

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1402

Introduced by Linehan, 39.

Read first time January 17, 2024

Committee: Appropriations

- 1 A BILL FOR AN ACT relating to appropriations; to appropriate funds to the
- 2 State Treasurer for the purpose of providing grants to scholarship-
- 3 granting organizations; and to declare an emergency.
- 4 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) There is hereby appropriated \$25,000,000 from the
2 General Fund for FY2024-25 to the State Treasurer for the purpose of
3 providing grants to scholarship-granting organizations as provided in
4 this section. Scholarship-granting organizations shall use such grant
5 funds to provide education scholarships to eligible students to pay the
6 costs associated with attending a qualified school.

7 (2) There is included in the appropriation in this section for
8 FY2024-25 \$25,000,000 General Funds for state aid, which shall only be
9 used for such purpose.

10 (3) For purposes of this section:

11 (a) Education scholarship means a financial grant-in-aid to be used
12 to pay the cost to educate an eligible student attending a qualified
13 school;

14 (b) Eligible student means a resident of Nebraska who:

15 (i) Is receiving an education scholarship for the first time and is
16 (A) entering kindergarten, sixth grade, or ninth grade in a qualified
17 school or (B) transferring from a public school at which the student was
18 enrolled for at least one semester immediately preceding the first
19 semester for which the student receives an education scholarship to a
20 qualified school and is entering any of grades kindergarten through
21 twelve;

22 (ii) Has previously received an education scholarship and is
23 continuing education at a qualified school until such student graduates
24 from high school or reaches twenty-one years of age, whichever comes
25 first; or

26 (iii) Is the sibling of a student who is receiving an education
27 scholarship and resides in the same household as such student;

28 (c) Qualified school means any nongovernmental, privately operated
29 elementary or secondary school located in this state that (i) is operated
30 not for profit, (ii) complies with the antidiscrimination provisions of
31 42 U.S.C. 1981, as such section existed on January 1, 2024, (iii)

1 complies with all health and life safety laws or codes that apply to
2 privately operated schools, and (iv) fulfills the applicable
3 accreditation or approval requirements established by the State Board of
4 Education pursuant to section 79-318; and

5 (d) Scholarship-granting organization means a charitable
6 organization in this state that (i) is exempt from federal income
7 taxation pursuant to section 501(c)(3) of the Internal Revenue Code of
8 1986, as amended, (ii) provides education scholarships to eligible
9 students to assist them in attending qualified schools, and (iii) is not
10 directly affiliated with a single qualified school.

11 (4) A scholarship-granting organization may apply to the State
12 Treasurer for a grant under this section. In order to receive a grant
13 under this section, the applicant shall provide the State Treasurer with
14 sufficient information to show:

15 (a) That the applicant is exempt from federal income taxation under
16 section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

17 (b) That the applicant will offer one or more education scholarship
18 programs for eligible students;

19 (c) That the applicant will provide education scholarships for
20 eligible students without limiting education scholarship availability to
21 only one qualified school;

22 (d) That the applicant will:

23 (i) Give first priority to:

24 (A) Eligible students who received an education scholarship from a
25 scholarship-granting organization during the previous school year; and

26 (B) The sibling of a student who is receiving an education
27 scholarship, so long as the sibling resides in the same household as such
28 student;

29 (ii) Give second priority to:

30 (A) Eligible students whose household income levels do not exceed
31 one hundred percent of the federal poverty level;

1 (B) Eligible students whose application for the enrollment option
2 program established in section 79-234 has been denied;

3 (C) Eligible students who have an individualized education program;

4 (D) Eligible students who are experiencing bullying, harassment,
5 hazing, assault, battery, kidnapping, robbery, sexual offenses, threat or
6 intimidation, or fighting at school;

7 (E) Eligible students who are in foster care; and

8 (F) Eligible students who are in a family with a parent or guardian
9 actively serving in a branch of the armed forces of the United States or
10 in the National Guard, or whose parent or guardian was killed serving in
11 the line of duty;

12 (iii) Give third priority to eligible students whose household
13 income levels exceed one hundred percent of the federal poverty level but
14 do not exceed one hundred eighty-five percent of the federal poverty
15 level;

16 (iv) Give fourth priority to eligible students whose household
17 income levels exceed one hundred eighty-five percent of the federal
18 poverty level but do not exceed two hundred thirteen percent of the
19 federal poverty level; and

20 (v) Give fifth priority to eligible students whose household income
21 levels exceed two hundred thirteen percent of the federal poverty level
22 but do not exceed three hundred percent of the income indicated in the
23 income eligibility guidelines for reduced price meals under the National
24 School Lunch Program in 7 C.F.R. part 210;

25 (e) That the applicant will limit the maximum scholarship amount
26 awarded to any student to the cost necessary to educate the eligible
27 student at the qualified school such student attends; and

28 (f) That the applicant will limit scholarship amounts awarded to
29 students in a manner that assures that the average of the scholarship
30 amounts awarded per student does not exceed seventy-five percent of the
31 statewide average general fund operating expenditures per formula student

1 for the most recently available complete data year as such terms are
2 defined in section 79-1003.

3 (5) If the applicant meets the requirements of subsection (4) of
4 this section, the State Treasurer shall approve the grant in an amount
5 determined by the State Treasurer.

6 (6) It is the intent of the Legislature that:

7 (a) The State Treasurer shall continue to make grants to
8 scholarship-granting organizations as provided in this section in
9 FY2025-26 and each fiscal year thereafter; and

10 (b) If the total amount of grants awarded in any fiscal year exceeds
11 ninety percent of the appropriation to the State Treasurer for that
12 fiscal year, the appropriation to the State Treasurer for the following
13 fiscal year shall be increased by twenty-five percent, not to exceed a
14 maximum appropriation amount of one hundred million dollars.

15 (7)(a) A scholarship-granting organization receiving grant funds
16 under this section shall carry forward no more than twenty-five percent
17 of its grant funds from one state fiscal year to the following state
18 fiscal year. Any amount carried forward shall be expended for annual or
19 partial-year education scholarships in the following state fiscal year.

20 (b) Any amount of grant funds remaining on June 30 of any state
21 fiscal year that is in excess of the amount that may be carried forward
22 under subdivision (a) of this subsection shall be used to provide
23 education scholarships to eligible students or transferred to one or more
24 other scholarship-granting organizations to provide education
25 scholarships to eligible students by no later than the following
26 September 30. Any amount of such grant funds that is not used or
27 transferred by the following September 30 shall be remitted to the State
28 Treasurer for credit to the General Fund. Any scholarship-granting
29 organization receiving a transfer pursuant to this subdivision shall
30 place the transferred funds into its scholarship account and shall
31 separately disclose the transfer in its annual financial audit.

1 (8)(a) Each scholarship-granting organization receiving a grant
2 under this section shall submit to the State Treasurer, by no later than
3 December 1, an audited financial information report for its most recent
4 fiscal year certified by an independent public accountant.

5 (b) Each scholarship-granting organization receiving a grant under
6 this section shall include with the report submitted under subdivision
7 (8)(a) of this section a summary description of (i) its policies and
8 procedures for awarding education scholarships, (ii) the number of
9 eligible students receiving education scholarships in the most recent
10 fiscal year, and (iii) the total amount of education scholarships awarded
11 in the most recent fiscal year.

12 (c) The State Treasurer shall electronically forward the reports and
13 summary descriptions described in subdivisions (8)(a) and (b) of this
14 section to the Governor and the Legislature by no later than December 31.

15 Sec. 2. Since an emergency exists, this act takes effect when
16 passed and approved according to law.