part of a Class VI
5 district shall be considered a part of the educational service
6 unit of which the Class VI district is a member. If the Class
7 VI district has removed itself from an educational service unit,
8 each Class I district which is part of such Class VI district may
9 continue its existing membership in an educational service unit
10 or may change its status relative to membership in an educational
11 service unit in accordance with section 79-1209. The patrons of a
12 Class I district maintaining membership in an educational service
13 unit pursuant to this subsection shall have the same rights and
14 privileges as other patrons of the educational service unit, and
15 the taxable valuation of the taxable property within the geographic
16 boundaries of such Class I district shall be subject to the
17 educational service unit's tax levy established pursuant to section
18 79-1225.

19 (6) The administrator of each educational service unit,
20 prior to July 1 of each year in which a statewide primary election
21 is to be held, shall certify to the election commissioner or county
22 clerk of each county located within the unit the corporate name
23 of each school district, as described in section 79-405, located
24 within the county. If a school district is a joint school district
25 located in two or more counties, the administrator shall certify to

1 each election commissioner or county clerk the educational service
2 unit of which the school district is considered to be a part.

3 (7) Educational Service Unit No. 18 service units with
4 only one member school district shall be governed by the school
5 board of ~~School District 55-001 of Lancaster County.~~ such school
6 district.

7 ~~(8) Educational Service Unit No. 19 shall be governed by~~
8 ~~the school board of School District 28-001 of Douglas County.~~

9 Sec. 15. By December 31, 2007, and after each decennial
10 census pursuant to section 32-553, each educational service unit
11 board, except boards of educational service units with only
12 one member school district, shall divide the territory of the
13 educational service unit into at least five and up to twelve
14 numbered districts for the purpose of electing members to the
15 board in compliance with section 32-553. Such districts shall be
16 compact and contiguous and substantially equal in population. The
17 newly established election districts shall apply beginning with the
18 nomination and election of educational service unit board members
19 in 2008.

20 Sec. 16. The Educational Service Unit Coordinating
21 Council is created as of July 1, 2008. On such date the assets
22 and liabilities of the Distance Education Council shall be
23 transferred to the Educational Service Unit Coordinating Council.
24 The council shall be composed of one administrator from each
25 educational service unit. The council shall be funded from one

1 percent of the core services and technology infrastructure funding
2 appropriated pursuant to section 24 of this act, appropriations by
3 the Legislature for distance education, and fees established for
4 services provided to educational entities.

5 Sec. 17. (1) The Educational Service Unit Coordinating
6 Council shall work toward statewide coordination to provide the
7 most cost-effective services for the students, teachers, and school
8 districts in each educational service unit. The council's duties
9 include, but are not limited to:

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

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

14 (c) Coordination of distance education.

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

20 Sec. 18. The Educational Service Unit Coordinating
21 Council shall appoint a distance education director and may appoint
22 a council director, both of whom shall hold office at the pleasure
23 of the council, except that the person serving as the administrator
24 of the Distance Education Council immediately preceding the
25 operative date of this section shall be the initial distance

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

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

14 Sec. 19. Section 79-1334, Revised Statutes Cumulative
15 Supplement, 2006, is amended to read:

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

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

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

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

25 (4) Brokering of qualified distance education courses to

1 be purchased by educational entities;

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

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

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

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

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

23 (10) Coordination with educational service units and
24 postsecondary educational institutions to provide assistance for
25 instructional design for both two-way interactive video distance

1 education courses and the offering of graduate credit courses in
2 distance education.

3 Sec. 20. Section 79-1335, Revised Statutes Cumulative
4 Supplement, 2006, is amended to read:

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

19 Sec. 21. Section 79-1223, Revised Statutes Cumulative
20 Supplement, 2006, is amended to read:

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

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

12 Sec. 22. Section 79-1233, Revised Statutes Cumulative
13 Supplement, 2006, is amended to read:

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

1 also develop, with the State Department of Education, a plan which
2 provides for connecting the telecomputing and distance education
3 equipment of such school districts with the telecomputing and
4 distance education equipment of the unit.

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

19 Sec. 23. Section 79-1241, Reissue Revised Statutes of
20 Nebraska, is amended to read:

21 79-1241 (1) For fiscal years prior to FY2008-09: Funds
22 appropriated for core services shall be distributed proportionally
23 to each educational service unit by the State Department of
24 Education based on the fall membership in member districts in the
25 preceding school fiscal year, except that no educational service

1 unit shall receive less than two and one-half percent of the funds
2 appropriated for core services.

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

22 (3) If two or more educational service units merge, the
23 resulting merged educational service unit shall, for each of the
24 ~~two~~ three fiscal years following the fiscal year in which the
25 merger takes place, receive core services funds under this section

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

15 Sec. 24. For school fiscal year 2008-09 and each school
16 fiscal year thereafter:

17 (1) One percent of the funds appropriated for core
18 services and technology infrastructure shall be transferred to
19 the Educational Service Unit Coordinating Council. The remainder
20 of such funds shall be distributed pursuant to subdivisions (2)
21 through (6) of this section;

22 (2)(a) The distance education and telecommunications
23 allowance for each educational service unit shall equal eighty-five
24 percent of the difference of the costs for telecommunications
25 services, for access to data transmission networks that transmit

1 data to and from the educational service unit, and for the
2 transmission of data on such networks paid by the educational
3 service unit as reported on the annual financial report for the
4 most recently available complete data year minus the receipts from
5 the federal Universal Service Fund pursuant to 47 U.S.C. 254,
6 as such section existed on January 1, 2007, for the educational
7 service unit as reported on the annual financial report for the
8 most recently available complete data year and minus any receipts
9 from school districts or other educational entities for payment
10 of such costs as reported on the annual financial report of the
11 educational service unit;

12 (b) The base allocation of each educational service unit
13 shall equal two and one-half percent of the funds appropriated for
14 distribution pursuant to this section;

15 (c) The satellite office allocation for each educational
16 service unit shall equal one percent of the funds appropriated
17 for distribution pursuant to this section for each office of
18 the educational service unit, except the educational service unit
19 headquarters, up to the maximum number of satellite offices. The
20 maximum number of satellite offices used for the calculation of
21 the satellite office allocation for any educational service unit
22 shall equal the difference of the ratio of the number of square
23 miles within the boundaries of the educational service unit divided
24 by four thousand minus one with the result rounded to the closest
25 whole number;

1 (d) The statewide adjusted valuation shall equal the
2 total adjusted valuation for all local systems pursuant to section
3 79-1016 used for the calculation of state aid for school districts
4 pursuant to the Tax Equity and Educational Opportunities Support
5 Act for the school fiscal year for which the distribution is being
6 calculated pursuant to this section;

7 (e) The adjusted valuation for each educational service
8 unit shall equal the total adjusted valuation of the member school
9 districts pursuant to section 79-1016 used for the calculation of
10 state aid for school districts pursuant to the act for the school
11 fiscal year for which the distribution is being calculated pursuant
12 to this section;

13 (f) The local effort rate shall equal \$0.0135 per one
14 hundred dollars of adjusted valuation;

15 (g) Except as provided in subdivision (5) of this
16 section, the statewide student allocation shall equal the
17 difference of the sum of the amount appropriated for distribution
18 pursuant to this section plus the product of the statewide adjusted
19 valuation multiplied by the local effort rate minus the distance
20 education and telecommunications allowance, base allocation, and
21 satellite office allocation for all educational service units;

22 (h) The sparsity adjustment for each educational service
23 unit shall equal the sum of one plus one-tenth of the ratio of the
24 square miles within the boundaries of the educational service unit
25 divided by the fall membership of the member school districts for

1 the school fiscal year immediately preceding the school fiscal year
2 for which the distribution is being calculated pursuant to this
3 section;

4 (i) The adjusted students for each educational service
5 unit shall equal the fall membership of the member school districts
6 for the school fiscal year immediately preceding the school fiscal
7 year for which aid is being calculated pursuant to this section
8 multiplied by the educational service unit sparsity adjustment;

9 (j) The per student allocation shall equal the statewide
10 student allocation divided by the total adjusted students for all
11 educational service units;

12 (k) The student allocation for each educational service
13 unit shall equal the per student allocation multiplied by the
14 adjusted students for the educational service units;

15 (l) The needs for each educational service unit shall
16 equal the sum of the distance education and telecommunications
17 allowance, base allocation, satellite office allocation, and
18 student allocation for the educational service unit; and

19 (m) The distribution of core services and technology
20 infrastructure funds for each educational service unit shall equal
21 the needs for each educational service unit minus the product of
22 the adjusted valuation for the educational service unit multiplied
23 by the local effort rate;

24 (3) If an educational service unit is the result of
25 a merger or received new member school districts from another

1 educational service unit, such educational service unit shall,
2 for each of the three fiscal years following the fiscal year in
3 which the merger takes place or the new member school districts
4 are received, receive core services and technology infrastructure
5 funds pursuant to subdivisions (2) through (6) of this section
6 in an amount not less than the core services and technology
7 infrastructure funds received in the fiscal year immediately
8 preceding the merger or receipt of new member school districts,
9 except that if the total amount available to be distributed
10 pursuant to subdivisions (2) through (6) of this section for such
11 year is less than the total amount distributed pursuant to such
12 subdivisions or sections 79-1241 and 79-1243 for the immediately
13 preceding fiscal year, the minimum core services and technology
14 infrastructure funds for each educational service unit pursuant to
15 this subdivision shall be reduced by a percentage equal to the
16 ratio of the difference of the total amount distributed pursuant
17 to subdivisions (2) through (6) of this section or sections
18 79-1241 and 79-1243 for the immediately preceding fiscal year
19 minus the total amount available to be distributed pursuant to
20 subdivisions (2) through (6) of this section for the fiscal year
21 in question divided by the total amount distributed pursuant to
22 subdivisions (2) through (6) of this section or sections 79-1241
23 and 79-1243 for the immediately preceding fiscal year. The core
24 services and technology infrastructure funds received in the fiscal
25 year immediately preceding a merger or receipt of new member

1 school districts for an educational service unit shall equal the
2 amount received in such fiscal year pursuant to subdivisions (2)
3 through (6) of this section or sections 79-1241 and 79-1243 by any
4 educational service unit affected by the merger or the transfer
5 of school districts multiplied by a ratio equal to the valuation
6 that was transferred to or retained by the educational service unit
7 for which the minimum is being calculated divided by the total
8 valuation of the educational service unit transferring or retaining
9 the territory;

10 (4) For fiscal years 2008-09 through 2013-14, each
11 educational service unit shall receive core services and technology
12 infrastructure funds under this section in an amount not less
13 than ninety-five percent of the total of the core services and
14 technology infrastructure funds that the educational service unit
15 received in the immediately preceding fiscal year either pursuant
16 to subdivisions (2) through (6) of this section or pursuant to
17 sections 79-1241 and 79-1243, except that if the total amount
18 available to be distributed pursuant to subdivisions (2) through
19 (6) of this section for such year is less than the total amount
20 distributed pursuant to such subdivisions or sections 79-1241 and
21 79-1243 for the immediately preceding fiscal year, the minimum core
22 services and technology infrastructure funds for each educational
23 service unit pursuant to this subdivision shall be reduced by
24 a percentage equal to the ratio of the difference of the total
25 amount distributed pursuant to subdivisions (2) through (6) of

1 this section or sections 79-1241 and 79-1243 for the immediately
2 preceding fiscal year minus the total amount available to be
3 distributed pursuant to subdivisions (2) through (6) of this
4 section for the fiscal year in question divided by the total
5 amount distributed pursuant to subdivisions (2) through (6) of
6 this section or sections 79-1241 and 79-1243 for the immediately
7 preceding fiscal year;

8 (5) If the minimum core services and technology
9 infrastructure funds pursuant to subdivision (3) or (4) of this
10 section for any educational service unit exceed the amount that
11 would otherwise be distributed to such educational service unit
12 pursuant to subdivision (2) of this section, the statewide student
13 allocation shall be reduced such that the total amount to be
14 distributed pursuant to this section equals the appropriation
15 for core services and technology infrastructure funds and no
16 educational service unit receives less than the greater of any
17 minimum amounts calculated for such educational service unit
18 pursuant to subdivisions (3) and (4) of this section; and

19 (6) The State Department of Education shall certify the
20 distribution of core services and technology infrastructure funds
21 pursuant to subdivisions (2) through (6) of this section to each
22 educational service unit on or before July 1, 2008, for school
23 fiscal year 2008-09 and on or before July 1 of each year thereafter
24 for the following school fiscal year. Any funds appropriated for
25 distribution pursuant to this section shall be distributed in ten

1 as nearly as possible equal payments on the first business day
2 of each month beginning in September of each school fiscal year
3 and ending in June. Funds distributed pursuant to this section
4 shall be used for core services and technology infrastructure with
5 the approval of representatives of two-thirds of the member school
6 districts of the educational service unit, representing a majority
7 of the students in the member school districts.

8 Sec. 25. Section 79-1241.01, Revised Statutes Cumulative
9 Supplement, 2006, is amended to read:

10 79-1241.01 To carry out sections 79-1241 and 79-1243
11 and section 24 of this act, it is the intent of the Legislature
12 to appropriate for each fiscal year the amount appropriated in
13 the prior year increased by the percentage growth in the fall
14 membership of member districts plus the basic allowable growth
15 rate described in section 79-1025. For purposes of this section,
16 fall membership has the same meaning as in section 79-1003. Fall
17 membership data used to compute growth shall be from the two most
18 recently available fall membership reports.

19 Sec. 26. Section 79-1241.02, Revised Statutes Cumulative
20 Supplement, 2006, is amended to read:

21 79-1241.02 It is the intent of the Legislature that any
22 funds appropriated pursuant to ~~the intent of~~ section 79-1241.01 or
23 79-1243 or section 24 of this act and used for technology-related
24 projects or technology initiatives undertaken by an educational
25 service unit follow the review process established in sections

1 86-512 to 86-524, including the review by the technical panel of
2 the Nebraska Information Technology Commission.

3 Sec. 27. Section 79-1243, Revised Statutes Cumulative
4 Supplement, 2006, is amended to read:

5 79-1243 For school fiscal years prior to school fiscal
6 year 2008-09:

7 (1) Funds appropriated for technology infrastructure
8 shall be distributed proportionally to each educational service
9 unit by the State Department of Education based on the fall
10 membership of member districts in the preceding school fiscal year,
11 except that no educational service unit shall receive less than
12 the sum of (a) two and one-half percent of the funds appropriated
13 for technology infrastructure plus (b) eighty-five percent of the
14 difference of the costs for telecommunications services, for access
15 to data transmission networks that transmit data to and from the
16 educational service unit, and for the transmission of data on such
17 networks paid by the educational service unit as reported on the
18 annual financial report for the most recently available complete
19 data year minus the receipts from the federal Universal Service
20 Fund pursuant to section 254 of the Telecommunications Act of 1996,
21 47 U.S.C. 254, as such section existed on January 1, 2006, for the
22 educational service unit as reported on the annual financial report
23 for the most recently available complete data year and minus any
24 receipts from school districts or other educational entities for
25 payment of such costs as reported on the annual financial report of

1 the educational service unit; ~~and~~ -

2 (2) Any funds appropriated for distribution pursuant to
3 this section shall be distributed in ten as nearly as possible
4 equal payments on the first business day of each month beginning
5 in September of each school fiscal year and ending in June. Funds
6 distributed pursuant to this section shall be used for technology
7 infrastructure with the approval of representatives of two-thirds
8 of the member school districts, representing a majority of the
9 students in the member school districts; ~~and~~ -

10 (3) If two or more educational service units merge, the
11 resulting merged educational service unit shall, for each of the
12 ~~two~~ three fiscal years following the fiscal year in which the
13 merger takes place, receive technology infrastructure funds under
14 this section in an amount not less than the total of the technology
15 infrastructure funds that each of the merging educational service
16 units received in the fiscal year immediately preceding the merger,
17 except that if the appropriation for technology infrastructure
18 funds for either of the ~~two~~ three fiscal years following the
19 fiscal year in which the merger takes place is less than the
20 appropriation for such funds for the fiscal year immediately
21 preceding the merger, technology infrastructure funds shall be
22 reduced by a percentage equal to the ratio of the difference of
23 such appropriation for the fiscal year immediately preceding the
24 merger minus the appropriation for the fiscal year in question
25 divided by the appropriation for the fiscal year immediately

1 preceding the merger. Thereafter the distribution of technology
2 infrastructure funds to the merged educational service unit shall
3 be as provided in ~~subsection~~ subdivision (1) of this section.

4 Sec. 28. Section 79-1304, Revised Statutes Cumulative
5 Supplement, 2006, is amended to read:

6 79-1304 The Educational Technology Center has, but is not
7 limited to, the following specific duties:

8 (1) To evaluate Internet-based distance education
9 courses;

10 (2) To provide clearinghouse services for information
11 concerning current technology projects as well as software and
12 hardware development;

13 (3) To serve as a demonstration site for state-of-the-art
14 hardware appropriate to an educational setting;

15 (4) To provide technical assistance to educators in
16 working with hardware and software;

17 (5) To provide inservice and preservice training for
18 educators, in conjunction with other educational entities as
19 defined in section ~~79-1332,~~ 79-1201.01, in the use of computers,
20 telecommunications, and other electronic technologies appropriate
21 to an educational setting;

22 (6) To sponsor activities which promote the use of
23 technology in the classroom;

24 (7) To serve as a liaison between business and education
25 interests in technology communication;

1 (8) To experiment with various applications or technology
2 in education;

3 (9) To assist schools in planning for and selecting
4 appropriate technologies;

5 (10) To design, implement, and evaluate pilot projects
6 to assess the usefulness of technologies in school management,
7 curriculum, instruction, and learning;

8 (11) To seek partnerships with the Nebraska Educational
9 Telecommunications Commission, the University of Nebraska, the
10 state colleges, community colleges, educational service units, the
11 Nebraska Library Commission, and other public and private entities
12 in order to make effective use of limited resources;

13 (12) To encourage sharing among school districts to
14 deliver cost-efficient and effective distance learning; and

15 (13) To identify, evaluate, and disseminate information
16 on school projects which have the potential to enhance the quality
17 of instruction or learning.

18 Sec. 29. Section 79-1336, Revised Statutes Cumulative
19 Supplement, 2006, is amended to read:

20 79-1336 (1) For fiscal years 2007-08 through 2013-14,
21 the State Department of Education shall provide distance education
22 equipment reimbursement to school districts and educational service
23 units from the Education Innovation Fund as provided in this
24 section. Such reimbursements shall be for hardware or software
25 purchased after July 14, 2006, for use in distance education

1 and shall be limited to a total through fiscal year 2013-14 of
2 twenty thousand dollars multiplied by the number of high school
3 buildings for each school district and twenty thousand dollars
4 for each educational service unit office with a distance education
5 classroom, except that no educational service unit shall count
6 more than one office with a distance education classroom for each
7 four thousand square miles within the boundaries of the educational
8 service unit. If a school district has one or more former high
9 school buildings that are no longer being used as high school
10 buildings due to a school district merger and such buildings have
11 distance education classrooms at the time of application, such
12 buildings shall be deemed high school buildings for the purposes
13 of this subsection. The reimbursements may include installation
14 costs for such hardware or software. Applications shall be accepted
15 by the department beginning in the first year that the school
16 district or the educational service unit accesses Network Nebraska
17 and ending June 30, 2013. Applications shall be submitted on or
18 before July 1 of each year on a form specified by the department
19 and shall include:

20 (a) A description of the hardware or software purchased
21 and how the hardware or software will be used for distance
22 education;

23 (b) Copies of receipts for the purchases to be
24 reimbursed; and

25 (c) For school districts, a commitment to either send

1 or receive two-way interactive video distance education courses
2 through the Distance Education Council until July 1, 2008, and the
3 Educational Service Unit Coordinating Council on and after July
4 1, 2008, each semester, or the equivalent of two semester courses
5 each year, for four years and to apply for distance education
6 incentives pursuant to section 79-1337 or to provide any other
7 evidence required by the department to show that the commitment was
8 met.

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

12 (3) The department shall use the applications for
13 distance education incentives submitted pursuant to section 79-1337
14 and any other information requested by the department pursuant to
15 rules and regulations of the department to verify that each school
16 district that received a reimbursement completes the commitment to
17 either send or receive two-way interactive video distance education
18 courses through the ~~Distance Education Council~~ council for four
19 years. Any school district failing to complete such commitment
20 shall repay the Education Innovation Fund for the amount of any
21 reimbursements received pursuant to this section. On or before
22 September 1 of each year, the department shall notify any school
23 district failing to complete the commitment for the prior school
24 year that repayment of the reimbursement is required and the
25 amount of such repayment. Repayments shall be due on or before the

1 immediately following December 31. Late repayments shall accrue
2 interest at the rate prescribed in section 45-104.02 from the date
3 of the initial reimbursement.

4 (4) On or before October 1 of each year, a school
5 district or educational service unit may appeal the denial of
6 reimbursements or a school district may appeal the requirement to
7 repay reimbursements to the State Board of Education. The board
8 shall allow a representative of the school district or educational
9 service unit an opportunity to present information concerning the
10 appeal to the board at the November board meeting. If the board
11 finds that the department denied the reimbursement in error, the
12 department shall pay the district or educational service unit from
13 the Education Innovation Fund as soon as practical the amount which
14 was denied in error. If the board finds that the department erred
15 in notifying a school district that a reimbursement is required to
16 be repaid, such notification shall be void.

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

19 Sec. 30. Section 79-1337, Revised Statutes Cumulative
20 Supplement, 2006, is amended to read:

21 79-1337 (1) For fiscal years 2007-08 through 2015-16,
22 the State Department of Education shall provide distance education
23 incentives from the Education Innovation Fund to school districts
24 and educational service units for qualified distance education
25 courses and coordinated through the Distance Education Council

1 until July 1, 2008, and the Educational Service Unit Coordinating
2 Council on and after July 1, 2008, as provided in this section.

3 (2) School districts and educational service units shall
4 apply for incentives annually to the department on or before August
5 1 on a form specified by the department. The application shall:

6 (a) For school districts, specify (i) the qualified
7 distance education courses which were received by students in the
8 membership of the district in the then-current school fiscal year
9 and which were not taught by a teacher employed by the school
10 district and (ii) for each such course (A) the number of students
11 in the membership of the district who received the course, (B)
12 the educational entity employing the teacher, and (C) whether the
13 course was a two-way interactive video distance education course;
14 and

15 (b) For school districts and educational service units,
16 specify (i) the qualified distance education courses which were
17 received by students in the membership of another educational
18 entity in the then-current school fiscal year and which were
19 taught by a teacher employed by the school district or educational
20 service unit, (ii) for each such course for school districts,
21 the number of students in the membership of the district who
22 received the course, and (iii) for each such course (A) the other
23 educational entities in which students received the course and how
24 many students received the course at such educational entities,
25 (B) any school districts in the sparse cost grouping or the very

1 sparse cost grouping as described in section 79-1007.02 that had
2 at least one student in the membership who received the course,
3 and (C) whether the course was a two-way interactive video distance
4 education course.

5 (3) On or before September 1 of each year, the department
6 shall certify the incentives to be paid to each school district and
7 educational service unit on or before October 1 of each year. The
8 incentives for each district shall be calculated as follows:

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

11 (i) One distance education unit for each qualified
12 distance education course received as reported pursuant to
13 subdivision (2)(a) of this section if the course was a two-way
14 interactive video distance education course;

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

21 (iii) One distance education unit for each qualified
22 distance education course sent as reported pursuant to subdivision
23 (2)(b) of this section if the course was received by at least
24 one student who was in the membership of another school district
25 which was in the sparse cost grouping or the very sparse cost

1 grouping, but the course was not a two-way interactive video
2 distance education course; and

3 (iv) Two distance education units for each qualified
4 distance education course sent as reported pursuant to subdivision
5 (2) (b) of this section if the course was received by at least one
6 student who was in the membership of another school district which
7 was in the sparse cost grouping or the very sparse cost grouping
8 and the course was a two-way interactive video distance education
9 course;

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

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

21 (4) If there are additional funds available for
22 distribution after equipment reimbursements pursuant to section
23 79-1336 and incentives calculated pursuant to subsections (1)
24 through (3) of this section, school districts and educational
25 service units may qualify for additional incentives for elementary

1 distance education courses. Such incentives shall be calculated
2 for sending and receiving school districts and educational service
3 units as follows:

4 (a) The per-hour incentives shall equal the funds
5 available for distribution after equipment reimbursements pursuant
6 to section 79-1336 and incentives calculated pursuant to
7 subsections (1) through (3) of this section divided by the sum of
8 the hours of elementary distance education courses sent or received
9 for each school district and educational service unit submitting
10 an application, except that the per-hour incentives shall not be
11 greater than ten dollars; and

12 (b) The elementary distance education incentives for
13 each school district and educational service unit shall equal the
14 per-hour incentive multiplied by the hours of elementary distance
15 education courses sent or received by the school district or
16 educational service unit.

17 ~~(4)~~ (5) The department may verify any or all application
18 information using annual curriculum reports and may request such
19 verification from the ~~Distance Education Council.~~ council.

20 ~~(5)~~ (6) On or before October 1 of each year, a school
21 district or educational service unit may appeal the denial of
22 incentives for any course by the department to the State Board of
23 Education. The board shall allow a representative of the school
24 district or educational service unit an opportunity to present
25 information concerning the appeal to the board at the November

1 board meeting. If the board finds that the course meets the
2 requirements of this section, the department shall pay the district
3 from the Education Innovation Fund as soon as practical in an
4 amount for which the district or educational service unit should
5 have qualified based on the incentive per distance education unit
6 used in the original certification of incentives pursuant to this
7 section.

8 ~~(6)~~ (7) The State Board of Education shall adopt and
9 promulgate rules and regulations to carry out this section.

10 Sec. 31. Section 84-304, Revised Statutes Cumulative
11 Supplement, 2006, is amended to read:

12 84-304 It shall be the duty of the Auditor of Public
13 Accounts:

14 (1) To give information in writing to the Legislature,
15 whenever required, upon any subject relating to the fiscal affairs
16 of the state or with regard to any duty of his or her office;

17 (2) To furnish offices for himself or herself and all
18 fuel, lights, books, blanks, forms, paper, and stationery required
19 for the proper discharge of the duties of his or her office;

20 (3) To examine or cause to be examined, at such time
21 as he or she shall determine, books, accounts, vouchers, records,
22 and expenditures of all state officers, state bureaus, state
23 boards, state commissioners, the state library, societies and
24 associations supported by the state, state institutions, state
25 colleges, and the University of Nebraska, except when required to

1 be performed by other officers or persons. Such examinations shall
2 be done in accordance with generally accepted government auditing
3 standards for financial audits and attestation engagements set
4 forth in Government Auditing Standards (2003 Revision), published
5 by the Comptroller General of the United States, General Accounting
6 Office, and except as provided in subdivision (12) of this section,
7 subdivision (16) of section 50-1205, and section 84-322, shall
8 not include performance audits, whether conducted pursuant to
9 attestation engagements or performance audit standards as set forth
10 in Government Auditing Standards (2003 Revision), published by
11 the Comptroller General of the United States, General Accounting
12 Office;

13 (4) (a) To examine or cause to be examined, at the expense
14 of the political subdivision, when the Auditor of Public Accounts
15 determines such examination necessary or when requested by the
16 political subdivision, the books, accounts, vouchers, records, and
17 expenditures of any agricultural association formed under Chapter
18 2, article 20, any county agricultural society, any joint airport
19 authority formed under the Joint Airport Authorities Act, any
20 city or county airport authority, any bridge commission created
21 pursuant to section 39-868, any cemetery district, any development
22 district, any drainage district, any health district, any local
23 public health department as defined in section 71-1626, any
24 historical society, any hospital authority or district, any county
25 hospital, any housing agency as defined in section 71-1575, any

1 irrigation district, any county or municipal library, any community
2 mental health center, any railroad transportation safety district,
3 any rural water district, any township, Wyuka Cemetery, the
4 Educational Service Unit Coordinating Council, any entity created
5 pursuant to the Interlocal Cooperation Act which includes either
6 the participation of the Educational Service Unit Coordinating
7 Council or any educational service unit, any village, any political
8 subdivision with the authority to levy a property tax or a toll,
9 or any entity created pursuant to the Joint Public Agency Act which
10 has separately levied a property tax based on legal authority for
11 a joint public agency to levy such a tax independent of the public
12 agencies forming such joint public agency.

13 (b) The Auditor of Public Accounts may waive the
14 audit requirement of subdivision (4)(a) of this section upon
15 the submission by the political subdivision of a written request
16 in a form prescribed by the auditor. The auditor shall notify the
17 political subdivision in writing of the approval or denial of the
18 request for a waiver;

19 (5) To report promptly to the Governor and the
20 appropriate standing committee of the Legislature the fiscal
21 condition shown by such examinations conducted by the auditor,
22 including any irregularities or misconduct of officers or
23 employees, any misappropriation or misuse of public funds or
24 property, and any improper system or method of bookkeeping or
25 condition of accounts. In addition, if, in the normal course of

1 conducting an audit in accordance with subdivision (3) of this
2 section, the auditor discovers any potential problems related to
3 the effectiveness, efficiency, or performance of state programs, he
4 or she shall immediately report them in writing to the Legislative
5 Performance Audit Committee which may investigate the issue
6 further, report it to the appropriate standing committee of the
7 Legislature, or both;

8 (6) (a) To examine or cause to be examined the books,
9 accounts, vouchers, records, and expenditures of a fire protection
10 district. The expense of the examination shall be paid by the
11 political subdivision.

12 (b) Whenever the expenditures of a fire protection
13 district are one hundred fifty thousand dollars or less per
14 fiscal year, the fire protection district shall be audited no more
15 than once every five years except as directed by the board of
16 directors of the fire protection district or unless the auditor
17 receives a verifiable report from a third party indicating any
18 irregularities or misconduct of officers or employees of the fire
19 protection district, any misappropriation or misuse of public funds
20 or property, or any improper system or method of bookkeeping or
21 condition of accounts of the fire protection district. In the
22 absence of such a report, the auditor may waive the five-year
23 audit requirement upon the submission of a written request by the
24 fire protection district in a form prescribed by the auditor. The
25 auditor shall notify the fire protection district in writing of

1 the approval or denial of a request for waiver of the five-year
2 audit requirement. Upon approval of the request for waiver of the
3 five-year audit requirement, a new five-year audit period shall
4 begin.

5 (c) Whenever the expenditures of a fire protection
6 district exceed one hundred fifty thousand dollars in a fiscal
7 year, the auditor may waive the audit requirement upon the
8 submission of a written request by the fire protection district
9 in a form prescribed by the auditor. The auditor shall notify the
10 fire protection district in writing of the approval or denial of a
11 request for waiver. Upon approval of the request for waiver, a new
12 five-year audit period shall begin for the fire protection district
13 if its expenditures are one hundred fifty thousand dollars or less
14 per fiscal year in subsequent years;

15 (7) To appoint two assistant deputies (a) whose entire
16 time shall be devoted to the service of the state as directed by
17 the auditor, (b) who shall be certified public accountants with at
18 least five years' experience, (c) who shall be selected without
19 regard to party affiliation or to place of residence at the time
20 of appointment, (d) who shall promptly report in duplicate to the
21 auditor the fiscal condition shown by each examination, including
22 any irregularities or misconduct of officers or employees, any
23 misappropriation or misuse of public funds or property, and any
24 improper system or method of bookkeeping or condition of accounts,
25 and it shall be the duty of the auditor to file promptly with the

1 Governor a duplicate of such report, and (e) who shall qualify by
2 taking an oath which shall be filed in the office of the Secretary
3 of State;

4 (8) To conduct audits and related activities for state
5 agencies, political subdivisions of this state, or grantees of
6 federal funds disbursed by a receiving agency on a contractual
7 or other basis for reimbursement to assure proper accounting by
8 all such agencies, political subdivisions, and grantees for funds
9 appropriated by the Legislature and federal funds disbursed by
10 any receiving agency. The auditor may contract with any political
11 subdivision to perform the audit of such political subdivision
12 required by or provided for in section 23-1608 or 79-1229 or this
13 section and charge the political subdivision for conducting the
14 audit. The fees charged by the auditor for conducting audits on a
15 contractual basis shall be in an amount sufficient to pay the cost
16 of the audit. The fees remitted to the auditor for such audits and
17 services shall be deposited in the Auditor of Public Accounts Cash
18 Fund;

19 (9) To conduct all audits and examinations in a timely
20 manner and in accordance with the standards for audits of
21 governmental organizations, programs, activities, and functions
22 published by the Comptroller General of the United States;

23 (10) To develop a plan for implementing on-line
24 filing of budgeted and actual financial information by political
25 subdivisions. Such plan shall describe the technology and staff

1 resources necessary to implement on-line filing of such information
2 and the costs of these resources. Such plan shall be presented to
3 the Clerk of the Legislature on or before January 15, 2003;

4 (11) To develop and maintain an annual budget and actual
5 financial information reporting system that is accessible on-line
6 by the public; and

7 (12) When authorized, to conduct joint audits with the
8 Legislative Performance Audit Committee as described in section
9 50-1205.

10 Sec. 32. Section 86-515, Revised Statutes Cumulative
11 Supplement, 2006, is amended to read:

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

1 ~~Education~~ Educational Service Unit Coordinating Council.

2 (2) The Governor or a designee of the Governor shall
3 serve as chairperson of the commission.

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

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

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

1 Sec. 33. Section 86-5,100, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

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

24 Sec. 34. (1) For fiscal years 2007-08 through 2009-10,
25 the State Department of Education shall provide temporary funding

1 for aggregation routing equipment and network transport costs
2 for Network Nebraska to the Chief Information Officer from the
3 School District Reorganization Fund as provided in this section.
4 Such temporary funding shall be for the purchase of aggregation
5 routing equipment, installation costs for such equipment, and
6 network transport for Network Nebraska and shall be repaid to the
7 Education Innovation Fund on or before June 30, 2010, by the Chief
8 Information Officer from funds collected for the administration of
9 Network Nebraska. The total temporary funding provided pursuant to
10 this section shall be limited to two hundred thousand dollars.
11 Applications jointly submitted by the Chief Information Officer and
12 the University of Nebraska shall be accepted by the department
13 beginning on the operative date of this section. Applications shall
14 be on a form specified by the department and shall include a
15 description of the aggregation routing equipment to be purchased,
16 a description of how the aggregation routing equipment will be
17 used for distance education, the network transport costs to be
18 supported, and a timeline for repayment to the School District
19 Reorganization Fund. Late repayments shall accrue interest at the
20 rate prescribed in section 45-104.02 from the date of the initial
21 receipt of temporary funding.

22 (2) The Chief Information Officer or the University of
23 Nebraska may appeal the denial of temporary funding for aggregation
24 routing equipment and network transport costs for Network Nebraska
25 or the assessment of interest to the State Board of Education. The

1 board shall allow a representative of the Chief Information Officer
2 or the University of Nebraska an opportunity to present information
3 concerning the appeal to the board at the first board meeting after
4 the filing of such appeal. If the board finds that the department
5 denied the temporary funding in error, the department shall pay the
6 Chief Information Officer from the School District Reorganization
7 Fund as soon as practical the amount which was denied in error. If
8 the board finds that the department erred in assessing interest,
9 such assessment of interest shall be corrected.

10 (3) The State Board of Education may adopt and promulgate
11 rules and regulations to carry out this section.

12 Sec. 35. Sections 1, 16, 17, 18, 19, 20, 21, 22, 28, 31,
13 32, 33, 36, and 39 of this act become operative on July 1, 2008.
14 Sections 4, 7, 8, 10, 12, 34, 35, 38, and 40 of this act become
15 operative on their effective date. The other sections of this act
16 become operative three calendar months after the adjournment of
17 this legislative session.

18 Sec. 36. Original sections 13-503, 79-1223, 79-1233,
19 79-1304, 79-1334, 79-1335, 84-304, 86-515, and 86-5,100, Revised
20 Statutes Cumulative Supplement, 2006, are repealed.

21 Sec. 37. Original sections 32-515, 32-607, 79-1201.01,
22 79-1208, 79-1212, 79-1217, and 79-1241, Reissue Revised Statutes
23 of Nebraska, sections 79-1018.01, 79-1241.01, 79-1241.02, 79-1243,
24 79-1336, and 79-1337, Revised Statutes Cumulative Supplement, 2006,
25 and section 79-1028, Revised Statutes Cumulative Supplement, 2006,

1 as affected by Referendum 2006, No. 422, are repealed.

2 Sec. 38. Original sections 79-1201 and 79-1211, Reissue
3 Revised Statutes of Nebraska, and sections 79-1012 and 79-1103,
4 Revised Statutes Cumulative Supplement, 2006, are repealed.

5 Sec. 39. The following sections are outright repealed:
6 Sections 79-1332 and 79-1333, Revised Statutes Cumulative
7 Supplement, 2006.

8 Sec. 40. Since an emergency exists, this act takes effect
9 when passed and approved according to law.