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Education Committee
January 31, 2011

[LB148 LB273 LB287 LB364]

The Committee on Education met at 1:30 p.m. on Monday, January 31, 2011, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB364, LB273, LB148, and LB287. Senators present: Greg Adams, Chairperson; Gwen Howard, Vice Chairperson; Bill Avery; Abbie Cornett; Brenda Council; Ken Haar; Ken Schilz; and Kate Sullivan. Senators absent: None.

SENATOR ADAMS: It is now...1:30, and I think we're going to start this hearing today of the Education Committee. Let me begin by welcoming everyone who is here, and then outline some of the rules of the road. Most of you are here every Monday and Tuesday and know what those are. But just in case, let me begin by, first of all, introducing the members who are up here: Senator Haar from District 21. Next to him is Senator Avery, representing one of the Lincoln districts. Next to him, Senator Sullivan from Cedar Rapids; next to me, Senator Howard, the Vice Chair of the committee from Omaha. I'm Greg Adams from York. Next to me, to my right is the legal counsel for our committee. This is Tammy Barry. Next to her, Senator Cornett. She's introducing a bill in another committee. Next to Senator Cornett, Senator Council, a new member of our committee, and another new member from the other end of the state, Senator Schilz from Ogallala, and our committee clerk, Becki Collins. And as I bring up the name Becki Collins to you as committee clerk, let me remind you that if you wish to testify today, I would ask you to be sure that you fill out the registration form, and that you turn that in to Becki before you start to testify. And then as you testify, be sure that you state your name and spell it for the record. We will use the light system again today, and just glancing at the number of possible testifiers, we'll go with the five-minute rule. We'll be generous today and go with the five-minute rule for testimony both proponent and opposition testimony as well as neutral testimony. Be sure that you are not running your computers or your BlackBerry's, and we don't want any communication going on or distractions as we're going through this hearing today. The Sergeant at Arms asked me to make note of the fact that there is a red Ford SUV out there with a Madison County license plate, C8 320, and your lights are on. You might want to do something about that if that's someone in here. We have four bills that we're going to hear today: LB364 is going to be introduced by Senator Fischer; LB273 by Senator Dubas; LB148 by Senator Avery; and then finally, I have a bill, LB287 that we'll hear at the end of the hearing schedule today. So with that, Senator Fischer. []

SENATOR FISCHER: Good afternoon, Senator Adams and members of the Education Committee. For the record, my name is Deb Fischer, F-i-s-c-h-e-r, and I'm the senator representing the 43rd district here in the Nebraska Unicameral. Although I seem to be associated with another funding issue lately, I can tell you that my first love was and continues to be school finance. I had the pleasure to serve on the Nebraska School Finance Review Committee for two terms in the 1990s. In that position, we analyzed the effectiveness of the state aid formula. LB364 is a fairly straightforward bill in writing. It

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eliminates the teacher education allowance, instructional time allowance, and student growth adjustment from the TEEOSA formula. The teacher education allowance provides a benefit to districts that can attract and pay for teachers with advanced degrees. Instructional time allowance provides a benefit for districts that can extend their instructional hours, and the student growth adjustment assists those districts that experience a larger influx of students than anticipated. As you will notice in the fiscal note, the bill is projected to provide a \$24 million General Fund savings in 2012-13. I don't pretend to be an expert on this. The bill provides this savings, because several factors are interacting. Eliminating the student growth adjustment provides a significant savings on its own and through, in effect, on needs stabilization. Eliminating allowances typically does not provide a savings. However, in this case, it is predicted to change basic funding which will affect the averaging adjustment and needs stabilization. I introduce this bill, because I believe now is the time to discuss just what is essential education. Now is the time to make decisions on what the state is responsible for in our children's education. As I've discussed with many of you, I don't believe the current aid formula is sustainable, and the existing economic climate provides us the opportunity to address school funding and those components that are used to determine how that funding is provided to school districts and to school children across the state. In order to begin this reform, it's paramount to focus on funding the components of education that are closest to Nebraska students. To quote our statutes, we need to create a system of financing which will assure a greater level of equity, of educational opportunities for all public school students. While I realize that our schools will never have equality in the facilities or curriculum, for that matter, we know what is now required by the state through the essential education policy of the State Board of Education. Since the passage of LB806 in 1997, funding for schools in rural Nebraska has continued to decline. As you all know, I represent a legislative district comprised of very, very rural schools. Most of the schools in my district have less than a thousand students, and they receive little or no state aid. These districts do not receive aid, because agricultural land values have continued to increase significantly. We're considered rich districts, according to our current funding formula. Valuation increases in rural Nebraska are disproportionate to income and production capacity of agricultural land and yet, in the absence of these inordinate increases, nonagricultural areas of the state would have had tremendously greater cuts, but that's where most state aid goes. I have to point out that rural districts have been increasing property taxes to replace lost state aid by up to 5 percent over the last few years. These decisions saved nonrural schools from greater aid cuts. Our local taxes have grown while production has not, and we have seen state resources shift to more populated districts. Without this shift in resources from rural districts, urban districts would have been affected with state aid cuts earlier than this year. How can we say a small isolated rural district is wealthy when the students of that district do not have access to expanded curriculum, extensive activity choices, and higher level teachers? When I think of our state's constitutional responsibility to assist local districts in providing public education, I don't think of providing incentives for advanced teaching degrees or extended school hours; I don't think providing a cash

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influx to help schools deal with increased student population. Let's be honest, most of these components of the formula are in place because of 25 votes. Education should be a priority of government. However, the method we use to fund education, I believe, needs to be closely examined. Are we providing funding so schools can provide those core competencies of education? I don't think so. I think right now we are providing incentives for the services and activities through allowances that all districts simply do not have the opportunity to take advantage of. I don't believe that's fair. I think we are prioritizing our schools with increasing population while turning our backs on smaller schools. Our ultimate goal of providing a strong education for our children has lost its focus. In the past, factors in the formula were many times based on which interest group had those 25 votes to pass it. Unfortunately, this often meant the policies passed by the Legislature did not address our students' education. Now is the time to create policy that will finance what is required by the state while having the most positive impact on our students. I do truly appreciate your service on this committee. It's not an easy committee, and I know you have very difficult decisions to make. I know that each of you has the best interests of Nebraska's children at heart. I know you're trying to do what is right for those children. I appreciate you listening to the concerns I have for the children in the more rural areas of our state who I feel are being left behind. Thank you. [LB364]

SENATOR ADAMS: Senator Haar. [LB364]

SENATOR HAAR: Thank you, Senator Fischer. You always make me think (laugh). Could I have a copy... [LB364]

SENATOR FISCHER: Senator Haar, I don't know if that's good or bad (laughter). [LB364]

SENATOR HAAR: That depends on who you talk to. I would like a copy of your testimony if I could. [LB364]

SENATOR FISCHER: I would love to give you one. [LB364]

SENATOR HAAR: Thank you, appreciate it. [LB364]

SENATOR ADAMS: Senator Avery. [LB364]

SENATOR AVERY: Could you tell me what the instructional time allowance is designed to do? Is it...and I know what allowance is, and I think I know what this is. But I was just curious about what your understanding is. [LB364]

SENATOR FISCHER: I want to check my notes to be sure I do this right. The instructional time allowance, and Senator Adams is the expert on this, but as I read it, it

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would be an extension of school time, of school hours that teachers would have more time with students. [LB364]

SENATOR AVERY: And the formula...that allows the schools to recapture some of the costs of that in the... [LB364]

SENATOR FISCHER: The formula provides more state aid to those schools that turn in the numbers that they are having more school hours. That's not necessarily an urban or rural issue. I have districts that benefit by it. One of my main concerns with the instructional time allowance is the accountability. You're having schools that, I guess, in some cases, may take the time to figure out how the state aid formula works, and then they extend their school day to meet that. Is it a positive for students? It can be, of course, if you have more time in the classroom. Do I believe it's a necessary component of our state formula? Obviously not. [LB364]

SENATOR AVERY: Let me ask you one other thing. You have a fiscal note here that if we look at what the Fiscal Office says, it's pretty impressive savings. If we look at what the Department of Administrative Services says, it's still impressive, and you look at the Department of Education, and they say zero. [LB364]

SENATOR FISCHER: I think they...I'll have to look at...did you look at the corrected fiscal note? Do you... [LB364]

SENATOR AVERY: Did they...I don't have a corrected note here. Maybe I... [LB364]

SENATOR FISCHER: I have that the Department of Education...it's at the bottom of the first page of the fiscal note, say \$7 million to \$30 million on it, and that's due to, I think it was drafting... [LB364]

SENATOR AVERY: Oh, I get it. Okay. And they revised it. Okay. [LB364]

SENATOR FISCHER: ...a drafting error or drafting confusion in the bill. [LB364]

SENATOR AVERY: I was reading...I'm sorry, I was looking at that and thinking that was a third note from the Department of Administrative Services. I misread that. I'm sorry. [LB364]

SENATOR FISCHER: Oh. So there is savings if you would eliminate these. [LB364]

SENATOR ADAMS: Senator Sullivan. [LB364]

SENATOR SULLIVAN: Thank you, Senator Adams. And as you mentioned in your testimony, typically when we're dealing with allowances, it doesn't result in a savings,

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but in this case, it does. Can you identify and maybe give us a little more explanation of where this savings come in the areas of needs stabilization and averaging adjustment? Is that correct? [LB364]

SENATOR FISCHER: I could stumble through one now, Senator Sullivan, but I would rather speak to you about it later... [LB364]

SENATOR SULLIVAN: But those two areas. [LB364]

SENATOR FISCHER: ...on it because...it's because of the effect that they have on each other is my understanding on how it works. [LB364]

SENATOR SULLIVAN: Again, based on your comments, do you feel that the current aid formula has basically moved away from what we consider to be essential education? [LB364]

SENATOR FISCHER: I don't know if the state aid formula ever addressed essential education. When I was on the School Finance Review Committee, and we looked at TEEOSA, as you all know, part of TEEOSA is educational opportunities. And, at that time, I always would push that we should define what core curriculum is, and that's what the state should fund. The State Board of Education, in my opinion, has now defined what a core curriculum is. They have come up with essential education. I don't believe the formula we have now is sustainable. I think we've reached maybe the maximum on what this state can spend on K-12 education when we're looking at a billion dollars in the budget that we have. And I think the state needs to decide what we are responsible for paying. And I think if we look at what the essential education requirements are, that would provide us with a good baseline to have a discussion on what those requirements are. We need three years of a foreign language...of a foreign language. Some districts are able to provide more than one foreign language to their students. I think that's wonderful. Not all districts are able to do that. If a district, a local district, wants to provide four or five foreign languages for their student, I believe that's a local decision and should then be funded locally. I think, as a state, we need to have the discussion on what it costs for a district to provide essential education to a student, because I truly believe we cannot continue as we are. We won't be able to fund state aid to schools. We hear every year we're not fully funding it. I would argue that, but we hear every year we're not fully funding state aid. Well, if...obviously, the belief of many of those behind me is we are not fully funding it, so if we aren't fully funding it, let's decide what we can fund. [LB364]

SENATOR SULLIVAN: Does that mean then, do you think we need a new formula? [LB364]

SENATOR FISCHER: Yes, I believe we need a new formula. If you look at the history of

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school finance in the state of Nebraska, I think you will find it very enlightening in the direction we have been moving since the early sixties when equalization first came into the vocabulary of this state, and I think we need to revisit it. [LB364]

SENATOR SULLIVAN: Thank you. [LB364]

SENATOR ADAMS: Senator Council. [LB364]

SENATOR COUNCIL: Yes, thank you, Mr. Chairman. Thank you, Senator Fischer. I appreciate the statement in your opening that allowances sometimes don't have an effect on how we determine what the basic funding will be at some times. It does. And you acknowledge that standing alone, the elimination of one or more allowances would have no effect on really reducing basic funding. And what it appears to me that the combination of the two allowances and the one adjustment coincidentally result in an impact on the averaging adjustment and needs stabilization kind of setting, depending on, you know, how much of the allowance or how much of the adjustment with one going up or remaining stable and the other going down. And I guess in looking at the formula as a whole, your bill does not address several other allowances that districts are entitled to under the procurement formula as well as other adjustments that they're entitled to. And what I'm asking is, did you run modeling to see which allowances coupled with which adjustments would achieve your intended result? [LB364]

SENATOR FISCHER: No, Senator. I have no computer printouts on this. My purpose in introducing this bill is, hopefully, to begin a discussion on what this state should be paying for with regards to education of our students, and what truly are the components that we should be looking at. It's never going to be fair. You and I probably, you know, won't agree on it. You know, I've been there. I worked with LB806 when Senator Bohlke was chair of this committee and worked on it during an interim on that, and we were able to get sparsity in the formula. And that served my districts very well for a number of years until we removed that a few years ago from the formula. Again, it's 25 votes. It's easy for me to sit here and say, poor me. You know, it's very easy for me to sit here and say, poor me. I'm in the minority here. I'm a rural senator with districts that I think in two or three years...I have 21 districts...maybe four won't get state aid anymore. But I think as a body, we need to look at the larger question, because I don't want to see us where I think we're headed. I don't think we want to go back to where this state was pre-1059 days. And I've had conversations with a number of people in education that think that's where we're going. [LB364]

SENATOR COUNCIL: Well, as you may recall, that's where my board of education was pre-1059. That was back in foundation aid time, and, you know, I think we all need to be candid to a degree. While we're all concerned about the education of all children across the state, you know, I don't think any of us can say that we don't have sitting on our shoulder the specific needs and interests of the children in the districts that we

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represent. And when I look at a coupling of the removal of the student growth adjustment which has an impact on the averaging adjustment, you know, and without running numbers, I think at a greater degree that it would have on the needs stabilization side, that I look at districts where the student enrollment is increasing every year, and the averaging adjustment being premised on that district not spending the average on each student as is determined from the array of similarly situated school districts. And I respect your position, but that's what I find, you know, troubling. And I greatly appreciate the fact that in the bulk of the districts you're representing, you're seeing a decline in student enrollment. And I think that is our challenge to find a way that, as equitably as possible, recognizes that districts who are losing student population have needs. But that districts whose populations are growing have needs as well and then some of those growing districts' needs are compounded by poverty, language barriers, and the whole myriad of issues that have been taken into consideration in preparing the TEEOSA formula as it reads. I mean, my whole hope is that we can arrive at something that is as equitable as we possibly can, but...and I appreciate and respect that we try to break it down to its barest nonparochial level. But I think, you know, in all fairness and all honesty, all of us have that in the back of our heads when we're looking at the formula, and we're looking at the needs, and I just was kind of questioning last week, although, you know, the bill has just been introduced, Senator Pahls was saying, you know, if we really want to get at student achievement, and that's what I want to, you know, address, I mean, the student achievement gaps that exist in this state are totally unacceptable. And I couldn't agree with Senator Pahls more that you want to see more time and more dollars directed to direct student instruction. And here I have a proposal that says, well, for those who are fashioning ways to provide more time with direct student instruction, in the past we've granted you an allowance for that, and now we're going to withdraw it. And I appreciate the point you're making that some can manipulate the system. I mean, you can add time, and it may not necessarily all be direct instructional time. But I'm dealing now in my district that the district wants to change high school start times, so they can provide more instruction, and the pushback is whoa, these kids work jobs at night, and you know, you know, you should have the start time later in the morning, because they need to get dressed and do their homework. And so, I mean, we're all balancing these various interests, but again, in looking at your proposal, I'm just going to be, you know, straightforward with you, I'm going to look to see how equitable the increases or reductions are across the various districts that we are forced to represent. When I was first elected to the board of education, the state of Nebraska had over 500 school districts. We were, at the time, second only to Texas. And I had the privilege of serving on the task force on excellence in education with former Senator Bohlke, so you and I come from a similar background in terms of our convictions and our passions. We just have to find a way to balance our relative interests when it comes to resources. [LB364]

SENATOR FISCHER: And that's...in my opinion, that's what state aid to schools is all about, 25 votes, because we're all concerned about our districts. I hope we can move

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past that. I have concerns that it seems no matter how much money is put in, in certain cases, where does the money go? Where is the accountability? We're giving schools money for poverty. Is that money reaching those students? There's absolutely, in my opinion, no accountability on that. I find that appalling. We are sending money out for instructional time. Where's the accountability? Are we seeing any results from the lengthening of the school day? Not that I've heard about. But yet we seem to think that's an important component in this formula, and we ought to be funding it. I don't know how I can look at the people in this state and say, oh, yes, you know, in my heart...in my heart, I believe that a longer school day is going to help students when I see nothing that shows me that it is, but we keep putting dollars there. That's the discussion I'm trying to get to is deciding is it the business manager at OPS that is able to figure out how OPS gets more money? There's superintendents behind me that I guess you could ask them what they figured out, and how they can get their districts more money. To me, that's what state aid has become in this state, and I don't think that's what it should be. And as I said, I'm as guilty as anybody else. I have worked on it in the past, but it's becoming, in my opinion, more blatant that that's how we fund state aid to schools. [LB364]

SENATOR ADAMS: Senator Haar. [LB364]

SENATOR HAAR: In the fiscal note it says, this reduces the amount of state aid by a total of 2430, whatever, would...now, that could be interpreted two ways. One is we don't have to put so much money into state aid. The other is that we keep that amount of money in there, but we distribute it somewhat differently. Do you have a particular preference for one of those? [LB364]

SENATOR FISCHER: Well, of course, I do. We take the money out. [LB364]

SENATOR HAAR: Okay. [LB364]

SENATOR FISCHER: I don't want to put more money into a pot that I think has a lot of cracks in it. [LB364]

SENATOR HAAR: Okay. Thank you. [LB364]

SENATOR ADAMS: Senator, and you and I have talked about this at length many occasions. [LB364]

SENATOR FISCHER: And I always appreciate our visits. [LB364]

SENATOR ADAMS: And you're always so candid with me, and there's no way that I feel from this position that I can generate change in a funding methodology that I think is constantly in review and evolving without getting to the answers that we need. So let me

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ask you a very general question. I try, but not always very effectively, to talk to the big school superintendent, the little school superintendents, and the question is, what are we missing in this formula? What do you hear from the 20-some school districts you have in your district? What's missing here? Aside...let's just take the amount of dollars out of it. What are we not accounting for, do you think? [LB364]

SENATOR FISCHER: I think, Senator, you go back to the beginning. The premise that property is wealth. When you see in rural areas of the state and not even in rural areas, I heard this in Revenue. It affects Douglas County also. Ag land is the only values that are increasing in the state, double digits...double digits. Residential is flat. Commercial is flat. So right there, I think we have a major problem. You've increased the valuation in districts that in many cases are poor. I represent some of the poorest counties in the United States. You know, poverty isn't urban; poverty is also rural. But yet we have land values that continually increase. I think that's something that needs to be looked at, and how that valuation plays into the formula. Senator Adams, you and Senator Heidemann and I have had discussions on that. I think that has to be considered. So I would...I mean, just...at the very basic level of what the formula is, that's where we start. [LB364]

SENATOR ADAMS: You know, you raise a good point, and you're right. We've had these discussions and personally, I wrestle with is it our...and I'm not saying for a moment the formula is perfect. There is no such thing. But is the formula flawed or is the way that we value ag land that becomes a function of the formula more flawed? [LB364]

SENATOR FISCHER: You know, we lowered the value of ag land a few years ago, and by lowering it 5 percent you still saw double digits increase in valuations, so it, you know, it helped for a year, I think. Senator Schilz can tell you that. I think you need to look at how the value is used in the formula. I think that would be a very interesting discussion on how the value of land is used in the formula. And you wouldn't have to take it on that assessed value. That might be a place to start on it. I know Senator Landis,...I had the pleasure to serve with him in the Legislature a couple of years before he was term limited out, and he would always, I think, make a compelling case on how you have to look at ag land in this state. And I know Senator Cornett has been wrestling with that too. We're a state of ag land, but that doesn't mean that the holders of that land are necessarily rich. [LB364]

SENATOR ADAMS: Good point. Are there other questions for the senator? Senator Schilz. [LB364]

SENATOR SCHILZ: Thank you, Senator Adams. Senator Fischer, thank you for coming in today. I wasn't going to ask any questions, but you've hit on something to me that is pretty important and, you know, as you talked about poverty, you and myself do serve some of the most impoverished counties in the nation. And while at the same time, we're looked upon as some of the wealthiest counties in the state of Nebraska as we do

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the formula. I have a tough time with that. I can't figure that out, because I've been to Arthur, Nebraska. I've gone to the school. I've seen what they have to try to make do with, and I think that as you look at things, and we talk about poverty that you have to deal with in the growing schools. Well, I can tell you this. As I've looked out there, the poverty that happens in declining districts and the amount of...the range of things that you see, and how that starts affecting things...whether it's free and reduced lunches, whether it's behavioral things. Those increase as the population declines as a percentage of what goes on, but yet we, in rural parts of the state, don't have the same resources that you see to cover that. Where is the support structures that are supposed to be there to take care of this if we are such a wealthy district? And it just...it flies in the face. And I know this may be a conversation for other times, but do you see the same things in your district? I mean, as I look out there, I think that population decline is a huge problem in the state of Nebraska, and as we continue to, you know, move the money in different places, it exacerbates the problem. Is that your experience? [LB364]

SENATOR FISCHER: I would agree with that, Senator Schilz. All of our students deserve the best in this state. Senator Council mentioned 500-some districts that used to be in this state. I'm from an area that had a number of Class I, Class VI districts. When the move was on to consolidate them, and that happened under LB126, my first year down here, it was said it was going to save \$3 million. I never saw that it did, but we were told it was going to save \$3 million. That was the big push to consolidate. We thought it cost a lot more in our areas when that consolidation took place. I think, you know, if there was enough money, which there never will be, and you can ask the superintendents behind me that too, but if there was enough money out there, we wouldn't have these discussions. But there never will be. So I think we need to discuss this. We're doing it on a number of fronts this year--with water, with roads funding. I think we need to do it with school funding. And Senator Adams knows this. We've had the discussions. I can't continue to sit back and watch us tweak a formula every year. If you study it all, school finance in the state of Nebraska, it is very plain where the movement of financing districts has gone. It goes to the more urban areas. I don't begrudge any of you that. But please try to be aware of some of the other students that we have in the state. [LB364]

SENATOR ADAMS: Are there other questions for the senator? Thank you, Senator Fischer. [LB364]

SENATOR FISCHER: Thank you. [LB364]

SENATOR ADAMS: Are you going to stay around to close? [LB364]

SENATOR FISCHER: Oh, yes. [LB364]

SENATOR ADAMS: Okay (laughter). Let's begin with proponents then. Are there

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proponents? [LB364]

JON HABBEN: Good afternoon, Senator Adams, members of the committee. I'm Jon, J-o-n Habben, H-a-b-b-e-n, executive director of Nebraska Rural Community Schools. When we saw LB364 a couple of weeks ago, we weren't sure what to do with it. We looked at it, and we had been talking about what we knew LB235 would be about, and LB236, and I think LB364 provides an interesting opportunity to talk about, take a look at some aspects of the formula that I think we have to admit, everybody has questions about this or that in the formula. It may not be removing something totally; it may be reducing its impact. But those are the kinds of discussions that I think periodically, a formula that is generating this much money for all of...or for many of the schools in the state. I think periodically, it's okay to try and take a look at that, and see if it's doing what it was that it was intended to do. And I think that's a reasonable discussion to have. Now, the timing of the discussion, you know, right now here we are. We're faced with this is the amount of money that we have and how do we make the formula fit it? I, too, would love to go back to LB806 and LB1114 when, shortly after that, Senator Bohlke was able to pass LB149 over the Governor's veto which fully funded the formula, just that simple--fully funded the formula. And all of a sudden, it was as if the internal battle ended, and schools didn't feel like they had to compete with each other or organizations didn't feel they had to compete with each other. That was great. A couple of years later, the Governor decided this was what we could spend, and we entered into a five-year period of temporary aid adjustments where the needs side of the formula was reduced, so that the formula did not generate so much money. And then here we are faced with a really difficult circumstance where we've got this much money. It's tight. Everybody knows it, and we've got to somehow make this formula make sense in an environment that nobody wanted to have it occur, so here we are. But I still think that LB364 brings out a couple of important points. You can take a look at various aspects of the formula, and in the first year or two when they pass, you might look at those and say, yeah, I think they're doing what they're supposed to be doing. And then you get down the road a few years, and you're saying, I'm not sure. This appears to have grown more than we thought it would have grown, or this adjustment appears this or that allowance appears that. LB364 is an attempt to put on the table, here's some things about this formula to, number one, help it be sustainable. I mean, we've talked about that for several years. How on earth do we make this thing sustainable? Well, my question is how on earth do we make it sustainable and not forget rural Nebraska is there with its 60,000-70,000 students, but also to remember that sustainable means we have to figure out the revenue stream to fund it, and that valuation issue in rural Nebraska that, at times, is a little bit shocking, especially if you're the one who happens to rent or own the land, and your costs are directly affected there. But it shoots up 15, 17 percent at times, and you're looking around, saying, oh, my gosh, I didn't know I got wealthy. Things don't feel any different, but apparently, I got really wealthy. And the school district looks around and says, well, okay, we've been at \$1.05. Are we going to stay at \$1.05 and ride that valuation? Well, it's a tough question for a district to answer, so you got to go through

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that side of it, too. You got to figure out how to fund it to be sustainable. But I do want to encourage you with LB364 to keep it on the table, because I think it becomes a vehicle for further discussion. I think it points out some things that need to be pointed out. Senator Fischer mentioned the superintendents behind me. Every superintendent in every school can tell you something about what they perceive it to be or not to be, and how it affects them. That's our job as a superintendent to be able to communicate that, and I think it's really important. And I hope if they testify, they do that, because don't you want to know the effect of a bill on all the schools? Not just those schools, but all the schools. You know, if the large schools say this is the effect on us, you want to know that. But then you also want to know the effect on the smaller schools. You're not trying to leave anybody out which I think is critically important. Strange things happen; strange things happen. Who thought needs stabilization, that...and Omaha Westside would receive over \$3 million in needs stabilization? Who thought that? Well, nobody is saying they don't deserve it or that the calculation was wrong, or there weren't other factors that fed into that. But I think it's a reminder where you say, well, let's see, in the discussion about needs stabilization, what is it we're trying to do? That may be exactly what you're trying to do. But it's okay to look at it to validate it, and to find out what's going on with it. And that's my only point. Please keep LB364 alive. I think it has merit for discussion and needs to continue. Thank you. [LB364]

SENATOR ADAMS: Thank you, Jon. Other questions? Senator Sullivan. [LB364]

SENATOR SULLIVAN: Thank you, Senator Adams, and thank you, Jon, for coming forward. It's, first of all, a complicated issue to deal with, and you kind of put yourself out there when you do. Is it safe to say that perhaps we don't have enough accountability in the system? [LB364]

JON HABBEN: Well, that....as a superintendent...can I step back to being a superintendent? I thought when the accountability factors were added for various things, not only did they add to my paperwork and my thought process, but they did add accountability. And I won't tell you that accountability is so perfect that we didn't rationalize some things in reverse order, because sometimes that could occur. But what I will tell you is, for example, on the poverty plan. My school district was 48 percent free and reduced lunch, and we worked through that process, felt we met the requirements, set up the accountability appropriately. Now, can we count that dollar bill that we said went to the poverty plan...can we follow that dollar bill to whether that youngster improved his reading score? No, we're not at that level, but accountability...there's quite a bit of it, yeah. [LB364]

SENATOR SULLIVAN: With declining enrollments in rural Nebraska and how we currently rely heavily on property taxes, are we going to need two formulas--one for rural Nebraska and one for urban? [LB364]

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JON HABBEN: Well, when Senator Raikes set up LB988, you notice there were 900 formula students and above, and 900 below, and there were two methods. He tickled that edge a little bit, I think, in the sense that there are some differences in our...I guess for lack of a better term, urban schools and rural schools. And I've thought about that a lot, and said to myself, would it be against the law to do that? Would it be unconstitutional to do that? In a very amateur opinion, my answer to that would be no, so are there things we should look at differently as opposed to an attempt at one size fits all? I think it's possible to look at it. I don't know that we can get there, because we are very much focused on one formula for the entire state. I don't know, but I think you've raised a good point. [LB364]

SENATOR SULLIVAN: Thank you. [LB364]

SENATOR ADAMS: Jon, do you think that when we moved to LB988 and went to the arrays, that we did, to some degree, say we're not trying to make everybody fit into the same shoe size? [LB364]

JON HABBEN: I think so. The idea was to get away from saying, we have this standard group of schools that included everybody except those that were labeled sparse and those that were labeled very sparse. And it wasn't...it was less an issue of sparse and very sparse as it was an issue of standard size schools all the way from OPS to Rising City that weren't sparse or very sparse, but we were all compared with each other on that standard cost proofing. And, yes, I do think it was an attempt to deal with that issue, and I think we supported it. We thought it was something that had merit to it. But, again, I go back to when you have a formula in place for a few years, I think you have to return to the formula periodically and say, is it doing what we thought it was intended to do? I don't have any magic time frame about that, but I think that's really important, and I guess that's why I'm testifying in this manner on LB364 is because I think it's a...let's look at that; let's do that. Let's...you know, we do have some issues. We do have valuation spiking and money flowing, and is this what we intended, you know? Is the instructional time allowance...should we keep that or so on and so forth? [LB364]

SENATOR ADAMS: Thank you, Jon. Are there other questions for Jon? Thank you, sir. [LB364]

JON HABBEN: I appreciate it. [LB364]

SENATOR ADAMS: Next proponent? Any more proponent testimony? All right, if not, then we'll move to opponent testimony. [LB364]

MARK SHEPARD: Senator Adams and members of the Education Committee, my name is Mark Shepard, M-a-r-k S-h-e-p-a-r-d. I'm the associate superintendent for business affairs for Lincoln Public Schools. I testify today in opposition to LB364. LPS

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appreciates the recognition by Senator Adams and this committee that the most equitable way to pursue reductions in K-12 education funding is by adjusting the funding formula provided for in TEEOSA. This methodology maintains the basic formula of needs minus resources equals state aid. It affects districts on an equalized basis. Over the past 20 years, the TEEOSA formula has been developed and adjusted to meet the changing needs of the school districts and students across the state. In these challenging economic times, many proposals will be brought forward to reduce the state's obligation for funding K-12 education. In the past 16 years, I've been asked repeatedly, why can't we just make the formula simple? And my answer has been the same. We can, but it will not be fair or equitable. If the TEEOSA formula simply took the appropriation and divided it by the number of students in the state, my district, Lincoln Public Schools, would actually receive an additional \$949 per student, and I will tell you, that's a change. That's a change from when LB1059 was passed; that's a change from when LB806 was passed; that's a change that has occurred over time. There was a time when that was not true. If you take that \$949 per student and you multiply them by the 34,000 formula students that LPS currently has, it produces real money. LB364 eliminates the instructional time allowance, the teacher education allowance, and the student growth adjustment. We've had a lot of talk already about those three pieces. Given that instructional time and teacher education are allowances, the overall effect, as has already been discussed of eliminating them, would not appreciably reduce the state's obligation but rather shift aid from districts that currently qualify for the allowances to districts that do not. LPS does not currently qualify for either of those allowances. The student growth adjustment is really why I'm here today. It's of particular importance to LPS in those districts who qualify for it. As a reminder, the student growth adjustment was added to the formula in an attempt to help districts which are experiencing substantial growth. The student growth adjustment is designed to lessen the impact of additional students while waiting for the TEEOSA formula to capture the growth in formula students. I think it was previously stated the unexpected growth. I don't know that that was ever the intent. It's to capture the growth while the formula takes the time that is necessary to capture that growth. Lincoln Public Schools is a growing school district. We grew 900 students in the current year. We grew over 900 students last year, and we continue to project growth into the immediate future. This growth comes at a time when our assessed valuation has experienced a decrease in 2009-10 and a .7 of a percent increase in the current year. Without the recognition of student growth in the formula, the students of LPS would be penalized for living in a growing school district. I think we've also talked about needs stabilization a lot today, and the needs stabilization factor was designed to provide that safety net for districts that are on the opposite end of the spectrum from LPS where they're seeing their needs actually go down. LB364 attempts to adjust the formula and reduce the state's obligation for funding K-12 education by changing important factors in the formula. These factors were identified as a priority by previous legislatures. I urge you not to advance this bill or the tenets of it from committee. Thank you for the opportunity to offer some comments on LB364 and thank you, as always, for your time and commitment to the children of

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K-12 public schools in Lincoln and across the state. [LB364]

SENATOR ADAMS: Thank you, Mark. Are there questions? Senator Haar. [LB364]

SENATOR HAAR: Since we're delving into the philosophy of TEEOSA, and I'll have this discussion with Senator Fischer later from the rural standpoint. But from the urban standpoint, how do you react to the argument of land rich and cash poor so that property tax shouldn't play quite the role it does? [LB364]

MARK SHEPARD: Well, I think unless we're going to change how we fund K-12 education in the state, property tax is always going to play the paramount role that it does. You know, the major shift was LB1059 that moved much more of an obligation to state funding, much more of an obligation from the other revenue sources that the state has. You know, when you look at the school districts across the state and the differences between the school districts across the state, I think the formula has been adjusted over the years; it's already been discussed about the very sparse pieces that were added at one time that have now been pulled out; the current formula that recognizes the five districts larger, five districts smaller. We've now gone back to, you know, at one time we had, I think, seven tiers, and now we have as many tiers as there are school districts in the state. And all of those have been attempts to recognize the disparities and the similarities that exist between school districts. The property tax issue in rural Nebraska, I think we have to look at what's driving that. When we look at the ag land values, in particular, what is the piece that's driving that? It's the actual sales that have occurred, and if those properties weren't worth that, they wouldn't be bringing that. And we're not here today to talk about that piece of it. There are several bills coming up in Revenue, I know, that deal with that. But I think the same is true of the values in my district. We saw our assessed valuation go down in 2009-10 and slightly go up a year ago. We're not anticipating great growth in assessed valuation, and it's because of what's going on in both the residential and the commercial markets. And we have some ag land in our district. Our ag land is a little bit different than some others represented in the room. Much of it sells on the square footage basis. [LB364]

SENATOR HAAR: Okay. Thank you. [LB364]

SENATOR ADAMS: Senator Sullivan. [LB364]

SENATOR SULLIVAN: Thank you, Senator Adams, and thank you, Mr. Shepard. You made the comment that the formula over time has changed to reflect the changing needs of the school districts. [LB364]

MARK SHEPARD: Um-hum. [LB364]

SENATOR SULLIVAN: Do you think that we've also done enough or given enough

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attention to the formula to reflect the changes in the funding sources? [LB364]

MARK SHEPARD: Well, I think the bottom line is every time that changes have been adopted to the formula, and we used to oftentimes hear the criticism of we never give the formula enough time to work. And, unfortunately, that might be true. And what I mean by that is as somebody...one of the previous testifiers mentioned, if the pie wasn't defined, if the appropriation wasn't defined, then the formula would work in its designed intent. When we look at the funding sources within the aid formula, unless we're going to change our tax policy and how we fund K-12 education, I don't know where else we would go with that. We don't have tuition to draw on like our university and our college system has. We don't have access to sales tax like our cities have. We don't really have access only indirectly to income tax, and if you're an equalized district. I think...so unless we're going to change the tax policy of the state and move to a different form of financing K-12 education, I'm not sure how that would occur. I will tell you this, because people have asked me, you know, in the good times, people wanted...school districts even, at times, have wanted to have access to something like sales tax. Well, I think in 2008, in the fall of 2008, we were glad we weren't funded solely based on sales tax, because we saw the impact that had on our cities and our counties, and others have access to it, and our state. [LB364]

SENATOR SULLIVAN: Okay. Thank you. [LB364]

SENATOR ADAMS: Any other questions? Senator Schilz. [LB364]

SENATOR SCHILZ: Thank you, Senator Adams. Good afternoon. Thanks for coming in today. Just for my personal education, I just started on the committee. Do you...as you sit and look at the formula, and I'm just asking this. If you looked back at the last ten years, how many of those years have you seen increases in your state aid compared to decreases? Do you know any of this information? [LB364]

MARK SHEPARD: Well, I've only been at LPS for the last 2.5 years, so I can't talk about beyond the 2.5 years at LPS. I can tell you that prior to that, I was in Fremont, and Fremont is an equalized school district. Over that time frame, we saw, oh, I would say over those 10 years, I was there for 13. We probably saw three or four years during that time frame that our state aid went down. And it was always at the most inopportune time, because the way the aid formula works, using previous year's data, typically, it would be at a time when the previous year we saw an increase in our assessed valuation. The counties which were represented which were three counties--Douglas, Dodge, and Saunders Counties and Fremont Public Schools, we touched all three of those counties with the majority of the property being in Dodge, were typically on a three-year assessment cycle. And so, the year that you saw that big influx of assessed valuation, the following year you saw the big decrease in state aid. And so as I say, the most inopportune time, because everybody's ire was up the previous year, because

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they saw their assessed valuations go up. Then the following year, you saw your state aid go down, and your only really two sources are state aid and property taxes in a district like that. And so it really put the district in a bit of a Catch-22, and oftentimes when we would testify, senators at that time would say, well, are you at your maximum? And the response would be no. Well, why aren't you? You need to help yourself first before you come to the state, and so it really does put you in a bit of a Catch-22. [LB364]

SENATOR SCHILZ: Right. The next question is, you had talked about land valuations and the sales of that, and that...and you're right. That's what the paper says is that's what this was sold for. But a lot of times behind that, we don't know if it was a...you know, if it was a 1031 exchange or anything like that which adds a certain percentage amount that nobody cares about it, because they're all...I mean, let me back up. They may care about it, but it gives them some cushion to where they don't have to worry about what it has to do. They're just working it on the tax side, so I think that that might be one issue that we see out there quite a bit, especially on the types of lands where you see them jump dramatically from one year to the next. And then, I guess that's one...yeah... [LB364]

MARK SHEPARD: Can I comment on that? [LB364]

SENATOR SCHILZ: Go ahead, yeah. [LB364]

MARK SHEPARD: We just had a similar discussion to this with our finance committee of our board of education, actually over the noon hour today. And I think the thing to keep in mind is, there are protections in place to deal with that. First of all, we have the state Department of Revenue that looks at the whole property taxation across the state. Beyond that, we have the TERC process, the Tax Equalization Review Commission. One of their main responsibilities is to make sure that that equalization takes place across the state, so that they sort out those exchanges that you're talking about in less than arm's length transactions. And then I think ultimately, you also have the ability...individual taxpayers have the ability to take their concerns to their county, and then beyond that, if they're not happy with any of those steps along the way, once they've exhausted their steps along the way, ultimately they can go to court. [LB364]

SENATOR SCHILZ: Right. Well, absolutely. I'm just pointing out that a lot of times what you see as a first number is not actually what the reality of the situation may be. And then one last thing to your comment on your growth. Can you tell me where those 900 students come from? I mean... [LB364]

MARK SHEPARD: Well, I can tell you that we are gaining knowledge on where they came from and where they're coming from. We were estimating around 450 to 550 in growth based on live births in our county, based on individuals that were born here, and

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then also the siblings of students that we already have in the system. Beyond that, a number of them have come from the rural areas, and I think, you know, the question has come to my direction, at times, with the student growth adjustment. Does that need to be a piece of the formula? And I think the major tenet of the formula has been the dollars have followed the students whether it's option enrollment; whether in the learning community, it's open enrollment, and I don't want to speak to the learning community. There's some people behind me that understand a lot better than I do, but I think the major tenet of our formula has been the dollars follow the students, and that growth adjustment is a piece of that. And without the growth adjustment, we end up in a particularly negative situation until the formula would catch up and recognize those students as part of the formula. [LB364]

SENATOR SCHILZ: Sure. Thank you. [LB364]

MARK SHEPARD: Um-hum. [LB364]

SENATOR ADAMS: Are there other...Senator Avery. [LB364]

SENATOR AVERY: Thank you, Mr. Chair. Mr. Shepard, this is my fifth session, and in every one of those sessions, we have revisited the school aid formula. [LB364]

MARK SHEPARD: You bet. [LB364]

SENATOR AVERY: And I believe in four of those sessions, we tweaked it to reduce the amount of aid that would have been there had we not done so. And I know we had at least one special session where we had to reduce the formula or reduce funding. If this formula is so good, why is it that we have to do this all the time? Why is it that we can't have a formula that does what it is we're trying to do, and that is, have fairness in how we distribute aid, but one that is understandable and easier to manage and doesn't have to be revisited every year? [LB364]

MARK SHEPARD: Well, I think a couple of things. As I've already mentioned, we can make this formula very simple, and in its simplest format, we can just distribute the state dollars, whatever those dollars are based on a per pupil basis. And I think the difficulty with that is, that would be making the assumption that all school districts are exactly the same. I'll use an example that's not Lincoln Public Schools. It's Norris Public Schools and Chadron Public Schools. We have an adjustment in the formula or an allowance in the formula for transportation. If we didn't have that allowance in the formula, we would be treating two districts that are very similar in size, very similar in demographic makeup very differently. Norris Public Schools transports almost every student by law--not by choice--by law. Chadron Public Schools transports only special education students that have it written into their IEP--again by law--not by choice. And so if we didn't have a formula that recognized the differences of school districts and the similarities--five

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larger, five smaller, ten larger, ten smaller, whatever we end up with--I think we would have a formula that could be very easily understood, very simple, and very unfair. I think the other thing is, when we look at reductions to the aid formula, and you've heard me say this before, and I'll continue to read that opening paragraph about the fact that we need to make sure any reductions are made utilizing the formula. We used to have a formula that just adjusted the local effort rate. That was pretty simple. We defined the pie; we fought over the pieces of the pie; and then at the end of the day, we moved that local effort rate to meet whatever the appropriation was. The difficulty is that it only affected the school districts that are equalized. We heard about the 21 school districts in Senator Fischer's legislative area. We heard about the fact that not many of them qualified for state aid currently. I think we have to look at why don't they? Their resources surpass or at least meet their needs, and I think that's, that's again, a major tenet of an equalization aid formula. I would offer to the committee that I have a very simplistic presentation, laymen's terminology, of the aid formula. I've shared it with Senator Haar. I know Senator Haar has shared it with others as well, but I would offer that to each of you. It does give a 45-minute presentation on the aid formula that I think is pretty understandable. It's not the 29-page Excel spreadsheet that we read about in the paper every year, because that shows every little data point, and where they all come from, and how many years back, and how many years forward, and how do we project that forward. But I think it gives a very concise view of the aid formula, and the reason why we need the various components. [LB364]

SENATOR AVERY: Is it fair to say that the student growth adjustment might be the single most important factor in the growth in school aid? Because I know that if we had not been changing the formula over the past five sessions or so, that we would be well past the billion dollars in spending on school aid today. Is it the student growth adjustment that accounts for most of that? [LB364]

MARK SHEPARD: For most of that increase? [LB364]

SENATOR AVERY: Um-hum. [LB364]

MARK SHEPARD: I don't believe so at all. The student growth adjustment is simply...captures that growth for the first year that you have the students. And then the aid formula catches up after that point. [LB364]

SENATOR AVERY: I know, you've said that three times. [LB364]

MARK SHEPARD: And I think where the problem comes in, and it's not a problem. It's one of the tenets of the formula--the needs stabilization is that safety net for the districts where those students are coming from. You know, in its purest format, if the dollars truly follow the students, you wouldn't have the needs stabilization, and you probably wouldn't need the student growth factor. Do you follow that? [LB364]

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SENATOR AVERY: What is driving the formula then? Is it just a combination of all of these various little pieces in here, and they cumulatively lead to say, over a billion dollars in expected expenses on school aid where we would be without having tweaked it over the past? [LB364]

MARK SHEPARD: I think a couple of pieces are driving the increases in the formula: the total students in the state has continued to grow, so that's the needs for the state as a whole. The... [LB364]

SENATOR AVERY: But that's the student growth adjustment, isn't it? [LB364]

MARK SHEPARD: No. The student growth adjustment is district by district. Students that you receive in a given year, and so you have to...when you look at the total growth for the state, that growth is...we've heard about the districts that have presented previously about the type of decline that they're experiencing. What I'm talking about is the total growth for the state, so the state as a whole, the student population continues to grow. I think the other pieces in the formula that recognize changes or differences between school districts...LPS, for example, has seen a huge increase in our poverty, and it's not just LPS. There are other districts. We already heard about some of the rural districts that have experienced the same. This year...next year will be the first year that we're projecting will be over 50 percent poverty for our elementary aged students. And that's hard for people to understand. They drive around Lincoln, and they don't see it, but they don't look for it. I think the other...you know, so those are probably the pieces that are driving it more than anything is the growth in total as a state, but then also the changing demographics. English language learners--when I went to Fremont 16 years ago, we had four students in our ESL program as it was known then. When I left there, we had over 450. [LB364]

SENATOR AVERY: Don't we get federal aid for that, though? [LB364]

MARK SHEPARD: We get very little federal aid. You get migrant education dollars for three years. When the students come into your school district, you receive that money for three years, and that money has continued to dwindle as the federal government has continued to pull back some of those programs. [LB364]

SENATOR AVERY: Thank you. [LB364]

SENATOR ADAMS: Other questions? Mark, thank you. Appreciate it. [LB364]

MARK SHEPARD: Thank you. [LB364]

SENATOR ADAMS: Next opponent. Welcome. [LB364]

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STEVE BAKER: (Exhibit 1) Good afternoon, Senator Adams, members of the Education Committee. My name is Steve Baker, S-t-e-v-e B-a-k-e-r. I'm the superintendent for the Elkhorn Public School District. I'd like to thank you for this opportunity to testify in opposition to LB364. I'd like to focus my comments to one of the components that is targeted in LB364 and provide an historical perspective on this legislation and the impact it has on a growing district such as Elkhorn. To place in perspective the enrollment increases of Elkhorn and the need for the student growth adjustment, one must understand that, at times, there are legitimate reasons and differences between school districts that must be acknowledged in the aid formula. Senator Raikes clearly understood this when this was included in 2008. The current 2010-11 school year saw an increase for Elkhorn of 409 students or 8 percent. The single year growth is larger than many school districts in Nebraska. Growth has been the norm for Elkhorn for over 20 years. In the 2004-05 school year, we had a K-12 enrollment of 3,646 students. By Nebraska standards, that's a large school district. Six years later, the enrollment is 5,560. In six years, our district has almost increased by 2,000 students and has doubled over the past ten years. In most parts of the state, you would have to add several school districts together to reach 2,000 students. There are needed differences in the state aid formula, because there are often significant differences in need between school districts in Nebraska, and not all the growing school districts are located in the eastern end of the state. It's equally important to understand the historical reason that this growth adjustment was added to LB988 in 2008. In the spring of 2008, Senator Raikes was trying to put the finishing touches on the legislation for the learning community which impacted Douglas and Sarpy Counties. I'm sure everyone on this committee realizes that one of the major components of the learning community is the creation of a common levy. Senator Raikes understood that it was necessary to provide growing school districts a student growth adjustment if the Legislature was going to force those same growing school districts to share in a common levy. The student growth adjustment was added in 2008 with the full understanding and support of Senator Raikes that it would be a deal breaker to the learning communities' growing school districts to not have it. There were also compromises in the creation of LB988 that benefited smaller nongrowing school districts. Mr. Shepard talked about the needs stabilization factor. All school districts have access to the student growth adjustment, but not all school districts are growing and have the need. This is not an adjustment that only the growing school districts and learning community benefit, but impacts growing school districts from Elkhorn to Lincoln, Lincoln to Grand Island, Grand Island to Lexington, and Lexington to North Platte. There are tough decisions, and I respect the difficult task before this committee and the full Legislature. But this growth adjustment cannot be considered without including the history of how, why, and when it was added, and the devastating impact it would have to growing school districts in Nebraska, especially those that are forced to participate in the common levy. Thank you, Senator Adams and committee members for your time, and the opportunity to share with you today. Are there any questions that you would like me to respond to? [LB364]

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SENATOR ADAMS: Thank you, Steve. Are there questions for Dr. Baker? Senator. [LB364]

SENATOR HOWARD: Thank you. I was here when we were working on this very thing, and with Gail Kopplin, and he was very staunch about keeping the student growth adjustment in for that very reason. It sounds like you've expanded even further than what we envisioned back in 2007. Do you see that growth continuing as... [LB364]

STEVE BAKER: Oh, absolutely. Senator Howard, we keep track of housing counts. We, for the last five years, the kindergarten class coming in has been another new record. As you may be aware, we opened up a second high school, and, you know, we don't do this...sometimes people think well, you did go to athletics Class B or whatever. It has nothing to do with that. When our kindergartners are seniors, we'll have two high schools of 1,000 students and continue to grow. Our long-term demographics...Elkhorn will someday be a school district like Millard, well over 18,000 students or more. [LB364]

SENATOR HOWARD: Well, how does this impact your...I mean, you don't have students that are transferring in through the learning community. Can you just tell me a little bit about that? [LB364]

STEVE BAKER: Oh, absolutely. Prior to the open enrollment under the learning community, Elkhorn was one of few districts in Nebraska that we had never accepted an option enrollment student--we didn't have room. And so the only option enrollment students were those that qualified under an automatic waiver. You lived in the district two or more years and moved out. Under open enrollment, it'd be real easy to say, we still don't have any room, but our board, we talked, and said, you know, we have to somehow come up with some available seats to have some. So in the first year, which was the current school year, our board...we went through the capacity worksheets and we identified 25 available seats. This year for the 2011-12 school year which we're now getting the applications, we've opened up 29 seats. We actually didn't fill them all. We filled this year those 25--17 of those seats. I would anticipate the 29--we'll fill them all, maybe close to it. It's...our growth isn't because of the open enrollment. [LB364]

SENATOR HOWARD: So those are the students coming in. Do you have students that are going in the other direction? [LB364]

STEVE BAKER: Most of the students that are going in the other direction are students that have never lived in the Elkhorn school district. The family had...maybe it's a Millard student, and the family moved to Elkhorn, and the child said, see you, Mom and Dad, I'm going to graduate here from Millard South or Millard West or wherever. And so, those families then option, and now they had to do it through open enrollment. So it's not like there's a large group. I'm sure there's some students that leave, but not very

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many. [LB364]

SENATOR HOWARD: So those are students who would probably leave anyway if they were looking at spending their senior year in the school they had been in. [LB364]

STEVE BAKER: Yes. Right. [LB364]

SENATOR HOWARD: Okay. All right, that's helpful. Thank you. [LB364]

STEVE BAKER: Yeah. Yes. [LB364]

SENATOR ADAMS: Other questions? Thank you, Steve. [LB364]

STEVE BAKER: Thank you. [LB364]

SENATOR ADAMS: Next opponent. [LB364]

TERRY HAACK: (Exhibit 2) Good afternoon, Senator Adams, committee members. My name is Terry Haack, Terry with a T, Haack, H-a-a-c-k, superintendent of Bennington Public Schools. I'm testifying in opposition of LB364. Specifically, Bennington Public Schools would like to call your attention to the equalization principle of state aid as it relates to the student growth adjustment. A brief study of student enrollment data in the state of Nebraska over the last four years reveals some supporting evidence for a student growth adjustment which this bill eliminates. The state of Nebraska had, on average, 133 public school districts drop in PK-12 enrollment. In contrast, the state saw an average of 113 schools increase in student population. Keep in mind, the student growth adjustment must be applied for and is only available to districts that meet the 25 student or more than 1 percent growth. Therefore, not all districts can or would apply for the student growth adjustment. The equalization principle is found in simple, rough math. The current TEEOSA formula provides funds for districts based on the previous year's enrollment. This allows declining enrollment districts funding for approximately 2,200 students. Since not every district can or will apply for funding under the student growth adjustment, we estimate that the formula provides for approximately the same number of students in our growing districts. If state aid provides for funds to districts with students that are no longer enrolled, which Bennington does support, then it is only just that state aid of Nebraska provide even a portion of funding for students actually enrolled. Therefore, I encourage this committee to continue its support for student growth adjustment as part of the formula for TEEOSA as a means of equitable funding for all students in the state of Nebraska. Thank you very much. [LB364]

SENATOR ADAMS: Thank you, Terry. Other questions? Terry, I know I have one, and I want you to correct me if I don't have the numbers right. You and I were talking earlier during the interim about your growth, and the folks that you had hired to anticipate your

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growth. And am I correct that your kindergarten went from 650 in one year to 800 in the next? [LB364]

TERRY HAACK: No, not kindergarten. Kindergarten went from 38 students to currently over 150 students, and that's in a five-year time span. So we have gone in terms of number of elementary students, we look for that type of growth in one year, and so that might be the number you remember. [LB364]

SENATOR ADAMS: Okay. That could very well be. Thank you. [LB364]

TERRY HAACK: So our growth is at approximately 10 to 12 percent a year over the last five-year average. [LB364]

SENATOR ADAMS: And projected out, what's the...what are they telling you? [LB364]

TERRY HAACK: As Steve Baker said, you know, when we look at filling all the available land, we look at a district of 8,000 to 9,000 and we're currently at 1,300. [LB364]

SENATOR ADAMS: So is it fair to say you're in a perpetual state of finding classroom space and staff? [LB364]

TERRY HAACK: We have passed three bond issues over the last seven years--one to build a high school. We were a K-12 district, one building. We now are three buildings, and we just passed a bond issue for a third elementary, for a fourth building and continuing to grow. [LB364]

SENATOR ADAMS: Thank you, Terry. Are there other questions? Senator Haar. [LB364]

SENATOR HAAR: Yes. You were testifying against the student growth adjustment. Do much... [LB364]

TERRY HAACK: We're testifying against the bill that would eliminate the student growth adjustment. [LB364]

SENATOR HAAR: Okay, gotcha. Okay. I'm sorry. That's what I meant. What about the other two elements? Are you simply not speaking to those or what do you think about the teacher education allowance and the instructional time lines? [LB364]

TERRY HAACK: We do have a little bit of funding for the teacher education allowance. We certainly understand that, and we support that. We do not receive any monies at this point in time for the teacher...or the time allowance. [LB364]

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SENATOR HAAR: Instructional time. [LB364]

TERRY HAACK: Right. [LB364]

SENATOR HAAR: Okay, thanks. [LB364]

SENATOR ADAMS: Senator Avery. [LB364]

SENATOR AVERY: Bennington schools, do you have a paid lobbyist? [LB364]

TERRY HAACK: Yes, sir, we do. [LB364]

SENATOR AVERY: Why isn't your lobbyist here... [LB364]

TERRY HAACK: Lobbyist is here. [LB364]

SENATOR AVERY: ...earning his or her pay. [LB364]

TERRY HAACK: And I believe she is earning her pay. [LB364]

SENATOR AVERY: So you were testifying. [LB364]

TERRY HAACK: That's correct. [LB364]

SENATOR AVERY: Because you're the best spokesperson for your district? [LB364]

TERRY HAACK: I am a spokesperson for the district, and I believe my testimony would speak highly for the district. [LB364]

SENATOR AVERY: Thank you. I agree. [LB364]

SENATOR ADAMS: Other questions? Senator. [LB364]

SENATOR HOWARD: Thank you, Mr. Chairman. Just for my information, how do you feel that the learning community is working for your school district? [LB364]

TERRY HAACK: There are opportunities that are available in the learning community. However, in the past, a common levy has taken roughly \$500,000 and moved it out of our district. State aid has been adjusted to move 200 and some thousand, so it's a difference of a negative 3.5 cents on the levy. And that's another reason that we would support this. We would be opposed to the elimination of the new student funding. That would be another means of shifting revenue away from Bennington. But there are opportunities. I don't know that they've been realized yet with the learning community.

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[LB364]

SENATOR HOWARD: Well, I appreciate that and thanks for your candor about that. Are you seeing many students transferring in to your school or out, either? [LB364]

TERRY HAACK: We see students that are transferring out, not necessarily because of Bennington, but because of convenience. And Bennington is a suburban school district. It is residential heavy; 88 percent of our property taxes comes from the residential area, and thus, it's a bedroom community. And a lot of the parents, family members move...not move, but travel into the metropolitan area and thus, it might be a convenience for day care or the likes to have students go to another school. [LB364]

SENATOR HOWARD: Okay. That's helpful. Thank you for the information. [LB364]

TERRY HAACK: Um-hum. [LB364]

SENATOR ADAMS: Are there any questions? Thank you, Terry. [LB364]

TERRY HAACK: Thank you very much. [LB364]

SENATOR ADAMS: Is there other opposition? Welcome, Kevin. [LB364]

KEVIN RILEY: (Exhibit 3) Good afternoon, Senator, members of the committee. My name is Kevin Riley, R-i-l-e-y. I'm the superintendent of the Gretna Public Schools, and with all due respect to the senator, I am testifying in opposition to LB364 because of the student growth adjustment issue. I want to take you back to the 2006 legislative session, probably the most contentious in memory because of the learning community issues. And when you look at the learning community, it all comes down to one thing--it was a compromise. It was a compromise focusing on border protection for shared resources, or as you've heard, the common levy. The effects of the border protection were easily predictable where the effects of the common levy were not. The learning community business managers and Tammy conducted numerous reviews and spins of the financial data for the 11 learning community school districts. Every spin identified financial winners and losers. Some were predictable; some were not. As with any change in school finance or law with the significance of the learning community law, there are unintended consequences and outcomes. One of those unintended outcomes of the learning community common levy was the effect it was going to have on schools that were experiencing rapid growth. Senator Raikes, may God bless him, saw this right away. He contacted myself, Roger Breed who was the superintendent of Elkhorn at the time, and Terry Haack, superintendent of Bennington, superintendents of rapidly growing school districts in the learning community to meet with him and talk about the student growth adjustment. At the meeting, we told Senator Raikes that we weren't looking for a windfall out of a student growth adjustment. We just needed to survive the

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common levy. The provisions that are in law currently which the three of us recommended and worked through with Senator Raikes and Tammy prevent anyone from getting any such windfall. You can't game the system on this adjustment. Gretna, in the first few years of the learning community common levy, due to the student growth adjustment, breaks even. And there's this misconception out there that school districts like ours have all this money. If you look at the GFOE numbers--General Fund Operating Expenditure numbers for school districts in this state for '08-'09--I haven't seen '09-'10 yet, Gretna was in the bottom five out of 257 schools in spending per student--the bottom five. That's what happens to a rapidly growing school district. Bennington is right down there with us, and Elkhorn doesn't fare much better. In closing, if the common levy for the learning community remains as law, the student growth adjustment needs to remain. If, for some reason, the learning community common levy were to go away from the Gretna Public Schools' perspective, I will be the first to tell you that we don't need the student growth adjustment. But currently, the common levy is in law. That's all I have. Thank you. [LB364]

SENATOR ADAMS: Thank you, Kevin. Are there questions for Dr. Riley? Yes. [LB364]

SENATOR HOWARD: Thank you. Well, it's not really so much a question as I appreciate your comments. I always appreciate when you come in and share what you're seeing with us, and I sure remember 2006,... [LB364]

KEVIN RILEY: Oh. [LB364]

SENATOR HOWARD: And I remember...again, I go back to Gail Kopplin, who is just very strong in supporting the growth for schools such as yours which he represented. Are you seeing many transfers into Gretna school through the learning community? [LB364]

KEVIN RILEY: Because of our growth, back in 2002, we had to shut down the option enrollment, because we just didn't have room for any more students, and we had to pass a bond issue in '02, then again in '05, and then we just passed one in 2010. So the growth hasn't stopped. Just as the other school districts have spoken here today, we've more than doubled in ten years, and that's relative no matter what kind of a school district you're in. Within the learning community, capacity rules and regulations, we're over capacity in four out of our five buildings. And the fifth, we would have to add staff to take any more students. As Steve said, we looked at it as well. We don't want to be in a position where we can't take any children. And so we have a reciprocity policy whereas we have a student that goes and improves the socioeconomic percentage of a school...of another school district, another school building, then we have room for one. This year we've been able to take two. And we think that will grow over time, and so we're not seeing a lot of kids moving in that way. We're just in a suburban area where there's a lot of farmland and that's as the city of Omaha grows, and young families that

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want to build homes, that's what happens. It just kind of continues to spill over into school districts such as ours and Elkhorn's and Bennington's. [LB364]

SENATOR HOWARD: Did you have the two students come in? [LB364]

KEVIN RILEY: Yes. [LB364]

SENATOR HOWARD: Okay, all right. And was it transportation? You may not... [LB364]

KEVIN RILEY: Yes, we're transporting both. [LB364]

SENATOR HOWARD: Okay. You were good. (Laughter) Thank you. [LB364]

SENATOR ADAMS: Are there other questions for Dr. Riley? Kevin, thanks for coming in today, appreciate it. Any other opposition? [LB364]

BILL MUELLER: Senator Adams, members of the committee, my name is Bill Mueller, M-u-e-l-l-e-r. I appear here today on behalf of Millard Public Schools. Angelo Passarelli was intending to be here, but due to other responsibilities that he has in the school district in Omaha, he asked me to come and testify. You've heard a lot of testimony about the student growth allowance. I will say a word, just about the other two allowances that are included in this. The instructional time allowance was included in the formula to encourage schools to add time to their schedules. Millard, in fact, added three days to their schedule, moving the number of student days from 177 to 180. The additional time was settled through collective bargaining over a three-year period of time. The state made a commitment to this allowance, and Millard acted in good faith to increase the class time in its school district. This is, indeed, an item that makes a difference with a child's education. We know that more time and direct instruction provides increased achievement for all students. The third allowance that you had before you is the teacher education allowance. That is another example of the state identifying goals in education, and then including those goals in the state aid formula. Millard knows that a teacher who has advanced training in their teaching area is more successful in the classroom. It takes years and significant dollars for teachers to obtain advanced degrees and to repeal that allowance after teachers and districts have made that commitment would be very problematic. We urge you to keep the formula whole with these three allowances. Thank you. [LB364]

SENATOR ADAMS: Are there questions for Mr. Mueller? Thank you, Bill. [LB364]

BILL MUELLER: Thank you. [LB364]

SENATOR ADAMS: Is there other opposition testimony? If not, we'll go to neutral testimony. Is there any neutral testimony? [LB364]

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JACK GOULD: Senator Adams, my name is Jack Gould. That's G-o-u-l-d, and I'm not here as a lobbyist for common cause. I am here as a former teacher, football coach, and rancher, and I have some sympathy for Senator Fischer--some of the things that she said today, and I also was concerned about some of the questions that you asked. Back in the late eighties, my brother and I filed a lawsuit, and that lawsuit was to challenge the educational equity of this state. The case was...we had Vard Johnson as our lawyer, and we started out with not much money. We never did get a lot of money, but we had some farmers in our area that contributed. And we took the suit to court and won the first round. The reason we went to court, and I think that addresses what you're saying, is have things changed? At the time, we were paying \$32,000 in property taxes on 1,400 acres of land. We had about 400 head of cattle. We were also...because I taught at Southeast High School for six years and then taught at...I got the head coaching job at Raymond Central for another six years, and then went full time on the farm. But I had a lot of opportunity to see the largest school district in the state at that time and the advantages that it provided. And I also had the opportunity to go to the smallest Class B school district and looked at the inequities that existed there, and that was the school where my two daughters were going to go to school. And so, a combination of the property tax concern which was big, we could see ten years down the road being out of business. We were going up about \$2,000 a year at that time. There was no funding formula. We were also concerned or I was concerned at the inequity in teachers' salaries, that it seemed as if when you went from Class A to B to C to D, the salaries of teachers followed that progression, and so it created a drain that most of the teachers in the lower...in the D, C, B area were trying to get into Class A districts. And the other concern was the fact that the curriculum was so different. The library was so limited; very little in the way of a chemistry lab. It was a shabby situation. Our school was really a former Nike missile site, and we were still using the cinder block buildings for our classrooms. So our concern was equity, and we filed the suit. We won the first round. We, at that time, Ron Withem was the speaker here, and LB1059 was under consideration. And I remember coming down here and sitting in the balcony, and Senator Withem was addressing the body about LB1059, and he looked up and he looked up and pointed at us. He said, you know, if you don't pass that bill, those two guys are going to win. And I think he was right. Our argument, again, was purely on equity, but when LB1059 passed, the state immediately appealed to the Appeals Court, and they immediately asked for summary judgment. We had no real time to look at LB1059, but the judges used that as an argument, saying that because LB1059 had passed, our case was moved. We didn't go along with that decision, and we appealed to the Supreme Court. And, at that time, we were approached by a number of educational organizations. I can name them if you ask me that question, but I'm not going to do it right now...asking us to drop the suit, the argument being that LB1059 would solve all our problems. And we were not experts, believe me. But we...from what we could see, it was not going to address facilities; it was not going to address the salaries of teachers; it wasn't going to do anything about curriculum. And it certainly wasn't going to help our

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property tax situation a great deal. So we took the case on to the Supreme Court, and we lost 4-3. If you read the opinions on those judges, you'll find out that we almost won. It was very close. At the end, though, what really shocked me was that so many people immediately came up and thanked us for LB1059. They said, oh, you should be very happy. We were happy. It didn't really address the problems that we've talked about. Now, I will confess that a lot of the things that have gone on since then, there have been...there's a lot of consolidation which was needed. There was a lot of...there's been improvements in salaries. There's been improvements. But I would argue that those same conditions still exist, maybe not as severe as they were, but the inequalities that Senator Fischer is describing, and the unfairness of the burden on the property tax is still there. And I should tell you that after the suit was settled and we lost, there was a bond issue before our school district. And the superintendent and the lawyer from...who was on our board came to see me, my brother, and they wanted to talk to us about the bond issue. And because there were a number of farmers that supported us, they said, if you guys would support the bond issue, I think it would pass, and you could get those farmers to follow along. And so I said to the...at that time, I listened to everything they said, and the implication was that if we didn't support the bond issue, we didn't care about education. And I kind of resented that. We were paying \$32,000; the superintendent was paying nothing. And the lawyer who was making far more money than we were was paying \$5,000 a year in property taxes. And I, at the time, when they finished, I said, well, you know, I think we care \$35,000 or \$32,000 worth about education. And I said, we'll support your bond issue if the superintendent will donate \$2,000 a year, because he cares about education. And I said to the lawyer, since you're only paying \$5,000 in property taxes, if you'll donate \$5,000 for the next 20 years, we'll support your bond issue, because you're asking us to pay an additional \$3,000 a year which would have put us at \$35,000. So... [LB364]

SENATOR ADAMS: Jack, are you near concluding? [LB364]

JACK GOULD: I am. I am. I just...I'm sorry if I've taken your time, but I think the fairness question is still in doubt. [LB364]

SENATOR ADAMS: Are there questions for Jack? Senator. [LB364]

SENATOR AVERY: Thank you, Mr. Chair. Tell me how LB364 would fix the problem that you just described. [LB364]

JACK GOULD: That's why I'm testifying in a neutral capacity. I don't profess to know the details. All I know is that some of the arguments that have been presented are rather repetitious, they're ones that I've heard before and ones that concern me a great deal. And I think that Senator Fischer's...the things that she said about farmers and ranchers and the unfairness of the burden that's placed on them runs home to me, and it comes right back to LB1059. [LB364]

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SENATOR AVERY: You don't raise cattle anymore, do you? [LB364]

JACK GOULD: We've sold some of our land, and we've gotten out of the cattle business. We cash-rent most of our land now. [LB364]

SENATOR AVERY: Because you couldn't make the money. Was it the property tax? You still have to pay that, don't you? [LB364]

JACK GOULD: No, no. We pay...this year we'll pay \$35,000 on 1,400 acres instead of...we were up to 1,800 acres. We sold off some land, and we're now down to 1,400 again, and we have...we'll pay \$35,000, but a bond issue passed, and we're going to probably be looking at another \$3,000 on top of that, so it'd be \$38,000 next year, I believe. [LB364]

SENATOR AVERY: So you must be leasing that land out pretty high rate to afford this. [LB364]

JACK GOULD: Well, Raymond Central School District is kind of caught between Lincoln and Omaha. It's certainly...I wouldn't call it the most prosperous district. I don't think that the farmers are making huge amounts, although this last year was a good year. But the problem with the property tax is it...you have a lot of bad years, and at that point, you don't have the money to pay your property taxes, and nobody cares too much about that. It's a constant you have to worry about every year when you're trying to figure out your costs. [LB364]

SENATOR ADAMS: Other questions? Thank you, Jack. [LB364]

JACK GOULD: Um-hum. [LB364]

SENATOR ADAMS: Is there other neutral testimony? Seeing none, Senator Fischer. [LB364]

SENATOR FISCHER: Thank you, Senator Adams and members. I'd like to thank you for putting in a lot of time on this bill today. I think it was designed to begin a policy debate about essential education about what programs should the state be funding and what programs should be the decision of local districts. The three components addressed in this bill are used in large part to help Omaha's suburban schools offset the cost of the learning community. I think we heard that in the testimony that was opposed to the bill. If you look at the student growth factor that most of the districts spoke about that was needed, Elkhorn receives \$1.8 million for that student growth factor. That's \$1.8 million more than any of my 21 districts get, and that's \$1.8 million more than OPS receives. Bennington receives \$600,000. Gretna receives \$675,000. Millard receives

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almost \$1 million. Again, that's more than OPS receives which is zero or my 21 districts which is zero, so you can see why they support that factor. Mr. Mueller came up and brought up the other two components that are in this bill. That, I would believe, is because Millard receives \$11 million for those other two components that I have in this bill. Again, my 21 districts receive zero. When we talk about teachers' degrees, if the state is going to be paying school districts, because they have teachers that have advanced degrees, shouldn't those teachers be available for all the students in this state? Shouldn't we have a requirement that possibly they should be teaching distance learning classes? There's a lot here that we can talk about. I mentioned that the learning community suburban schools are the ones that benefit from the student growth factor, but LPS was here also. They received \$3.8 million for the student growth factor. I think one of the superintendents spoke about...that Senator Raikes had included this component in our state aid formula to help those suburban districts involved in the learning community. While some in Omaha may think that Lincoln is a suburb of Omaha, I don't think LPS views themselves that way. There's a lot here to discuss. The gentleman from LPS, the business manager, said that my districts have resources that surpass the needs. That's the purpose of this bill. Let's start talking about what essential education is and what we can pay for in this state. I know that schools are struggling all over this state, and I certainly realize the suburban districts in the learning community are faced with tremendous needs. I used to be a Class VI district. We had to go under a common levy in the late nineties that the Legislature passed. I can tell you that Class VI's didn't receive any benefit or component added to the formula to help us meet that additional need that we were faced with. But those schools are struggling, but I just hope that you realize that schools across this state are struggling, and that includes rural school districts. I think it's time that we determine what that essential education in Nebraska looks like, what skills and knowledge base does the state think that our students should have, and how do we fund those core components? I think we need to stop thinking about next session's 25 votes, and how...not my business manager, but some business managers will be able to make a proposal, so their district can build a coalition in order to get those 25 votes to receive more state aid. I think we need to step back. I think we need to refocus our goals, and we need to determine what we provide for our children to meet the challenges that they're going to face in this coming generation. Thank you. [LB364]

SENATOR ADAMS: Thank you, Senator Fischer. Are there any final questions for Senator Fischer? [LB364]

SENATOR FISCHER: Thank you for your time. It was a long bill, and I appreciate it. [LB364]

SENATOR ADAMS: Seeing none, thank you. (See also Exhibits 7 and 8) That's all right. Committee, we're going to move right on to LB273. We need her now. Is she introducing a bill in Business and Labor? Can we do that? Senator Avery, Senator Dubas is

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introducing a bill in another committee. Would you like to go ahead and introduce yours? Thank you. We will skip over LB273 and come back to it when Senator Dubas arrives, and in the meantime, we will go on to LB148 with Senator Avery as the principal introducer. Senator, thank you for adjusting to the schedule. [LB364]

SENATOR AVERY: (Exhibits 4 and 5) Thank you, Mr. Chair and members of the committee. Would the pages come over here and distribute these two exhibits for me? Well, I was going to be organized when I thought I had more time. [LB148]

SENATOR ADAMS: You mean you didn't get your homework done before? I have ways of dealing with people like you. [LB148]

SENATOR AVERY: Hey, you've never done your homework sitting at your desk? (Laugh) [LB148]

SENATOR ADAMS: You got me. [LB148]

SENATOR AVERY: Okay. LB148. This is a bill that you have heard before in this committee. I am persistent, so I have brought it back. LB148 restricts the Nebraska school districts from appropriating state aid money through TEEOSA for payment and expenses of registered lobbyists. Under this legislation, schools will no longer be able to claim lobbyist fees as General Fund operating expenditures under the state aid formula. In recent years, public entities have been increasingly enlisting the services of lobbyists, paying for them with tax money. In the fact last year, 37 public entities spent \$1.3 million of taxpayers' subsidized funds to pay for lobbyist services and fees. In the past six years, 17 school districts and the learning community have spent nearly \$2.5 million of state taxpayer money to lobby the Legislature for more state taxpayer dollars. That's 17 districts out of 251 districts statewide. I have been using the figure of 253, but I am told by the Department of Education we have reduced that. So that's about 7 percent of the total number of public school districts in the state hiring lobbyists and paying for it out of state aid money. The charts that I have just distributed are useful, I think. If you review which school districts have professional lobbyists, and that's 17 including the learning community. It seems obvious that the majority of schools that lobby the Legislature with paid lobbyists are the school districts that have the largest, best funded, highest paying schools in the district. Most of these are Class A schools or big Class B schools. Together these 17 districts that employ professional lobbyists also have almost 100 principals and assistant principals and others, administrators, making over \$100,000 per year plus benefits. You'll see that also in the handout. In addition to that, another 500 highly compensated administrators are on the payrolls of these school districts, and these are just numbers that come from 2008 and 2009. So you could add in a couple of years of cost-of-living adjustments, and the numbers are even bigger. It makes one wonder if we're giving these schools too much state aid perhaps. How and why do they have extra funds for hiring lobbyists to play the inside game while so many of our

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schools are left on the outside, and they tend to be smaller schools, for the most part. At least half of these 17 school districts are within one hour of the capital. In fact, the greatest expenditure being made on a yearly basis is by my own district, LPS, whose district offices are about ten minutes away. And, in fact, my own school district employs an in-house lobbyist, and they also contract with independent lobbying firms outside the district office. Now, don't get me wrong. I don't dislike my own school district. It's a wonderful school system, has talented teachers, bright students, and very capable administrators. And I've said this before, and I will reiterate here. I think a school district's best advocate is its own superintendent and its own principals. These are the people who know the district better than anybody else. They are professionals; they have years of experience and education and administration. They understand the nuances of their specific districts and communities. They know the needs of their teachers; they know the needs of their students, and they know how their budgets work and how the money is spent. They are educated, skilled, and they're powerful voices that should be used to advocate for their school districts without having to spend state aid money that ought to go to educating students when hiring lobbyists. It only makes sense to me that you would have these professionals...professional school administrators down here. I received an e-mail just Tuesday. Is today Tuesday? No, last Tuesday (laughter). I'm losing track. And this e-mail makes a fairly impassioned plea for not passing LB148. Why? Because they need their hired lobbyists to fight against the learning community which I think, and many of you on this committee probably do too, it's one of the most important things that we've done in this Legislature in the last five years, trying to close an achievement gap that is an embarrassment to this state and should not exist. But the argument here is that while we need our lobbyists...by the way, this came from Papillion/La Vista, we need our lobbyists in order to fight against that evil learning community. I noted in a question to one of the superintendents that the superintendent was here to talk to us about something very important to that district. The student growth adjustment is important to a lot of districts, particularly those fast-growing districts, and that district was a growing district. They have a paid lobbyist...Bennington schools. They have a paid lobbyist, but the paid lobbyist was not here to advocate for them. Why? Because the superintendent thought it was important enough for him to be here, and that is the point I'm trying to make. That superintendent was the best voice on the issue before this committee just prior to my getting this mike. That superintendent knew what the effect of LB364 would be. I'm not expressing an opinion for or against the previous bill. I'm just saying that a lot of times when the chips are down and the issue is really important to a school district, they send the top guns. They send their superintendents. Now, that is the way it ought to be. The sad truth is that many of our...in fact, the vast majority of our public schools--smaller districts, rural schools, Class C and Class D schools choose to spend their limited state aid money on the things that really matter--on students and on books, not on a high-paid lobbyist. Now, let me just say this, that I do not dislike lobbyists. I like...a lot of them are friends of mine. I'm telling you that lobbyists are an important part of the legislative process. Do not get me wrong. Don't misinterpret what I am trying to do here. What I'm trying to do is

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take this out of the aid formula. If they want to hire lobbyists, they can do that. Let them find other ways to pay for it rather than let it come out of the scarce money that we in this Legislature allocate to our schools every year. We are going to be cutting aid to schools this year by, I believe, Senator Adams said, about 12 or 13 percent. That's what we expect that we might be cutting aid to schools. That's a pretty significant hit. How can we justify taking money that ought to be going to educate students and spending it in this manner? We have, in the state of Nebraska, a number of education-related membership organizations that represent schools. You had the Nebraska Association of School Boards; you had the Nebraska Rural School Community School Association; you have the Nebraska State Education Association; the Nebraska Council of School Administrators, and others. These are all membership associations that advocate for kids, advocate for schools and districts and the needs and interests every day. All of these organizations retain registered, paid lobbyists. They advocate...why do we need to use state aid money to create layer and layer upon layer of lobbyists to come down here and ask us for more money for our schools? You'll notice in one of these handouts...it's the one on the long sheet of paper here. We showed the six-year period of money spent on lobbyists, and then the total for the six-year period in that last column there in the middle. And then to the right of that, another set of numbers that shows the amount of state aid that these school districts received in '09-10 and in '10-11, and then the difference in that is in the third column there in the number of students and number of schools in the district. And you can see that most of the schools that have paid lobbyists do pretty well. Now, is it because they have additional lobbying activity here? I'm not ready to make that argument, but I can tell you that when schools are scrambling to make ends meet and to protect the interests of their students and their teachers, and they have these multiple organizations out there advocating for them, and they have this pool of talent in their own schools and in their districts, why can't we spend money from the state aid formula on students? They're in the Capitol, the lobbyists for these organizations, the membership organizations. They're here every day. They hold legislative breakfasts. They send us newsletters all the time; their representatives are in our offices frequently. And it seems to me that should be enough. I would also point out that there is a precedent for legislation of this kind. We, some years ago, put in the school aid formula a provision that would limit the amount of legal expenses or expenses that could go to pay lawyers in the formula. Only .15 of 1 percent of the formula can be calculated as a need in the TEEOSA formula. So we're saying, and with legal fees...we're not saying that you can't hire lawyers. We recognize that they do have, from time to time, a need for legal action. We're simply saying that schools have to be careful how they calculate their need, and that there's a limit on how much you can put in your need side of your formula to pay for legal fees. What happens is, when you put legal fees, and you put lobbying fees on the need side of the formula, then at the end, you have increased the amount of state aid you qualify for. Then you use that money to pay for a lobbyist who comes over here to ask for more. It seems to me that's a misuse of scarce state aid money. There is an issue that came up last time when I presented this to you, and it dealt with the definition of lobbyist fees and expenses. A

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technical note was added, and it's been added here again to LB148 that lobbyist fees and expenses are not defined. Many school districts use district personnel to interact with the Legislature. It is unclear whether or not these expenses such as travel to Lincoln would be considered lobbyist expenses. I would refer you to section of law, 49-1434 which defines principals, lobbyists in our current law, and I am reading here under subsection 3. Lobbyist does not include--these are definitions--"Lobbyist does not include a public official who is acting in the course or scope of his or her office or employment." So superintendents, principals would not be considered lobbyists under this definition. Lobbyist does not include an employee of a political subdivision whose regular employment duties do not ordinarily include lobbying activities, as long as such employee is not additionally compensated for such lobbying activities other than his or her regular salary and is not reimbursed for any lobbying expenditures except his or her travel, lodging, and meal expenses, and the meal expenses for members of the Legislature. I don't know if we need to amend this to provide a definition or not, but I would suggest that if this a continuing concern of the committee, that we might ask that an amendment be prepared that would simply reflect that lobbyists registered with the Clerk of the Legislature and subject to the laws of the Accountability and Disclosure Commission are really the target of this bill. With that, I will stop and entertain any questions. [LB148]

SENATOR AVERY: Thank you, Senator. Senator Haar. [LB148]

SENATOR HAAR: Couple of questions. On this big, long sheet that you handed out,... [LB148]

SENATOR AVERY: Um-hum. [LB148]

SENATOR HAAR: ...what happened to the commas on the left-hand side? (Laugh) No, just...I get confused. Do you have any idea...okay, when we talked on LB364, the fiscal note said so many dollars less would need to be appropriated to school aid. Do you know what that dollar amount would be on this? Have you calculated that at all? [LB148]

SENATOR AVERY: No. In fact, I don't know if...I don't think I know how, because it would have to include all the other parts of the formula as well. I think I have a fairly good working knowledge of the formula, but I'm not sure that I could sit down with a calculator and actually run a model without these expenses, because they interact with other things. [LB148]

SENATOR HAAR: Yeah. Do you even have a ballpark amount, what difference that would make? [LB148]

SENATOR AVERY: What I'd like to be able to say, but I can't really. I'd like to be able to say that you're talking about \$2.5 million or...let's see,...about \$4 million... [LB148]

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SENATOR HAAR: Okay. [LB148]

SENATOR AVERY: ...in additional money that could go...that's how much was spent in 2010, a little over \$4 million. So I'd like to be able to say that much could go back into...or would be available for aid to kids and teachers. [LB148]

SENATOR HAAR: So sort of...the question I asked Senator Fischer if...if there was that money available, would your preference be simply to cut that from the total for state aid, or would you put that back and readjust it in a formula? [LB148]

SENATOR AVERY: Well, I personally would like to see it go to schools. I wouldn't want to take it out and say, oh, we found another \$4 million we can save, because I think we're cutting schools in a manner in all the...the proposal which we have looked at. And we had a hearing on it last week. All of those inflict pain. [LB148]

SENATOR HAAR: Sure. [LB148]

SENATOR AVERY: And they will have an effect on our ability to deliver quality education to our kids. So I would not want to contribute to that. What I'm trying to do is free up money to go to actually educating kids. [LB148]

SENATOR HAAR: So by the...it's sort of like that first...my first question. Do we know how much less funding...let's say that we left the money as the total, but do we...can we calculate just to get some idea like how much less money would Grand Island get than they...or is that impossible, again, to come up with? [LB148]

SENATOR AVERY: It's not impossible. We could ask staff to try to calculate that. [LB148]

SENATOR HAAR: I think that would be...I'd like to see that, if possible. [LB148]

SENATOR AVERY: But I think it would be difficult, because of the...we're having trouble just running numbers on two models, and of the two bills that we heard the other day. One is that...would fund at \$800 million, and one would fund at \$844 million. And somewhere in between that is where we'll probably wind up. We're going to be running at least two more models, maybe more, and that's a very, very cumbersome and difficult process. You may remember not too many sessions ago, we couldn't move forward on an important funding bill for schools, because the person in the Department of Education who calculates the formula was on vacation? I mean, there are all kinds of questions that you could raise about why, but at that particular time, but we were paralyzed for a time. [LB148]

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SENATOR HAAR: But I guess my point is that this could take up quite a bit of debate time on the floor, and if we could get kind of an idea of whether...I mean, philosophically there's a... [LB148]

SENATOR AVERY: You're asking me to do something that only one person in the Department of Economic Development or the Department of Education... [LB148]

SENATOR HAAR: No, I'm not asking you personally to do it, but if we could get this done just to get some idea, because philosophically, there's a point to be made that doesn't really make much difference in the funding. That's my question. [LB148]

SENATOR AVERY: Well, you know that if you take \$4 million out, it's going to make a difference in at least 17 school districts. And my preference would be that those school districts would have money...that money would go to them to use for other school-related educational purposes. [LB148]

SENATOR HAAR: Okay. And then the one-pager that you handed out again, the number of administrators over \$100,000 and so on, I'm not quite sure. Is the point that some of these people are being overpaid or there are too many or? [LB148]

SENATOR AVERY: No. The point here is that we have highly paid, very well qualified people who can serve their districts to present the case for their districts without having conditional expenditures for lobbyists. [LB148]

SENATOR HAAR: Okay. I guess if you put spreadsheets in front of me, (laugh) I'm going to ask questions. So thank you very much. [LB148]

SENATOR ADAMS: Are there other questions for Senator Avery? So, Senator, just in summary to make sure I understand, what you're saying is then that we're really dealing with just the contract lobbyist that has filed with the Clerk's office, and we're not trying to delineate how much the superintendent spent time lobbying or how much an assistant superintendent in charge of this, that, and the other thing spent over here in the Rotunda, or we're not looking at dues to NRCSA or State School Board Association? [LB148]

SENATOR AVERY: No. Thank you for that question. That is not the focus nor intent of this legislation. You know, if you look at all of the school districts in the state, and I've done so, and you highlight the ones that have paid lobbyists, notice that they're all on the first pages, because these are ranked by the size of schools and size of districts. And notice at the top here, you've got all of the highlighted...most of the highlighted ones are the top school districts with the most money and the most resources. The ones that hurt are out in Chadron. They're in Benkelman and places like that where they don't have the resources. I had a school superintendent in my office the other day from

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Chadron. She's sick and can't be here today, or she would be here. And she said, I am the lobbyist for my district. And by the way, I was happy to see Superintendent Riley here advocating for his district as the most effective spokesperson for that district. Gretna does not pay a lobbyist. I don't know what he gets paid. I'm sure he gets paid well, but it's not unreasonable to ask superintendents to perform this function. [LB148]

SENATOR ADAMS: Other questions for Senator Avery? Thank you, sir. We'll take proponents to this bill first. Are there any proponents? Hi, Jack. [LB148]

JACK GOULD: (Exhibit 6) Hi. Back again. Senator Adams, members of the committee, my name is Jack Gould. That's G-o-u-l-d. And I am here representing Common Cause Nebraska. I think that the statistics on my chart mirror what Senator Avery has, but you can check them to see if I'm right or not. Both of them are statistics that came from Accountability and Disclosure, and also from the Clerk's office. Over the past three years, 16 school districts and the learning community have spent \$1,366,782.14 on lobbying our state government. This is money that could have gone to developing curriculum, improving facilities, or hiring teachers. It's obvious that the 16 districts believe they are gaining an advantage over the 237 districts that do not have lobbyists and probably cannot afford them. You as members of the Education Committee have a much clearer view of what the advantage might be and whether the investment is wise. Common Cause Nebraska is concerned about the 237 school districts that do not have lobbyists. Are they being left out of the debate, and do they need lobbyists in order to be heard at the Legislature? If the answer is no, and I hope it is, then you have to ask, why do we have 16 districts with lobbyists? If the answer is yes, that they need a lobbyist, I would hope that this committee would be able to step forward and say that all districts should have lobbyists. Last year when this bill came forward, we heard from school board members who declared it was their board's first amendment right to hire whomever they wanted to plead their case. Common Cause would not challenge that right, and LB148 does not restrict that right either. The bill simply says, you cannot use state dollars for lobbying purposes. It sends a clear message that state dollars are to be spent on education. The future of our democracy depends on an educated public. Every child, regardless of where they live, deserves the best education this state can provide. Every tax dollar should be directed toward that goal. If 16 districts are able to spend \$1,366,782 with the mistaken idea that they are gaining some special advantage over the 237 districts that don't have lobbyists, they are simply working against the greater good. [LB148]

SENATOR ADAMS: Are there questions for Jack? Seeing none, thank you, sir. [LB148]

JACK GOULD: I must have...one other point is that the five largest lobbying firms...these are million dollar lobbying firms are all under contract to the largest school districts in the state, and I think that's reflected on the chart. Thank you. [LB148]

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SENATOR ADAMS: Thank you. Are there other proponents? Then we would hear opposition testimony right now. Any opposition testimony? If not, neutral testimony. Senator Avery to close. [LB148]

SENATOR AVERY: Thank you, Mr. Chair. What a difference a year makes. Last year I believe I had a roomful of opponents. I need to correct an error that I made. Senator Haar, you are right. We do need commas, because actually, it's \$403,000 for 2010 not \$4 million. [LB148]

SENATOR HAAR: Where is that? [LB148]

SENATOR AVERY: In the amount of lobbying money spent in 2010. It's just over \$403,000. I would note, too, if you go to that long sheet, since 2007, we have seen a steady decline in the amount of money that's being spent on paid lobbyists from the school aid fund, and I'm not sure what would account for that. Maybe discussing with this committee about the appropriateness of these funds might be a factor. I am sure there are opponents, but they did not come forward, so I assume that everyone on the committee is convinced that this is worthy of being advanced. Thank you. [LB148]

SENATOR ADAMS: Thank you, Senator. With that, we will close on LB148. (See also Exhibit 11) And I think we've got Senator Dubas here, so Senator, LB273. [LB148]

SENATOR DUBAS: (Exhibit 10) Thank you very much, Senator Adams, members of the Education Committee. My name is Senator Annette Dubas. That's D-u-b-a-s, and I represent the 34th Legislative District. LB273 was brought to my attention after the Grand Island Northwest Schools contacted your committee with this particular concern, and I have to say, this is my first state aid bill. And I found it quite easy, so I mean, you know, (laugh) so I took the easy one for you. Thank you very much. But with the help of your committee's very able staff, we have been able to craft legislation to alleviate the problem that Grand Island Northwest is outlining. Really, in a nutshell, Grand Island had previously annexed areas of the community that previously were a part of the Grand Island Northwest School District. This was quite a while ago. Long-term contracts were signed, so then those students continued to attend school at the Northwest schools, and Grand Island Public School paid that tuition. These contracts were long term, lasting at least 15 years, and then after that contract expired, those students became net option students and were included in the calculations of net option students. Let's see. Similar provisions, I think, were originally introduced in 2001 to deal with this particular situation. In 2008, the concept was removed with the passage of LB988, but apparently, there are still some lingering contracts out there between these two districts, so what this bill is doing is simply trying to remedy the situation very similar to what was done in the past. Mr. Bill Mowinkel, who is the superintendent of Grand Island Northwest, had every intention of being here today to outline how this was impacting his district...because of the weather, wasn't able to come, so I do have a letter from Mr.

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Mowinkel. Actually, Sharon Placke, their business manager, and then I also have a letter from Mr. Virgil Harden who's the business manager for Grand Island Public Schools. These two school districts talked this over in the spirit of cooperation, agreed that this bill would address the problems in a very simple, straightforward way. I appreciate that cooperative effort, and with that, I will go ahead and close. I will attempt to answer questions, but, again, this is something that's been done in the past. Any technical questions, I think you'll get your best information from your own staff rather than from me, but I'll make any attempts should you have any questions. [LB273]

SENATOR ADAMS: Thank you, Senator, and it is...actually, it's more complicated than what you give yourself credit for, so I'm glad you have a good understanding of it. Senator Haar. [LB273]

SENATOR HAAR: Just to make sure, there's not a winner/loser here, but an agreed upon. Okay. [LB273]

SENATOR DUBAS: Right, right. [LB273]

SENATOR HAAR: Excellent. Thank you. [LB273]

SENATOR ADAMS: Other questions for Senator Dubas? I guess not, Senator. Thank you. Are you going to close? [LB273]

SENATOR DUBAS: I will waive closing. Thank you for your attention. [LB273]

SENATOR ADAMS: Okay. Thank you. Are there any proponents? How about opponents? Neutral testimony. Seeing none, Senator Dubas has waived closing, so that will end the hearing on LB273. (See also Exhibit 9) And we will go on to the last bill of the day, LB287. [LB273]

SENATOR HOWARD: All right. Senator Adams. Welcome to the Education Committee. I'm glad you were able to make it in despite the weather. [LB287]

SENATOR ADAMS: Well, thank you. Thank you. (Laugh) My name is Greg Adams, A-d-a-m-s, representing the 24th Legislative District, here to introduce to you LB287. Let me begin at the outset of this by telling you that personally, I don't have a strong position on this bill one way or the other. I bring it as a matter of clarification and discussion on the part of this committee. And the issue boils down to this. Currently in statute, we describe summer school as something that is required. If you have students with deficiencies, school districts can make the decision to offer summer school under conditions that are outlined in statute to help that student catch up before the next school year begins. And if that be the case that summer school is offered under those conditions, we have a summer school allowance in the formula, again, to help

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compensate those school districts that have taken on that additional expense. The question comes, early childhood programs that are offered. Some of those, not all, it varies from district to district, some of those continue on in the summer. Now it would be my interpretation of the current language that those early childhood programs are not eligible for the summer school allowance, but we need to clarify that. This committee needs to clarify that. And so the issue really becomes this: Do we intend via our current summer school allowance to expand and maybe more clearly define exactly what summer school eligibility is going to be to include early childhood programs or do we leave it alone and say, this is what it is? It's those programs where you're...to bring a kid up to grade level and nothing more than that, in which case we don't expand the allowance. But we have different school districts out in different places on this and the reality is we, as a committee, need to make a policy decision on this of how we want to treat it. Thank you. [LB287]

SENATOR HOWARD: Thank you, Senator Adams. Do we have questions, those of us left here? I have something that crosses my mind and maybe you can just help me. It's probably a matter of clarification. Parents that enroll their children in this program I'm guessing a lot of these folks are working. So if the program would be discontinued in the summer, that's going to put them in a position where they're going to have to find other arrangements for their child for the summer and that could be problematic. Maybe they don't want to shift their child. Do you see that without the aid that there would be a decrease in people putting their kids in these programs? [LB287]

SENATOR ADAMS: You know, it's like a lot of the other allowances. If we did away with instructional time, would we see school districts go back to reducing the number of days that they're in school or cut back on the number of hours or if we said, let's do away with the elementary size allowance, will we see a lot of school districts in grades K-3 raise their student numbers above 20? I don't know. I don't know. I think this is a fairly isolated thing, so I don't know that there would be a lot of problem with it. And I think it's isolated because generally school districts recognize that summer school is that: It is something that has been required for certain students to bring them up to grade level. That doesn't mean that there aren't early childhood programs that are going on in the summer. And many of those have not applied for this summer school allowance. They're working within their Head Start dollars and early childhood grants and in some cases, maybe even parents contributing. [LB287]

SENATOR HOWARD: True. Senator Haar. [LB287]

SENATOR HAAR: Okay. In both your introducer statement of intent and in the letter from Jess Wolf, it says we're not just talking about early childhood but qualified early childhood education program. Now that's kind of a fine distinction I take it, but what... [LB287]

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SENATOR ADAMS: You know, this is me talking. I don't think it's that fine of a distinction. Qualified early childhood programs are those early childhood programs that qualify under our current statutory language. [LB287]

SENATOR HAAR: Okay. So it's not just a pretty narrow... [LB287]

SENATOR ADAMS: It's not just anything. [LB287]

SENATOR HAAR: Thank you. [LB287]

SENATOR HOWARD: Any other questions? Yes, Senator Schilz. [LB287]

SENATOR SCHILZ: Thank you, Senator Howard. Senator Adams, thanks. I guess...and maybe you were answering this and I got distracted. I guess the simplest thing for me is, where does the funding come for these programs? [LB287]

SENATOR ADAMS: The funding for these programs? [LB287]

SENATOR SCHILZ: Yeah, and I think you touched on that a little bit. I mean, is most of it federal funding or is the state... [LB287]

SENATOR ADAMS: For the early childhood programs? [LB287]

SENATOR SCHILZ: Yeah. [LB287]

SENATOR ADAMS: The early childhood programs, we have a grant program here at the state of Nebraska. There are also Head Start dollars, and then after two years, we actually roll a school that's had an early childhood grant through the state of Nebraska, we then begin to roll that school into the TEEOSA calculation for the early childhood. And there may be a multitude of other sources as well. And if you don't mind, we've had a policy here at the state to, in essence, say that a qualified early childhood program are the ones that do meet our statutory guidelines. And, for instance, if you are eligible for kindergarten, you (laugh) weren't here to wrestle with us on that issue, but if you are eligible for kindergarten, then... [LB287]

SENATOR SCHILZ: I think I took that. [LB287]

SENATOR ADAMS: ...you move on to kindergarten rather than stay and, in effect, be disqualified from what we think a qualified early childhood program would be. And we've also encouraged schools to try to, if you're going to apply for a state grant, we want you to also apply for a Head Start dollar. And typically if they do, then the federal guidelines on the Head Start dollars really outline what qualifies and what doesn't in an early childhood program--square footage, number of students, ratio with teachers, those

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kinds of things. [LB287]

SENATOR SCHILZ: Thank you. [LB287]

SENATOR ADAMS: I gave you a lot more than maybe what you wanted. I'm sorry. [LB287]

SENATOR SCHILZ: No, that's fine. I appreciate it. [LB287]

SENATOR HOWARD: Do we have any other questions? No. Senator Adams, will you be around for closing? [LB287]

SENATOR ADAMS: I think I'll stick around for closing. [LB287]

SENATOR HOWARD: Good. (Laugh) Do we have some proponents who would like to come forward? We have to have a little fun. [LB287]

STEVE COLEMAN: Thank you, Senator Howard, members of the committee. [LB287]

SENATOR HOWARD: Welcome. [LB287]

STEVE COLEMAN: My name is Steve Coleman. I represent Papillion/La Vista Public Schools, and basically, we're just here to thank Senator Adams and encourage your support of another measure, another carrot, if you will, for districts to start investing or continue investing, expand investing in early childhood education. We, like many school districts, see the importance in early childhood education. You can't read educational literature for very long without seeing that supportive documentation being there for that practice. So, again, that enticement, that encouragement, that reward for districts that do that is appreciate that...it is appreciated and we do support the bill in its entirety. And thank you for your time and your ears. [LB287]

SENATOR HOWARD: Do we have questions? Questions? Questions? Well, I will ask you one. Does your school charge for summer school? [LB287]

STEVE COLEMAN: No. [LB287]

SENATOR HOWARD: Good. Thank you. Thank you. Other proponents? Welcome back to the Education Committee. [LB287]

KENT ROBERT: Good afternoon. I think the last time I was here we were wrestling with kindergarten issues it could have been. For the record, my name is Kent Rogert, R-o-g-e-r-t, and I'm here representing the learning community of Douglas and Sarpy County today in support of LB287, mainly because in our elementary learning center

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program, the first outlined objective for that is summer school and after school programs. So just wanted to come forth and say we've had ten agencies in the last six months in 19 sites serving almost 1,400 kids in summer and after school activities. And we would welcome the opportunities to have early childhood into that formula. And with funding coming into the picture, I would encourage folks to...or districts to participate in those after school and summer school programs more often for even early childhood. I think we've got...most of these programs are open 11.5 hours a day and 5 days a week in the summer, so it handles most of the dramas you have with before and after work. They can drop them off and pick them up, some have private agencies as well as school districts. [LB287]

SENATOR HOWARD: Do you have any questions as a committee for...yeah, Senator Haar. [LB287]

SENATOR HAAR: Well, is this kind of a case of scope creep that we're getting...you know, we've taken this scope that was designed as the summer school for kids who need remediation, and now we're...we've just sort of expanded that definition? [LB287]

KENT ROBERT: Well, in terms of children that are remanded to summer school through their school districts, that can mean they can send them to us or they can send them to a private agency. They can send them to whatever approved summer school program that they think is beneficial to their catching up, because it may just be the fact that they haven't...if they're younger, they haven't learned the English language well enough yet, so they wind up in summer school to continue to learn or they're just...they've got attendance problems throughout the school through whatever reasons and they want them to go deal with these programs outside of the school even though they're approved summer programs to try and solve those issues. [LB287]

SENATOR HAAR: So what's changed here, in your opinion, is just the age has been lowered? [LB287]

KENT ROBERT: We'd love to have...yup, we want to start younger if we can. [LB287]

SENATOR HAAR: Um-hum. Yeah. [LB287]

SENATOR HOWARD: Okay. Any other questions? I don't see any. Thank you. [LB287]

KENT ROBERT: Thank you. [LB287]

SENATOR HOWARD: Other proponents? Are there any opponents? Anyone neutral? I think it's back to you. [LB287]

SENATOR ADAMS: I will waive. [LB287]

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SENATOR HOWARD: And Senator Adams waives. Thank you. (See also Exhibit 12)
[LB287]

SENATOR ADAMS: Committee, that will close the hearings for today. [LB287]