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Education Committee
February 19, 2013

[LB201 LB301 LB323 LB401 LB409 CONFIRMATION]

The Committee on Education met at 1:30 p.m. on Tuesday, February 19, 2013, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB301, LB401, LB409, LB201, LB323, and gubernatorial appointments. Senators present: Kate Sullivan, Chairperson; Jim Scheer, Vice Chairperson; Bill Avery; Tanya Cook; Al Davis; Ken Haar; Rick Kolowski; and Les Seiler. Senators absent: None.

SENATOR SULLIVAN: I think we will get started. Welcome to the Education Committee. I'm Senator Kate Sullivan of Cedar Rapids, representing District 41, and I'm Chair of the committee. We'll be having the committee trickle in, but the ones that are here: To my far left is Senator Tanya Cook from the Omaha area; to my far right is Senator Rick Kolowski, also from the Omaha area; to my immediate right is the Vice Chair of the committee, Senator Jim Scheer of the Norfolk area. We'll also have Les Seiler from Hastings; Senator Ken Haar and Senator Bill Avery, all from...both from Lincoln, and they will be joining us. But we're at the point where senators are still having bills introduced in other committees, and so they're attending to those as well. My far right is Mandy Mizerski, who is our committee clerk. To my immediate left is Kris Valentin, who is the research analyst. Our pages for the committee: Phoebe Gydesen from Lexington; and Tobias Grant. Oh, no. Sean. Sean, excuse me. Sean Miller from...he's also a student at Doane, Lincoln campus. Today on the agenda we have some appointments that we'll be looking at prior to the bill hearings, and then we will have five different bills, LB301, LB401, LB409, LB201, and LB323, that we will be hearing. If you're planning to testify please pick up a green sign-in sheet that's on the table in the back of the room. If you do not wish to testify but would like your name entered into the official record as being present, there is a form on the table that you can sign, too. This will be part of the official record of the hearing. Please fill out that green sheet in its entirety. Make sure that you print both your first and last name, and give the sign-in sheet to the committee clerk when you come up to testify. If you do not choose to testify you may submit comments in writing and have them read into the official record. If you have handouts, we request that you have 12 copies for the pages to hand out to the committee. When you testify, please speak clearly into the microphone; tell us your name, spelling both your first name and last, to make sure that we have adequate record. I request also that you turn off all your cell phones, pagers, and anything else that beeps. And if you do have to have a conversation, please take it out in the hallway so as not to distract the testifiers. The introducers will make initial statements, followed by proponents, opponents, and neutral testimony, and closing remarks are reserved for the introducing senator only. We will be using the light system. I have to mention that the green bulb is burned out, so I'll give you the high sign (laughter) when you can begin, but rest assured that when you have one minute left, the yellow light will appear; and when you have reached your five-minute limit, the red light will come on and we'd request that you wrap up your remarks at that point. I don't

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anticipate this but, please, no outward displays of support or emotion to any bill being heard. Okay, with that in mind, we will first start with the appointments to be heard for several different agencies. We have to depart from the agenda just a bit. There is going to be the reappointment of Kim Dinsdale, but she's had a family emergency and is not able to be here with us today. However, there will be someone testifying in support of her, but he is also on his way. So right now, I think what we'd like to do is go right to the appointment of James Vokal, Jr., to the Board of Educational Lands and Funds. Good afternoon, Mr. Vokal. [CONFIRMATION]

JAMES VOKAL: Good afternoon. [CONFIRMATION]

SENATOR SULLIVAN: Welcome. [CONFIRMATION]

JAMES VOKAL: Thank you, Senators. [CONFIRMATION]

SENATOR SULLIVAN: Um-hum. [CONFIRMATION]

JAMES VOKAL: (Exhibit 1) I am James Vokal, J-a-m-e-s V-o-k-a-l. It's my pleasure to be here today. [CONFIRMATION]

SENATOR SULLIVAN: Tell us a little bit about yourself. [CONFIRMATION]

JAMES VOKAL: I am a lifelong Nebraskan, born and raised in Omaha, Nebraska, graduated from Creighton University. I spent 20 years in real estate and banking. I was fortunate to spend almost a decade on the Omaha City Council, and I'm currently on the MECA board in Omaha, the Metropolitan Entertainment Convention Authority. I currently am the executive director of the Platte Institute, and I am fortunate that the Governor recently nominated me for the Educational Lands and Funds Board. I'm very interested in this board because I have two children in public education in Omaha, and I certainly think that my background with banking and real estate is appropriate for this position. [CONFIRMATION]

SENATOR SULLIVAN: Thank you for your comments. [CONFIRMATION]

JAMES VOKAL: Um-hum. [CONFIRMATION]

SENATOR SULLIVAN: How familiar are you at this point with the responsibilities of this group? [CONFIRMATION]

JAMES VOKAL: Very familiar. I now have attended four board meetings already. [CONFIRMATION]

SENATOR SULLIVAN: Oh, you have? [CONFIRMATION]

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JAMES VOKAL: Yeah. [CONFIRMATION]

SENATOR SULLIVAN: Okay. [CONFIRMATION]

JAMES VOKAL: Three actually, I'm sorry. [CONFIRMATION]

SENATOR SULLIVAN: All right, very good. Any thoughts on some either changes or expectations as far as things that might go on with this group? [CONFIRMATION]

JAMES VOKAL: Well, obviously, we have the fiduciary responsibility to manage the assets in the trust... [CONFIRMATION]

SENATOR SULLIVAN: Um-hum. [CONFIRMATION]

JAMES VOKAL: ...and optimize the income from that trust to fund the K-12 education. I know there has been recent discussion about diverting some of the agricultural assets into some higher-return assets. I think that with the status of the current value of ag land, I think that we need to be very cautious in doing so. But that, I think, will be an issue that will continue to be presented to the board. [CONFIRMATION]

SENATOR SULLIVAN: Um-hum, okay. Any other questions or comments for Mr. Vokal? Senator Avery. [CONFIRMATION]

SENATOR AVERY: Thank you, Madam Chair. Welcome, Mr. Vokal. [CONFIRMATION]

JAMES VOKAL: Senator Avery. [CONFIRMATION]

SENATOR AVERY: You are, of course, aware that the Land and Trust (sic--Lands and Funds) Board has the option of selling land as opposed to leasing. [CONFIRMATION]

JAMES VOKAL: Correct. [CONFIRMATION]

SENATOR AVERY: And I believe at one time there was a debate about whether or not they ought to be selling more than they are. Do you have an opinion on that? Where do you stand on that issue? [CONFIRMATION]

JAMES VOKAL: Well, every single opportunity is presented to the board and our executive director, and we look at each situation separately. We look at the possible return that we could get from a lessee in comparison to the land prices and the options of selling, and so we try to manage...optimize each situation individually. I'm certainly supportive of selling the land off if we do not...if we think, at that point, given the condition of the land and the market conditions, that that's the most optimal point. But I

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would have to say, overall, I would...given where land prices are now and the value it is to lease, I tend to think that that's the strongest position that the board should hold. [CONFIRMATION]

SENATOR AVERY: One more question. There are a number of people in the state, some in my district, that have an interest in gaining access to these educational lands for hunting purposes, and I believe the board has taken the position that they're not willing to do that. Do you agree with that policy? [CONFIRMATION]

JAMES VOKAL: Well, I am not aware...it has not been presented in the first few months of the board. I would be happy to discuss that with the executive director and communicate back to you, Senator, on what the position is and then certainly provide any information that I could provide on the subject. But at this time, I don't have any personal vested interest either way, but I would certainly... [CONFIRMATION]

SENATOR AVERY: I have a constituent that is very, very interested in getting a bill passed that would allow hunting on those lands. And we made just a small inquiry and found that there wasn't a whole lot of support for it on the board. But I'd appreciate it if you would do that. [CONFIRMATION]

JAMES VOKAL: Sure, I'll revisit with both our executive director and the full board and report back. [CONFIRMATION]

SENATOR AVERY: Thank you. [CONFIRMATION]

SENATOR SULLIVAN: Any other questions for Mr. Vokal? Thank you for being here today. [CONFIRMATION]

JAMES VOKAL: Thank you for your time. [CONFIRMATION]

SENATOR SULLIVAN: We'll next move on to the appointment of Deborah--I'm not sure of the correct pronunciation--Frison for the Coordinating Commission for Postsecondary Education. Welcome, Doctor. [CONFIRMATION]

DEBORAH FRISON: (Exhibit 2) Thank you. My name is Deborah Frison, F-r-i-s-o-n. Deborah is the long version, D-e-b-o-r-a-h. [CONFIRMATION]

SENATOR SULLIVAN: Welcome. [CONFIRMATION]

DEBORAH FRISON: Thank you. [CONFIRMATION]

SENATOR SULLIVAN: Could you tell us a little bit about yourself? [CONFIRMATION]

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DEBORAH FRISON: Well, I'm not born-and-bred Nebraskan (laughter), but I have spent more years in Nebraska than I have spent in New York, where I was born. I came to Nebraska to go to Nebraska Wesleyan University and was employed by the Omaha Public Schools, of which I still am, and have now enjoyed a 37-year career with the Omaha Public Schools and been in Nebraska that length of time. [CONFIRMATION]

SENATOR SULLIVAN: What's your desire about being a member of the Coordinating Commission? [CONFIRMATION]

DEBORAH FRISON: Well, I sit from such an interesting vantage point on the commission. I have been with public education since joining the Omaha Public Schools and, in that relationship, also have had collaboration with other school districts as a building principal, "principaled" several buildings within the Omaha Public Schools. And it has been interesting, while that has been certainly the purpose, we would hope, certainly, one of the most significant purposes of being an educator, to encourage our students to go on to college and to have a productive life after high school; to sit as a commissioner now and to have that opportunity to really see what we plan in Nebraska for our students has been kind of an understanding of the trifold priorities of the commission. [CONFIRMATION]

SENATOR SULLIVAN: Okay, very good. Any other...Senator Haar. [CONFIRMATION]

SENATOR HAAR: Yes. The various times that Dr. Hill, lots of times has come before this committee, and he talks about a lack of data. And how do you look at that issue, at more data to make decisions? [CONFIRMATION]

DEBORAH FRISON: Well, certainly, as educators, our decisions are best informed by data. There's always assumptions; i.e., assumptions that the majority of students are leaving our high schools, going on to a college; assumptions that everybody is benefiting from a quality education; assumptions, so to speak, that everybody is getting their fair share of the pie. But when you're looking at the statistics, I think it gives you a full understanding of where deficits are in our community, where needs are in our community. And I'm sure that's exactly what Dr. Hill would be asserting, that by disaggregating data we certainly want to understand...and it gives us a full view and an informed view of just where we are in our community for the education of our students. [CONFIRMATION]

SENATOR HAAR: Okay, and I think he has also said that the Legislature needs to give him more money to get that data, but that's not your problem right now. (Laugh)
[CONFIRMATION]

DEBORAH FRISON: An educator would never say no. (Laughter) [CONFIRMATION]

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SENATOR HAAR: Thank you. [CONFIRMATION]

DEBORAH FRISON: Certainly. [CONFIRMATION]

SENATOR SULLIVAN: Any other questions? Dr. Kolowski, or Mr....Senator Kolowski.
[CONFIRMATION]

SENATOR KOLOWSKI: Thank you, ma'am. Deb, what do you think you bring to the commission as a high school principal, different than others that serve on this particular commission? [CONFIRMATION]

DEBORAH FRISON: Well, I'm right there at the level of the students. In my particular building, I'm with 2,100 little darlings that I'm trying to oversee to get to be a part of higher education and to have an informed and a productive quality of life after high school; so I bring kind of a firsthand knowledge of it. At the same time that I bring all that knowledge, I must say that just my short tenure on the commission has given a lot of information to me that, somehow or another, I saw in a different kind of way. I have had just an overwhelming level of just awareness in just my short tenure. So it's kind of twofold. I come with some information about the day-to-day workings of high schools and public schools. I also have had the benefit of being on a Nebraska Wesleyan board. But now, to really be as a commissioner and understand and get an idea of Nebraska as a whole and what we really want for our students, and even in terms of the importance of our students staying within the state and what difference it makes to the continuing growth of our community, has been enlightening. So it's kind of like bringing all of my efforts together as an educator to really understand it. [CONFIRMATION]

SENATOR KOLOWSKI: Excellent, and thank you for your leadership at Burke High School. [CONFIRMATION]

DEBORAH FRISON: Thank you. [CONFIRMATION]

SENATOR KOLOWSKI: Appreciate it very much. [CONFIRMATION]

DEBORAH FRISON: Thank you. [CONFIRMATION]

SENATOR SULLIVAN: Any other questions for Doctor? [CONFIRMATION]

SENATOR COOK: Not a question. [CONFIRMATION]

SENATOR SULLIVAN: Yes, Senator Cook. [CONFIRMATION]

SENATOR COOK: Thank you. Dr. Frison, I just wanted to thank you for your many years of service and for your continued service on the Postsecondary Coordinating

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Commission, so. [CONFIRMATION]

DEBORAH FRISON: Thank you. [CONFIRMATION]

SENATOR COOK: We appreciate your input. [CONFIRMATION]

DEBORAH FRISON: Thank you, Senator. [CONFIRMATION]

SENATOR SULLIVAN: Anyone else? Thank you for being with us today.
[CONFIRMATION]

DEBORAH FRISON: Certainly. [CONFIRMATION]

SENATOR SULLIVAN: And I have to say, this was an oversight on my part. I failed to ask if there is anyone wishing to testify on Mr. Vokal's appointment. So I will ask, in either case, if there are any people wishing to testify for the appointment of Mr. Vokal and/or Dr. Frison? Thank you very much. We will now move on to the appointment of Frank Harwood to the Technical Advisory Committee on Statewide Assessment.
[CONFIRMATION]

FRANK HARWOOD: (Exhibit 3) Good afternoon, Senators. My name is Frank Harwood, F-r-a-n-k H-a-r-w-o-o-d. I'm currently the superintendent at Bellevue Public Schools. I think this is my 21st year in education. I spent nine years as a high school science teacher, six years as a building administrator, and now this would be my fifth year as a district-level administrator. During all of those times, I have been in one position or another of working with school improvement; specifically, working with student achievement data on how to improve student outcomes, which I think is a big part of the Technical Advisory Committee on Statewide Assessment. So I believe that I can bring some of that experience forward to help. [CONFIRMATION]

SENATOR SULLIVAN: Can you tell me a little bit more of the makeup of the whole committee? [CONFIRMATION]

FRANK HARWOOD: The committee itself...and I've only been to one meeting so, assuming that everybody was there, the committee itself has four members. There's another school person, a school board member, and then there are two members that are not from Nebraska. They would be testing experts. I was just actually telling somebody that, when I went to the first committee, there were about 25 people in the room, and half of them introduced themselves as psychometricians. (Laughter) So I think that another part that I can bring to the committee is what you do with data every day in schools to make things better for students. So, I mean, the committee itself is looking at...looks a lot about the validity of testing, what...I mean, so the process of testing, and then I think what I can bring is some of the practicality. [CONFIRMATION]

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SENATOR SULLIVAN: And so then the results of the committee's deliberation, where does that go? How does it circle back? [CONFIRMATION]

FRANK HARWOOD: The committee would be an advisory group to the Nebraska Department of Education. And so, along with, I guess, the outsiders that are on the committee, then there are also Department of Education personnel that sit with the committee and put things together. Valorie Foy, who is the director of assessment, would be...would lead that. [CONFIRMATION]

SENATOR SULLIVAN: Um-hum. Okay, thank you. Any other questions? Yes, Senator Haar. [CONFIRMATION]

SENATOR HAAR: Yes, thank you. As occupation: superintendent. And then I see you've been on the Sarpy County Head Start, and you're talking about testing. [CONFIRMATION]

FRANK HARWOOD: Yeah. [CONFIRMATION]

SENATOR HAAR: Has Head Start been a success? [CONFIRMATION]

FRANK HARWOOD: That's a national debate right now. I think Head Start is a success. One of the things you have to look at when you're looking at Head Start, just to kind of explain that, the four superintendents of the Sarpy County district sit on the Sarpy County Head Start Board. [CONFIRMATION]

SENATOR HAAR: Okay. [CONFIRMATION]

FRANK HARWOOD: When you look at Head Start, participants are based on need. You're looking at a group of students that typically will be behind getting into kindergarten. So I think the more we can do that's specialized and organized, and specifically, an education learning environment, is...will improve. Head Start is doing some things now with some indicators and some not necessarily testing so much as looking at some ways to show that they are making a difference. The testing part is more difficult at that age because, you know, you're not expecting them to read. But you can look at socialization, you can look at the acquisition of skills ready for kindergarten. So I think, yes, Head Start has been and continues to be a successful program. [CONFIRMATION]

SENATOR SULLIVAN: Any other questions? Senator Avery. [CONFIRMATION]

SENATOR AVERY: Thank you, Madam Chair. I presume, when you were in college, you had the opportunity to study measurement. [CONFIRMATION]

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FRANK HARWOOD: Uh-huh. [CONFIRMATION]

SENATOR AVERY: How prepared do you think you are from that background and your professional experience to serve on this advisory committee? [CONFIRMATION]

FRANK HARWOOD: Well, I think the college preparation in statistics and then educational measurement, I think helps with, kind of, the background knowledge. You know, I do not purport to be a psychometrician, and the...I think I'm fairly good at statistics, but even they get to a level that makes it a little bit difficult to understand. I think what's prepared me better for being on this committee is an understanding of how you use the data that the assessments give you and actually using those in everyday school improvement. When you look at the state assessment specifically, being just basically kind of a dipstick for one point in time, I think you have to make sure that you are tempering that with other valid data that the district does itself, but then using that information to look at...I think one of the things that the state has done a very good job of is looking at both improvement for grade levels but then also growth for students. Understanding how a state assessment can be used for growth is a little tricky right now because it's going to take a couple more years of data to see how those individual test scores go from year to year. There's some concern about different grade levels being more rigorous than others, and so that would give you a false either gain or loss, based on the rigor of the test. But so I think that having that background of working in schools every day, especially with district and school improvement, helps take the expertise from the psychometricians and turn it into a better product. [CONFIRMATION]

SENATOR AVERY: Am I right in my memory that this committee is the one that has a lot of out-of-state professionals on it? [CONFIRMATION]

FRANK HARWOOD: Yes, um-hum. [CONFIRMATION]

SENATOR AVERY: They are the psychometricians that you were talking about. [CONFIRMATION]

FRANK HARWOOD: Right. [CONFIRMATION]

SENATOR AVERY: I'm not sure I understand that word exactly as it is meant to be, but "psycho" sounds a little bit scary. [CONFIRMATION]

FRANK HARWOOD: Well, it has to do with measuring the...so in this particular case, it would be making measurements of student learning in this particular case. Psychometricians also do things like, you know, make IQ tests, interpret those. You know, a lot of districts employ school psychologists which can be psychometricians as...to interpret data when it comes to diagnosing learning disorders or other special

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education needs. [CONFIRMATION]

SENATOR AVERY: Well, I can see why you would be needed on that board. (Laughter)
[CONFIRMATION]

FRANK HARWOOD: Well, yeah. [CONFIRMATION]

SENATOR SULLIVAN: Any...Senator or... [CONFIRMATION]

SENATOR KOLOWSKI: Thank you, Madam Chair. Superintendent Harwood, thank you for your leadership of the Bellevue schools and also for your excellent communication and cooperation with the Learning Community to make it work so well as you have in your own district. What do you hope to bring back to your own district from this kind of experience? What do you think you'll be able to do there? [CONFIRMATION]

FRANK HARWOOD: Well, one of the things that, I mean, has already helped, even just from the one meeting I've been to, is a better understanding of what some of the state's purposes are in instituting assessment. You know, also, you know, one of the things that's taken, I think, districts some getting used to is the idea of the ranking system that is now in place, trying to help everyone understand what the purpose of that can be without having it be something that is kind of the end-all of assessment.
[CONFIRMATION]

SENATOR KOLOWSKI: Um-hum. [CONFIRMATION]

FRANK HARWOOD: You know, when you look at, especially, the things like the rankings and understanding that, you know, the rankings only help you in a relative perspective. Quite frankly, even if everybody was doing perfectly, somebody would still have to be 249th, which is, I think, the problem of ordinal rankings when you're looking at student achievement. [CONFIRMATION]

SENATOR KOLOWSKI: Sure. [CONFIRMATION]

FRANK HARWOOD: So I think that I have been able to gain a better understanding of what, kind of, the purpose of the rankings were. I think I've also been able to impart some of the concerns that districts have from the ranking system but then, you know, bringing it back. Okay, if this is what they're trying to do, how can we help with that but also get a message out to our constituents that, you know, ranking of the...you know, ranking isn't everything that...it doesn't tell you everything. [CONFIRMATION]

SENATOR KOLOWSKI: Absolutely. Thank you very much. [CONFIRMATION]

SENATOR SULLIVAN: Any other questions? Thank you, Mr. Harwood.

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[CONFIRMATION]

FRANK HARWOOD: All right, thank you. [CONFIRMATION]

SENATOR SULLIVAN: We'll now return to the one that we did not visit at the beginning, the reappointment of Kim Dinsdale, who is unable to be here today. Oh, well, before that, is there anyone wishing to testify in favor or in opposition to Mr. Harwood's appointment? Sorry about that. (Laugh) [CONFIRMATION]

MIKE DULANEY: Senator Sullivan, members of the committee, my name is Mike Dulaney, M-i-k-e D-u-l-a-n-e-y, and I'm the executive director for the Nebraska Council of School Administrators. Very pleased to support the nomination for Mr. Frank Harwood to this position. And we did nominate him; we were very glad to do that. We saw immediately, when he arrived from Kansas to take his current position, that this superintendent wanted to get busy understanding how things work in Nebraska and also offer any insight that he had from his Kansas experience, and we immediately felt that this individual needs to be in places where he can share that expertise. So we would certainly support his nomination and hope that you would confirm him. [CONFIRMATION]

SENATOR SULLIVAN: Thank you. Any questions for Mr. Dulaney? Thank you. [CONFIRMATION]

MIKE DULANEY: Thank you. [CONFIRMATION]

SENATOR SULLIVAN: Now we will revisit the reappointment of Kim Dinsdale, as I said, unable to be with us today. But is anyone interested in testifying in support of her appointment? [CONFIRMATION]

ROD BATES: Senator Sullivan, I apologize. I just got word that she was unable to attend today, so. And I had been in Omaha, but I got down here. I'm very enthusiastic about endorsing Kim's reappointment to the NET Commission. [CONFIRMATION]

SENATOR SULLIVAN: Can you spell your...state your name? [CONFIRMATION]

ROD BATES: Oh, I'm sorry. It's Rod Bates, R-o-d, and then B-a-t-e-s. I'm the general manager at Nebraska Educational Telecommunications. There are 11 members on that commission, appointed by the Governor and approved by this Legislature. All educational sectors are represented on our commission. There is a representative from the University of Nebraska; it's the president of the university system or his or her designee. There are representatives from the state colleges, private colleges, community colleges, and the Commissioner of Education, and then there are two lay members from each of the congressional districts. Kim is from Grand Island, represents

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the 3rd District. She's been on the commission since 2009. It takes about a term to get to know us. It's a little complex because it's a partnership between the university and the state commission. There is a lot of technology involved in some cases. But she has shown a real keen interest in the work we do. She's very actively involved in her community and brings that rich experience to the commission. She's served on the Stuhr Museum of the Prairie Pioneer, the Nebraska United Methodist Foundation, the Community Health Charities of Nebraska, Central Catholic Foundation, Hall County Leadership Tomorrow, the State Historical Society, and so forth. It's pretty obvious that she cares a great deal about the community in District 3; so, for that reason, I would enthusiastically endorse her for a second term. [CONFIRMATION]

SENATOR SULLIVAN: Thank you very much. We've already heard testimony from a couple of other individuals who are going to be appointed to the commission, and it was brought out that one of the things that they're going to have to do, this next year or so, is look for your replacement. Are you offering so many recommendations to this commission, or will that be one of the main focuses that they'll be working on? [CONFIRMATION]

ROD BATES: Well, they're working on it now. [CONFIRMATION]

SENATOR SULLIVAN: Um-hum. [CONFIRMATION]

ROD BATES: And I've been there now 27 years; as general manager, 16 years. Nebraska Educational Telecommunications, I can tell you, because I'm leaving now--this is not self-congratulatory--is one of the finest public broadcasting systems in the entire country, and it's never been in better shape than it is right now. We just successfully finished a \$25 million campaign to establish a permanently restricted endowment, and we've made the conversion, thanks to the Legislature, from analog to digital. It's completed and it's paid for. We had to renovate the building to accommodate the new technology. It's finished and paid for. It's in wonderful shape to go forward. I had hoped that they would find a replacement by March 31. It looks as though it's going to take a little longer, so I have agreed to stay on until June 30. And I'm hopeful they find somebody really good because this is primed to really take off. [CONFIRMATION]

SENATOR SULLIVAN: Okay. Senator Haar. [CONFIRMATION]

SENATOR HAAR: Yes, first of all, I want to thank you for all your service. And just to let you know, I went to bed on Sunday night pretty depressed by the ending on Downton Abbey. (Laughter) But you probably... [CONFIRMATION]

ROD BATES: You weren't alone, Senator. People around the country are weeping. (Laughter) [CONFIRMATION]

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SENATOR HAAR: Well, I think I'm over it, but thank you very much. [CONFIRMATION]

ROD BATES: Thank you. I appreciate it. [CONFIRMATION]

SENATOR SULLIVAN: Any other questions for Mr. Bates? I, too, thank you for your service. [CONFIRMATION]

ROD BATES: Thank you. [CONFIRMATION]

SENATOR SULLIVAN: Um-hum. [CONFIRMATION]

ROD BATES: I appreciate that, Senator, very much. Thanks. [CONFIRMATION]

SENATOR SULLIVAN: Okay, all right, anyone else wishing to testify for the appointment of Kim Dinsdale? Okay, that will close the hearings on those appointments. We will now go on with our first bill, which is LB301, introduced by Senator Carlson. Oh, there you are. I thought I saw you come in. (Laugh) Welcome. [LB301]

SENATOR CARLSON: Thank you. Good afternoon, Senator Sullivan and members of the Education Committee. I am Tom Carlson, T-o-m C-a-r-l-s-o-n, representing the 38th District, here to introduce LB301. This bill adds language to our statutes that would make it possible for a person who has transferred property to a contiguous school district to then return the same land to the original district with only the original district's approval. Nebraska law now allows transfers of land to another district with the approval of both districts. However, it was brought to my attention that returning land to the original district needed clarification and direction. I think, for the most part, land gets transferred or requests are made to transfer land from one district to another, perhaps out of an emotional experience that may have something to do with redistricting; who knows what it might have something to do with? And people get upset about things and decide to transfer land. It's possible, also, that an individual could be levy shopping and want to transfer the land to a district that has a lower levy. I think it's also a possibility they might be bond shopping, and that could work either way. They may want to transfer to a district that doesn't have a new bond issue, or they may want to transfer it to a district that does have a new bond issue, depending on what their circumstances are. And LB301 is a result of that conversation with landowners and school administrators in my district. Todd Hilyard, the superintendent of the Holdrege school system, will be here and testify behind me. I think that it's a reasonable request if, out of emotion, I transfer my land out of one district to another and then, a few years later, after I cool off and I'm over the emotional experience--and I may even have grandchildren that are now going to the school system from which I transferred my land--I've come to the conclusion I shouldn't have done it in the first place and it wasn't a good decision and I'd like to bring it back. And yet, the rule today is the district that I transferred it into has to give my okay. I think there is some logic in, if the original district

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would allow that transfer, that it could take place. Otherwise, I think it would be pretty difficult. And I would ask you to be aware of testimony that may come into play this afternoon. Perhaps there will be opposition to it because it causes more recordkeeping. I don't think that's a good reason. And maybe it's another way of saying it's kind of a nuisance, let's not get into it. But I think, when a person owns land, it's a little bit of a connection to property value or property ownership. And if a person decides, you know, I shouldn't have left my district to begin with and I realize my mistake and I'd like to bring that back, that it should happen. I don't think property should go back and forth. But I think of it from the original district, if it goes out, it would make sense that it would be able to come back. And with that, that's my introduction of the bill. Thank you for your attention. And I don't know how many testifiers we're going to have and I don't know how well I can answer questions, but fire away, please. [LB301]

SENATOR SULLIVAN: Thank you, Senator Carlson. Questions for the senator?
Senator Scheer. [LB301]

SENATOR SCHEER: Thank you, Senator Sullivan. Senator Carlson, in the brief description of your intent it talks about the property between contiguous school districts. Sometimes it will happen that ground that is transferred, because more than one parcel may be transferred at a time, was contiguous. But when you may be the top part, we'll say, of a section, so your northeast corner, but the southeast and the southwest both are wanting to stay in that district so that the hunk of ground is not contiguous to that anymore, will that still be permitted within this? [LB301]

SENATOR CARLSON: Well, I may be wrong, but contiguous, to me, means that the district that you're now in is contiguous to the district you want to move it back to. [LB301]

SENATOR SCHEER: So the property ground does not necessarily have to be contiguous with the boundary line. [LB301]

SENATOR CARLSON: May not be. In fact, I had a quarter of land in Harlan County that, when I was on the Holdrege School Board...and I don't even remember the circumstance that came about that I was asked if I wanted to transfer the land. But I'm on the Holdrege School Board, so I transferred that quarter into the Holdrege school system. It was not contiguous to the district, but the district was contiguous, and so it was transferred. And I no longer own that land, but that's a little island out there that still is in the Holdrege school system. [LB301]

SENATOR SCHEER: Okay, thank you. [LB301]

SENATOR CARLSON: Um-hum. [LB301]

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SENATOR SULLIVAN: Any other questions? Senator Avery. [LB301]

SENATOR AVERY: Is it normal, Senator, to have public hearings on these petitions to transfer? Is that usual practice? [LB301]

SENATOR CARLSON: Well, as I understand it...I'm not even sure about the public hearing. But we've got two school boards involved, and I've moved my land out to another district. I'd like to move it back, so right now I have to have the okay of the school board I moved it to as well as the school board to which I want to return. Obviously, I would need the okay of the school board or the district I want to return to. I think it's a little bit cumbersome to expect the other district to give approval. But I think, if the land was originally in the district that it came from, that there's some logic that it should be able to be moved back. [LB301]

SENATOR AVERY: Have you, and I'm sure that you probably have, but consulted with people in the education community about these deadlines, like filing of petitions before June 1 and approving or disapproving before July 15? Because that...we're told that certification dates and budgets and all that are time-sensitive, and I was wondering if these dates--actually, deadlines--conform to the needs of the school districts. [LB301]

SENATOR CARLSON: I think that's probably a good point. And certainly, if this bill were entertained to move forward, that's probably an area that could deserve some adjustment. [LB301]

SENATOR AVERY: Thank you. [LB301]

SENATOR SULLIVAN: Senator Kolowski. [LB301]

SENATOR KOLOWSKI: Thank you, Madam Chair. Senator Carlson, is there any limitation in mind as far as...and you mentioned the back and forth, the yo-yoing back and forth. If someone wanted to do that, do you have any limitation considerations that, when you make this transfer back--either for personal reasons, levy reasons, land price reasons, whatever it might be--that you, when you come back, you're back for a duration or forever or...? Any thoughts in that direction, so it doesn't just yo-yo back and forth? [LB301]

SENATOR CARLSON: That's a good point. I think, if we can imagine the original district where the land was transferred from and then the landowner wants to come back and the school board says, okay, the land gets transferred back. A year later we've got another squabble. Now I want to transfer out again. [LB301]

SENATOR KOLOWSKI: Um-hum. [LB301]

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SENATOR CARLSON: I don't think so. Whether it would be a one-time thing or whatever, no, you don't want to back and forth, and you don't want bond hunting or levy hunting. I think, if it's a family situation, that the reason seems to make sense that that should be entertained. I think that would be legitimate. [LB301]

SENATOR KOLOWSKI: Thank you, sir. [LB301]

SENATOR SULLIVAN: Thank you. I guess that's the thing that I'm wondering about and searching for, what, as you mentioned, the logic in this and the rationale. You mentioned things like maybe the original decision was based on emotion. What do you see as the rational reasons for having this opportunity? [LB301]

SENATOR CARLSON: Well, I've made emotional decisions in my life that, at the time, having that feeling, it's not a good time to be making decisions, and so I do something that I wish I hadn't done; and I think that happens with school land. So whatever, redistricting, whatever the reason may have been, and kind of on a whim that land gets transferred out and the district that it goes to is happy to get it. And maybe, because of the squabble in the original district, they hate to say no. And so it happens. And then you get it over there and grandkids or whatever come into the picture and you think, that was not a very good idea, I made that decision in a fit of anger and I shouldn't have done it and I'd like to get it back. And I think those are the kind of situations that this could address and should address and would be legitimate. [LB301]

SENATOR SULLIVAN: Thank you. Any other questions? Will you be here for closing? [LB301]

SENATOR CARLSON: I'll see. [LB301]

SENATOR SULLIVAN: Okay. [LB301]

SENATOR CARLSON: I've got three other bills in the other committee, so. [LB301]

SENATOR SULLIVAN: Okay, very good. Thank you. [LB301]

SENATOR CARLSON: Thank you. [LB301]

SENATOR SULLIVAN: We'll now hear testimony as proponents for this bill. Welcome. [LB301]

TODD HILYARD: (Exhibit 1) Thank you, Senator Sullivan, Education Committee. My name is Todd Hilyard, T-o-d-d H-i-l-y-a-r-d. As Senator Carlson had said, I am the superintendent of Holdrege Public Schools. I've served in this position for going on two years now, and one of the things, when I first took the position...the handouts that you're

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seeing now are kind of small in nature and I apologize for that. But in looking at our local Educational Service Unit No. 11 map--if it was a little bit larger, you could probably see it a little more clearly--the orange represents the Holdrege School District 44. In the larger map, it literally looks as though it was shot with a shotgun. And down to the southwest of that, you would see Southern Valley, and that's also a good example of a district with the same type of situation in which land, at one time, was parceled out to another district or other districts. It always has kind of confused me as to why this was the case. And I've done a little bit of checking on it but really haven't come up with the exact reason why it is and how it happened, at least in this area, over time. Landowners, as I've said, have had the opportunity to option their land out to other districts from District 44. And I know we aren't the only district that this has happened with, but it's my experience. I've not attempted to contact any of these landowners to inquire as to why they've made that decision along the way. I would presume it was for two main reasons. And believe it or not, Senator Carlson and I did not polish our act at all, but he touched on the two reasons that I was also going to mention. Reason number one is that, for whatever reason, they decided that they were not happy with District 44 and decided to demonstrate how unhappy they were by moving that land into the taxation base of another school district. If I am correct that this was, indeed, the reason, that concerns me. It concerns me that such an important, long-lasting decision was possibly made out of emotion. As it stands now, it is next to impossible for this land to ever be, and I'll say, moved back into its home district, as it would take the approval of both districts. That would most likely never happen, as all school districts are fighting for the limited resources that they have. The second possible reason that I see as to why a landowner might do this--and again, we didn't practice this--was, and I'll use the same terminology, shopping for a lower tax levy. While this may be a good business decision for that landowner, I don't believe that it's necessarily the best method for how we want to have districts in the state of Nebraska operate under. Initially, I thought about trying to contact landowners to see if, given the option, would they even consider moving their land back into what I would call the rightful district. I also considered checking into what kind of value we were even talking about. The more I thought about both of these issues, the more I thought they were kind of moot issues. Speaking on behalf of Senator Carlson's LB301 not because Holdrege Public Schools could necessarily see a huge amount of valuation back into their district; I'm speaking on behalf of LB301 because I think it's the right thing to do. It's right to give landowners a viable option to somewhat easily--and I use that loosely; I know it is going to be a process--but to somewhat easily have their land included back into the district it obviously was at one time. LB301 does not require any landowner to make that change; it only allows them the freedom to do so, should they choose to. I believe that that freedom of choice is not only important to the individual; I also believe that it's what is best for schools in the state. I appreciate the opportunity to be heard this afternoon. [LB301]

SENATOR SULLIVAN: Thank you very much for your testimony. You know, when we make policy decisions at the state level, you always have to weigh how it impacts

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across the board. [LB301]

TODD HILYARD: Um-hum. [LB301]

SENATOR SULLIVAN: And I'm just wondering if you have any thoughts on that, in terms of what action, what reaction we'd get statewide from this sort of action. [LB301]

TODD HILYARD: Well, fully aware that it...you know, we take this through the Education Committee because that's how it's introduced, but it would have other implications. You would have fire districts and things like that, that might be affected. Those are things, you know, that would need to be talked through and figured out, if it was a viable option. From the school perspective, obviously, I see that tunnel vision, you know, not the whole, all-encompassing look; so I do see it as a viable option. Obviously, it was done at one time. And with more technology and ability to get things done now than we've ever had, I would think, if it was possible 50 years ago, that it would also be possible in today's world. [LB301]

SENATOR SULLIVAN: Senator Haar. [LB301]

SENATOR HAAR: Thank you. What happens when land is sold? Does it go back into the district that it...or does it remain? [LB301]

TODD HILYARD: It remains there. And that kind of touches upon, if you don't mind me expanding upon that a little bit, one of the questions that was asked of Senator Carlson: What about bouncing back and forth? And I personally...I don't see that as being an issue because, right in LB301, it requires a landowner, if they're in that home district, to have their land moved out; it requires both of those districts. That, right there, I think, kind of limits things. And that's actually the rule that we're under right now, a district or land that, I would say, is probably in the Holdrege school district and, over time, had been moved out under the tax rules of another school district. It's virtually impossible for that land to ever get moved back in the way it is right now because it still takes both of those districts to approve it, which probably isn't going to happen. [LB301]

SENATOR HAAR: Yeah. So when we look at this graph, which is really...or the map, which is really interesting, did more land move in or out of the Hastings or the Holdrege district, do you know? [LB301]

TODD HILYARD: I've tried to find some of the historical perspective on that, and I haven't been able to. My guess would be more out than in, and I say that just because of the awkward look to it. You know, looking at the map, there's parcels spread all the way from the east end to the west end, to the north end, to the south end. And again, this isn't a Holdrege/District 44 issue, but I use that as an example. [LB301]

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SENATOR HAAR: Because right now, just quick, looking at it, it looks like there's more of the Loomis district that came into Holdrege than the other way around, but you're not sure of which... [LB301]

TODD HILYARD: No, it...I'm pretty sure it would be the other way around. [LB301]

SENATOR HAAR: There's more Holdrege in the other districts. [LB301]

TODD HILYARD: Correct, yeah, yeah, yeah. [LB301]

SENATOR SULLIVAN: I know that...oh, were you done, Senator Haar? [LB301]

SENATOR HAAR: Yes, thank you. [LB301]

SENATOR SULLIVAN: Oh, okay. And kind of following along with that, it's kind of hard to tell, or maybe you feel differently, as far as how much of this activity took place at a certain point in time. [LB301]

TODD HILYARD: Correct. I haven't had any luck in trying to track that down at this point. [LB301]

SENATOR SULLIVAN: Uh-huh. Okay, all right. Any other questions? Yes. [LB301]

SENATOR HAAR: Well, just out of curiosity, could you provide us at some point with a map showing what the Holdrege actual boundaries are, so that we could sort of see, you know, what came in and what went out? [LB301]

TODD HILYARD: Well, that map actually represents what is currently as close to the boundaries, as you would say. Anything on that particular map represented in orange would be in the Holdrege school district. [LB301]

SENATOR HAAR: Um-hum. Okay. [LB301]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LB301]

TODD HILYARD: Thank you. [LB301]

SENATOR SULLIVAN: Any other proponent testimony? Anyone wishing to testify in opposition to LB301? [LB301]

JOHN BONAIUTO: Senator Sullivan and members of the committee, John Bonaiuto, J-o-h-n B-o-n-a-i-u-t-o, registered lobbyist representing the Nebraska Association of School Boards and the Nebraska Council of School Administrators, here as an

opponent to LB301. Freeholding bills make our members very nervous, especially school boards, when you have property owners that, for all the reasons that were stated, whether it's levy shopping, whether it is a district that has their back against the wall and decides to pass a levy override election, or if they're looking at a bond issue and property owners decide, if you do that, we're going to move our land...and that's what happens. And there is a difference, and as you look at this, between transferring property out of a district, where boards are involved, and freeholding, where the property owner has the option to make a decision, independent of what that board is doing, for their benefit, saying, if you do this levy override, if you do this bond issue, I'm pulling my property. And there are districts today that will not...they need to upgrade their facilities, they need to do things with their district. They can't afford to go to the voters because they don't know how much property they're going to lose because of freeholding. And that provision is already in law that says, if you have a district and the high school drops, in grades 9 through 12, below 60 students, property owners have the ability to do things independently of those school boards. So it...any time you have a bill that deals with freeholding, it surely makes the school boards and school administrators nervous because you can't predict what's going to happen. And so I would just say, look at this very carefully. You know, we...I'll bring another decision into this that's totally independent of what we're talking about. But when we say to families that decide to option their students, it's a decision they make and they make it once, you can't be going back and forth. And I think that's the same issue here is before you have land transferred, you want to make a good decision; but freeholding, once that property owner has made that decision, then, you know, it's a whole different set of circumstances. And you want them to make that decision carefully, where they don't pull it out. And then, once you've passed a bond issue or passed a levy override, now three years or four years later, if they bring it back, will they be responsible to pay for that bond issue or the override? I don't know. But there are all kinds of little subtleties here that I think that need to be discussed. And with that, I'll conclude my testimony. [LB301]

SENATOR SULLIVAN: Thank you, John. Some of this checkerboarding that exists across our state and some of the decisions that went into that weren't necessarily based on...well, they probably were emotional decisions, but maybe they were related to Class I's. [LB301]

JOHN BONAIUTO: Yes. [LB301]

SENATOR SULLIVAN: So that may have... [LB301]

JOHN BONAIUTO: You know, and we have had, you know, levy shopping, and I know that the Legislature tried to deal with that issue. And so, over the years, a number of bills have been introduced, laws have been passed; and as I say, the freeholding one has made me nervous for a number of years. And I remember when it first hit the floor and it was passed and, as you look, it was to make the school board and the

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townspeople in these small districts think really hard before they were going to do something that would impact their largest property owners. And so it is...these laws have been around for a long while and, you know, freeholding is a loaded gun pointed at a school board's head and school administrators in smaller districts. [LB301]

SENATOR SULLIVAN: Um-hum, um-hum. Any other questions? Senator Scheer. [LB301]

SENATOR SCHEER: Thank you, Senator Sullivan. John, you brought up an interesting point, as far as the option enrollment. But unless I'm mistaken, with option enrollment you do...you are allowed to come back to your home district when you option out. So wouldn't this bill simply mirror the option? Whoever allows the land to come back to the original... [LB301]

JOHN BONAIUTO: Well, and that is a good question. Again, how often are you going to let that happen and under what circumstances and...? [LB301]

SENATOR SCHEER: Understood. [LB301]

JOHN BONAIUTO: Yeah. [LB301]

SENATOR SCHEER: But I'm just saying, from a mirror standpoint, if... [LB301]

JOHN BONAIUTO: Um-hum. [LB301]

SENATOR SCHEER: Under Senator Carlson's bill, if it was placed in a different district, just like if a student went to a different district, the student has the option to come back to its own district. Maybe you have the one-time shot to come back to the home district. I mean, then they truly would mirror each other, would they not? [LB301]

JOHN BONAIUTO: And they would never be able to use freeholding again. I mean, that...there (inaudible) is, you can't... [LB301]

SENATOR SCHEER: I mean, there has to be some... [LB301]

JOHN BONAIUTO: Yeah, you can't go in and out, and a different...and I can't emphasize this enough: Different than voluntary land transfer, where two boards get together and make the decision, freeholding does not require that. So I think that that is where the decision is made. You leave; you come back; you can't leave again. And that is...that would be critical. [LB301]

SENATOR SULLIVAN: Thank you. Any other questions? Senator Haar. [LB301]

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SENATOR HAAR: Yes, thank you. On freeholding, does it have to be contiguous? Does the land have to be contiguous to the district? [LB301]

JOHN BONAIUTO: In the law it talks about defining contiguous. And there's always that discussion, if you have a corridor, and whose land touches what piece of property in that corridor. And so, again, I say that you get into an area where it can be very difficult for a school district to define that. And how much land then would be considered contiguous, that could be "freeholded" out of that district? [LB301]

SENATOR SULLIVAN: Any other questions? Thank you, John. [LB301]

JOHN BONAIUTO: Thank you. [LB301]

SENATOR SULLIVAN: Welcome. [LB301]

JON HABBEN: Thank you, Senator Sullivan, members of the committee, appreciate the opportunity to speak to the issue. I'm Jon, J-o-n, Habben, H-a-b-b-e-n, executive director of Nebraska Rural Community Schools Association. And I guess, before I start, I have to admit to you that I've also been in a variety of circumstances, as a school superintendent, relative to the subject. I wasn't sure if I was going to testify neutral or in opposition and, I have to admit, I'm still somewhat confused by the bill. Our association has, shall we say, not liked the concept of freeholding ever since it was developed. I think it was Senator Bohlke's bill back in about '95-96. And what it did at that point was it created a circumstance in which freeholding was defined as: choosing to take your land out of a district if it was contiguous with another district, if your 9-12 enrollment was less than 60 students for two years or more. The assumption at that time was, well, the school is probably going to close, so you can allow taxpayers that right to freehold their land out. Well, as a practical matter, the word "contiguous" starts with a piece of land, a parcel, that it is, by corners or by boundaries or by linear boundaries, contiguous to the district that you wish to freehold into. Once taxpayer A does that, then the line moves, and so now you have another set of land that is now contiguous to the new boundary. As far as a public hearing? Yes, if you're receiving land and you've got people petitioning to freehold into your district, yes, you have a public hearing, and then at a separate board meeting you vote to accept. You really have no basis to reject it, and the reason you have no basis to reject it is because your taxpayers can come to you and climb all over you for turning away incoming valuation. That's a pretty difficult circumstance to say no to someone petitioning to freehold in. What begins to happen is, as freeholding develops, the word spreads. As the word spreads, the documents, which are very simple to fill out in order to do a freehold petition, begin to circulate as well. Now some folks will go to an attorney, some folks will simply go up to the county assessor and get their land descriptions and they'll do it by themselves, and then those petitions come to the potential receiving school district. You advertise for hearings; it's all in the paper. And then, as I said, your school board will vote. You can do it multiple

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times. If you've got a reorganization that is pending, you may be doing it 20-30 times, as petitions come in over a period of weeks and months. Now if you are the district that is looking at closing and you're in that circumstance and you are seeing valuation leave by freeholding, it is frustrating, because your value as a partner to the next school district that you're thinking about reorganizing with begins to decrease. You keep all of the costs; you've got all the teachers; you've got students. You've got all of the costs, but your value, by resources, is declining. So that's why school districts that are below 60 with the potential or possibility to exist to freehold or to reorganize don't want to see freeholding occur. Now that's the reorganization freeholding that I'm familiar with. I looked at this bill and I thought, okay, there's...if the district closes, there's no place to freehold back to because the district is closed. So does that mean you could...if you didn't like the new district, could this be interpreted as, I want to freehold out of here, and go to the neighboring district instead of the district that I happen to be in? Do you just allow this for folks who are contiguous? How long do you allow this? How many months goes by? Can you do this forever? This is different than the old, well, let's see, two boards get together, they've got two property owners that are willing to swap property between districts and, yeah, both boards agree, and we're off and running. That's the older-style transfer, not freeholding. So I was confused by the bill. I didn't know how it dealt with the reorganization freeholding that is typically the...results in all the checkerboarding, because this wouldn't really fix any checkerboarding. This just simply allows a return to a district that's still in existence. So, as I said, I wasn't sure exactly how I was going to testify because, to me, this seemed to raise many questions. And maybe because I've been on various sides of this as a school superintendent in various size schools. Anyway, that's all I'll say. Be happy to answer any questions. [LB301]

SENATOR SULLIVAN: Thank you. [LB301]

JON HABBEN: And one thing I would ask, Senator. Department of Ed personnel can explain this in detail, as far as what is really and what is really not, and that might be extremely helpful with this. [LB301]

SENATOR SULLIVAN: And probably making sure that some of these, I guess I'd have to say, reactions to something like this would have to be anticipated, which maybe aren't outlined as clearly as they need to be. [LB301]

JON HABBEN: Um-hum. [LB301]

SENATOR SULLIVAN: Any other questions? All right, thank you very much. [LB301]

JON HABBEN: You bet. Thank you. [LB301]

SENATOR SULLIVAN: Any other opposing testimony? Anyone wishing to speak in a

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neutral capacity? Welcome. [LB301]

BETH BAZYN FERRELL: Thank you. Good afternoon, Senator Sullivan, members of the committee. For the record, my name is Beth Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County Officials. I'm appearing here neutral today just to share an issue that was presented to us by county assessors and county treasurers. You've heard a lot this afternoon about the sort of checkerboard or shotgun approach when property is transferred from one district to another. Every time that transfer takes place, our assessors and treasurers tell us that they need to create a different tax district. That's fine and they're happy to do that and make that work. The problem comes when it's transferred and transferred and shifted around and, in part, from the consolidation and affiliation issues that were out here a few years ago. Sometimes, those tax districts can then be confusing for taxpayers. For example, in Buffalo County, they talk about one tax district that has one house in it, and that is the sum total of the tax district. So we'd just like you to recognize that there may be some confusion for taxpayers with those taxing districts. I'd be happy to try to answer questions. [LB301]

SENATOR SULLIVAN: Thank you. What is the definition of a tax district? I mean, what comprises it? [LB301]

BETH BAZYN FERRELL: A tax district, and I wish I had an assessor or treasurer here to more appropriately define it, but it really is based upon what the levy for that particular parcel is or that area. So if, in this case, a parcel of land, as I understand it, would be moved to a different school district, there is a question of whether the bond or not would follow it, if there is a bond, and that sort of thing. So the levy for that parcel would be different than some of those in the other district. And there may be someone that can explain that better than I can. [LB301]

SENATOR SULLIVAN: So, in other words, depending upon what's going on, it determines where that property and what type of tax district it will be located in. [LB301]

BETH BAZYN FERRELL: Yes. [LB301]

SENATOR SULLIVAN: Okay, all right. Senator Haar. [LB301]

SENATOR HAAR: Thank you. Well, we heard several times about the bond following person who is transferring it. Is it done both ways? [LB301]

BETH BAZYN FERRELL: As I understand it, and I wish there was someone...and probably someone in the crowd could explain it better than I can. I believe that it doesn't, necessarily, but someone could probably explain it better than I can. [LB301]

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SENATOR HAAR: Okay, thank you. [LB301]

BETH BAZYN FERRELL: It's just that there is a concern from the treasurers and assessors about how those pieces all fit together. [LB301]

SENATOR SULLIVAN: Any other questions? Thank you, Beth. Anyone else wishing to speak in a neutral capacity? [LB301]

BRIAN HALSTEAD: Good afternoon, Senator Sullivan, members of the Education Committee. For the record, my name is Brian, B-r-i-a-n, Halstead, H-a-l-s-t-e-a-d. I'm with the Nebraska Department of Education. I'm here in a neutral capacity only because, when we looked at the bill, they're amending what you've all heard of as the freeholders statute, which is very specific and limited to certain specific circumstances in which property can be moved from one school district to another; in the sense of now, as the statute is written, there are requirements of numbers of students in the high school, plus levy override, or because of financial expenditures of a school district. Prior to 1997, the statute talked about whether the school district was accredited or not accredited, which goes back in history because not all school districts in Nebraska were required to be accredited. And if we probably went back in the histories of this statute to the early 20th century, there were other qualifiers as to how property could be moved by the so-called freeholding. What I think has been represented here is this concept of boards having to agree to move property, which is the petition method of reorganization under 79-413, which has absolutely nothing to do with freeholding. With respect to the Holdrege school district, I think if you look at the history you'll find that the checkerboarding of the Holdrege school district occurred shortly after 1990, when this Legislature mandated that Class I school districts were required to affiliate their property with either a K-12 district or a Class VI high school district. And there were no parameters set about that had to be done into one school district, so you had lots of property owners picking their Class I land for which high school district they wanted their kids to go to. The maps look like that today if, in fact, the Class I district went multiple ways, and it's hard to find the history of that because, in 2005, this Legislature enacted LB126, which eliminated all of the Class I school districts, which was carried out in 2006. So if what Senator Carlson is attempting to do is let somebody move their land back to another school district, the freeholding statute, most likely, is not the procedure because it probably wasn't freeholded out to begin with. If it's the Holdrege area, it may have been back on the affiliation of Class I property in the way it looks today. But I'll try to answer any other reorganization questions you might have. [LB301]

SENATOR SULLIVAN: Thank you, Brian. So we're talking about the movement of property and the mechanism for doing that. [LB301]

BRIAN HALSTEAD: Correct. [LB301]

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SENATOR SULLIVAN: And the way that this bill, LB301, is written refers to the freeholding statutes. [LB301]

BRIAN HALSTEAD: Correct. [LB301]

SENATOR SULLIVAN: But... [LB301]

BRIAN HALSTEAD: It's amending that section to, apparently, as it's worded, if I "freeholded" out in the past and I now want to change my mind and go back, I can do that. But it isn't going to cover all of the other school reorganizations that have gone on, whether that be through affiliation or other reorganizations. [LB301]

SENATOR SULLIVAN: So right now you can...it's either through freeholding or petition, and the petition, under current circumstances today, doesn't apply. Or does it? [LB301]

BRIAN HALSTEAD: Well, you can move property today under the petition method. There's actually two other methods out there, Senator, but let's not confuse this any more, in the sense... [LB301]

SENATOR SULLIVAN: Okay. (Laugh) [LB301]

BRIAN HALSTEAD: There's the election plan method, and then there's a separate statute on an election for Class II school districts, but...so there are multiple ways if you want to move property from one school district to another. All of those processes, like if you look at this statute, requires the county assessor/county treasurer, and I think county clerk, is the board that receives the freeholder petitions, reviews them for their requirements and, if they meet it, that group collectively either approves or disapproves the freeholder petition. Under all the other provisions, if you're doing a petition method or an election method, those are presented to the State Committee for the Reorganization of School Districts, for its approval or disapproval in that regard. So the language here kind of provides that the one school board can make the ultimate decision, when in all other reorganization matters there's some other body that looks at and either approves or disapproves the changing of the boundaries, so. [LB301]

SENATOR SULLIVAN: So currently in statute, a school board or school boards don't really enter into the decision-making process with respect to moving of property? [LB301]

BRIAN HALSTEAD: If they're doing the petition process, the school boards may give the initial approval of that, which is then (inaudible) reviewed by the State Reorg Committee. [LB301]

SENATOR SULLIVAN: I see. [LB301]

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BRIAN HALSTEAD: So it...they have to make the initial approval of it before it gets to the State Reorg Committee. [LB301]

SENATOR SULLIVAN: Okay, very good. Any other questions? Thanks for the insight. Anyone else speaking in a neutral capacity? Senator Carlson. [LB301]

SENATOR CARLSON: Thank you, Senator Sullivan and the committee, for listening this afternoon. And I've learned something. I think that Mr. Halstead is probably correct in the checkerboard pattern that we see in the Holdrege school district and when that occurred. It was mentioned that it wouldn't be good...there would be a lot of circumstances where it wouldn't be good for a school system to have somebody move land out of that district. But my understanding is, today, if there is to be a move out of the original district, the school board has to give the okay; and if they don't want it to go out, they shouldn't give the okay. And then we had the circumstance of declining enrollment, and I think that's something that happens infrequently. I wish it didn't happen, but it does. But I don't think that's a big item, in terms of this bill. And it was brought up that option enrollment is a good example of kind of mirroring what's being requested in this bill, that if the board okays the option enrollment out, then the option takes place and that student can come back. And so I see that if somebody takes their land out, wants to bring it back, that's kind of the same example. And I think that it would be fair enough, if somebody moves land out of a district to another and then wants to come back to the original district and there's a bond involved in the district from which they want to move, it'd be fair enough that the bond follows them, if that's not too big of an item, because it shouldn't be for the reason of getting away from a bond. That's not a good reason, I don't think. So there could be some...certainly, there are some questions here to be answered. I think that the idea of the bill is sound, I think it's reasonable, and I'd be willing to try and work with whatever I need to. And I'll be talking to a couple of people to get their opinions on how this might work. So thank you for listening. I'll try to answer any other questions you may have. [LB301]

SENATOR SULLIVAN: Any questions for Senator Carlson? Thank you very much. [LB301]

SENATOR CARLSON: Okay, thank you. [LB301]

SENATOR SCHEER: We will now move to LB401, Senator Lautenbaugh, and I believe his aide is going to represent him--ably, I'm sure. [LB401]

BRENT SMOYER: Well, that's giving me a lot of credit, Senator, but I appreciate that. For the record, my name is Brent Smoyer, B-r-e-n-t S-m-o-y-e-r. And, Mr. Vice Chair and members of the committee, I'm here representing Senator Lautenbaugh on LB401. He had to get out of Dodge. I think he thought the snow was coming early might be the

case. (Laughter) Anyway, LB401 is essentially a mirror of the current County Purchasing Act used by Nebraska counties. This act would apply to Class V and IV school districts, as well as Class III districts located in communities of 50,000 or more people. Often, these school districts have budgets that are twice that of the county or community in which they are located. One example, of course, to seem like Senator Lautenbaugh is avoiding picking on OPS, would be Lincoln Public Schools. Their current budget is over \$300 million, while Lancaster County, where the district is located, has a budget of approximately \$155 million, and the city of Lincoln has a budget of approximately \$153 million. So, I mean, there's a real disconnect there between the overall budgets. The counties are required to properly bid out large items in order to protect the taxpayers who contribute to that budget, so it seems only reasonable that entities with larger, more expansive budgets, like the school districts and, of course, these larger communities, would follow suit. The requirement of a purchasing officer for the effective districts would also provide a point person when it comes to accountability, as far as purchases and expenditures are concerned. This would allow taxpayers to know exactly who to seek out with their questions as to the bidding and purchasing practices of the district. This will also prevent confusion and miscommunication between the administration and the school board, those officials, in regards to planning purchases and emergency acquisitions. By applying the same standards and principles to our counties, or at least to the school districts that our counties are held to, our schools continue to work for the best interest of the students and taxpayers by properly safeguarding TEEOSA funds and providing a much-needed level of transparency and ensuring the majority of school funds get into the classroom to educate students, where they belong. I do know that Senator Lautenbaugh has spoken to me and, I believe, he has spoken to Chairman Sullivan about the possibility of changing this bill into more of a study. I know there was an interim study held last year at the senator's behest that he realized, at the last minute, was a little too expansive. I know a lot of the smaller school districts were concerned that this was going to apply to them and, of course, he wanted to focus more on those communities, 50,000 people and above, and, of course, Class III through V school districts. So I do believe that, in lieu of this bill or in relation to this bill, if the committee was comfortable with it, he would be happy to, kind of, entertain a new interim study with a much narrower focus to those larger school districts. [LB401]

SENATOR SCHEER: Okay, thank you, Brent. Any questions? Senator Kolowski. [LB401]

SENATOR KOLOWSKI: Thank you, Mr. Chair. Brent, under the current existing ESUs, what would happen to their role, as they've worked with school districts all across the state for the same purpose of better utilization of the tax dollars and combined power of multiple districts, asking for supplies and getting reduced rates and all the things that ESUs do? [LB401]

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BRENT SMOYER: Right. I believe the intent that the senator had was they would work in conjunction with the purchasing officers in this case; and of course, out west, with the smaller districts they would still function exactly as they had before. In the case of the larger districts, I believe that, again, the intent was to have them work in conjunction. The purchasing officer would then be able to go, much like the county purchasing officer can come in and work with the state and their existing contracts for, say, vehicles. They can piggyback off of that and find the best opportunities there. So I believe there was room for partnership between both the ESUs and the purchasing. [LB401]

SENATOR KOLOWSKI: But were they...was the name, the educational service units, purposely left out of that first line, for example, of school districts and learning communities? Would it have been helpful to have included ESUs there? [LB401]

BRENT SMOYER: I believe it would have been helpful, and I think that was something we might have missed in drafting, in getting the intent across. I know, in shifting the County Purchasing Act, it really was taken, almost word for word, from the County Purchasing Act. In making that shift, there were some things that had to be decided on a wordsmithing basis, I should say, and that may have been a piece that we needed to work on or insert there to carefully clarify the senator's intent. [LB401]

SENATOR KOLOWSKI: And in light of the process with the educational service units, is...has there...is there a concern or has there been concerns raised that something has been improper going on, that this would make something better that has been existing for quite a while? [LB401]

BRENT SMOYER: Sure, right, and I'm not sure exactly...I was not aware of anybody here to testify in favor, but I do know that Senator Lautenbaugh had been contacted by...and I'm not necessarily at liberty to say whom because I haven't, of course, been authorized by the senator. But it's my understanding he was contacted by an interested party from Sarpy County who felt that there needed to be a little more transparency in the school system over there in that county. And so I think they felt that it would benefit us all, especially in light of the recent events of Omaha Public Schools, to sort of allow this extra layer of transparency, maybe take a look at the opportunities that we have to increase transparency across the board. I don't think it's a rampant problem, but I do think somebody kind of caught a whiff of something and said, let's maybe consider it. And so that was Senator Lautenbaugh's impetus behind this. [LB401]

SENATOR KOLOWSKI: Okay, thank you. [LB401]

BRENT SMOYER: No problem. [LB401]

SENATOR SCHEER: Other questions? [LB401]

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BRENT SMOYER: All right. [LB401]

SENATOR SCHEER: Are you going to stick around then? [LB401]

BRENT SMOYER: No. I will...I don't believe that the senator had any further remarks beyond, again, the consideration of a new interim study, if possible. [LB401]

SENATOR SCHEER: Okay, okay. All right, thanks, Brent. [LB401]

BRENT SMOYER: Thank you, sir. [LB401]

SENATOR SCHEER: Okay, we will first go with proponents of LB401. Is there anyone speaking in favor of...proponents? Seeing no one, I will open it for those that are opponents. [LB401]

VIRGIL HARDEN: Senator Scheer, members of the Education Committee, good afternoon. My name is Virgil, V-i-r-g-i-l, Harden, H-a-r-d-e-n. I'm the executive director for business for Grand Island Public Schools. Grand Island Public Schools is opposed to this bill because we believe it would apply to us. Grand Island, through recent annexation activities, has been certified a community of 50,000 citizens; so, as drafted, we believe this bill would apply to us. We believe it's an unfunded mandate that's an example of something that's not needed for a school district the size of Grand Island and the way we operate. We believe in accountability; we believe in transparency and local control. I value very little more than the trust that I have with the school board members and the accountability that we have with each other. We meet on a monthly basis with the facility and finance committee where we report out every single thing that we bid. We have a financial accounting system that has electronic means to approve every transaction, and we have dollar thresholds where we take and do that at multiple levels, from the school building principal on into the business office, up to me for different thresholds. The size of the city seems to be a very nonintuitive way to apply this bill to school districts. What does the size of the city have to do with the need for, what I would call, best practices or standard operating procedures, as far as acquiring supplies and materials and services for a school district? The bill seems to be lacking any kind of connection between modern financial practices with just-in-time services and supplies, the use of credit cards, the use of purchasing cards, electronic bidding that can be conducted with modern software. Central storehouses are a thing of the past, for the most part, except for foodstuffs that we have to have in supply for our lunch program. The sale of property at auction: We sell everything at auction. We either...actually hire an auctioneer to sell the property for us as a fee. In fact, we just had an auction last year. I didn't bring copies of this, but we had a final settlement of \$66,526.67 for about 600 lots of items that we sold at auction over two days, and everything from chairs to whatever. So this bill is comprehensive. And I don't think for a minute that it isn't a good idea to have a dialogue about what is a best practice business

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procedure. You know, there may be a better way to go about it in rule, possibly. The NDE has Rule 1 and 2, which deals with audit required by school districts; so we, of course, are audited every year by a certified financial accountant. And we stand accountable and just think that the dollars that would be taken away from our budget to hire another administrator to be a purchasing agent is not in the best interest of the school. It takes dollars away from the classroom. We can accomplish everything and we do accomplish everything that the bill talks about with our current practices that we've determined are appropriate for us locally. And so we don't need a purchasing agent to accomplish that. The person that's responsible for the line-item budget is me for Grand Island, so there is no confusion. If somebody in Grand Island has a question, they can certainly always go to the superintendent. He is the first and foremost person that the district hires. But if there's a question on a transaction, I am the person that's accountable to the board through our finance committee. And I think a lot of school districts have that level of trust and that "teamworking" relationship with their school board, at least I hope they do, because we enjoy that in Grand Island. So with that, I will end my testimony. [LB401]

SENATOR SCHEER: Thank you, Mr. Harden. Are there any questions? Senator Avery. [LB401]

SENATOR AVERY: Thank you, Senator Scheer. Superintendent (sic) Harden, do ESUs already do something very similar to what is being proposed here? [LB401]

VIRGIL HARDEN: ESUs do. They do the co-op purchasing. But one of the things that we have become involved in: We actually are members of six different national co-op purchasing organizations. In fact, our software is powerful enough that we can integrate that co-op purchasing through our software, and we can actually log on and achieve the ordering from those co-op purchasing and have that pull right into our financial system. And that's something that our ESUs aren't...they're behind. They're lagging behind in technology, and it should be coordinated or it should be scrapped. It's a duplication of effort that's being done on a national level. It's poor business practice to duplicate things. We need to just scrap it or give them the money necessary to make it so it can be electronic, because it's already being done by many other states in many other areas, much better than we do it. [LB401]

SENATOR AVERY: Okay, thank you. [LB401]

SENATOR SCHEER: Senator Haar. [LB401]

SENATOR HAAR: Thank you. Now I don't see anything, at least in the brief description here, that says you'd have to hire a purchasing agent. Is that your understanding, that you would? [LB401]

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VIRGIL HARDEN: It is my understanding, yes, that we would be required to hire a purchasing agent, that all funds expended by the school district would have to be done through the purchasing agent. I don't know how that goes into operation. Does that person have to stand there when a building administrator needs to order something on-line and push the submit button? I mean, it just doesn't seem to be very well thought out in the operation. So it is my understanding that we would have to hire a purchasing agent. [LB401]

SENATOR HAAR: Okay, so the way it would change life in Grand Island you're really not sure at this point, other than it would require this additional person to be hired. [LB401]

VIRGIL HARDEN: Well, it would...yeah. I think it would require an additional layer that's not necessary. We're able to accomplish the appropriate levels of controls that are best practices for our district and accountability level. Quite honestly, every transaction in Grand Island gets approved by some administrator at \$100 or more. If it goes to \$500 or more, I approve it. Our threshold is \$25,000 for bidding out items. If we get anywhere near that, we do competitive bids or competitive quotes. We didn't get to that level just this year and just decide to go to \$25,000. That's something that, over the last...I've been there for 13 years. I think we started it off at \$5,000. And as we look at the type of transactions that we do and we look at the way we conduct business as technology has changed, that threshold has changed. So I get concerned that there's a set threshold, and that needs to be something that local board has control over what they're comfortable. What works for Grand Island isn't necessarily going to work for Hastings or Kearney or Gering or Scottsbluff. It really needs to be a local...the idea of having those best practices outlined and, like I said, I think a rule would be better as guidance, as here's what we think as a state, we think school districts would want to operate under as far as bidding out. But to have a requirement that we have to have a purchasing agent does nothing to add any value and takes scarce resources away from the classroom. [LB401]

SENATOR HAAR: Um-hum, thank you. [LB401]

SENATOR SCHEER: Any other questions? Senator Seiler. [LB401]

SENATOR SEILER: Yes. Do most schools...I'm going to label them to the size of Grand Island, Kearney, Scottsbluff, Hastings. Do most of them have people in your position, like Hastings has Jeff Schneider? [LB401]

VIRGIL HARDEN: Right. [LB401]

SENATOR SEILER: Do most of those have those people in place now? [LB401]

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VIRGIL HARDEN: Absolutely, they do. [LB401]

SENATOR SEILER: So it would be a duplication of what they already have. [LB401]

VIRGIL HARDEN: You know, I can't speak for their specific business practices because I don't know firsthand, but they have... [LB401]

SENATOR SEILER: Right, but they have personnel. [LB401]

VIRGIL HARDEN: Absolutely. [LB401]

SENATOR SEILER: Okay. [LB401]

VIRGIL HARDEN: Um-hum. [LB401]

SENATOR SEILER: Thank you. [LB401]

VIRGIL HARDEN: Yep. [LB401]

SENATOR SCHEER: Any other questions? Thank you, Mr. Harden, for coming down. [LB401]

VIRGIL HARDEN: Thank you. [LB401]

_____: Well done. [LB401]

JOHN BONAIUTO: Senator Sullivan, members of the committee, John, J-o-h-n, Bonaiuto, B-o-n-a-i-u-t-o, registered lobbyist representing Nebraska Association of School Boards, Nebraska Council of School Administrators. And we would like to be on record in opposition of the green copy of LB401 and appreciate Senator Lautenbaugh thinking about the fact that this needs to be a discussion about best practices and a study. And so I won't belabor that other than to say, because something is detailed and outlined and it works for the counties or the cities, it may not make the same sense for a school district, which operates differently. And with a school board and policies and statute, annual audits, if a school district is doing something wrong--and mistakes can be made--that annual audit, the accountant will either give the district an unqualified opinion or write a letter that says, you really need to have better internal controls, you are circumventing the bidding statute by chopping up and issuing contracts, by going just below what the threshold is. The auditor is going to see that, and I think that will be given to the board at a public meeting, and it's very transparent. And the transactions of a school district, the board takes action. Whether it's on a consent agenda or not, items can be pulled from the consent agenda. But all of that is public information, and anybody that wants to know more about purchasing has that ability. So I think Virgil did

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a great job; and with that, we would just see where this goes in the future. Thank you. [LB401]

SENATOR SCHEER: Any questions? Thank you, John. [LB401]

JOHN BONAIUTO: Thank you. [LB401]

SENATOR SCHEER: We're still on opponents. Any additional opponents? Seeing none, is there any neutral testimony? [LB401]

MATT BLOMSTEDT: Good afternoon. I'm Matt Blomstedt. I'm the executive director of the ESU Coordinating Council. And I wasn't planning to testify, but I figured I'd just as well. We do actually have a statewide project that we call Co-op Purchasing. And that's really provided as a service to schools, to make sure that they can participate in well-bid programs, participate in good prices, aggregating those things for delivery at local ESUs and, ultimately, just provide that as a service. We didn't talk about whether we would be in favor or opposed to this, but we did participate this past summer in the interim study that Senator...part of this same issue, and we'd be very happy to participate in that again. I would tell you, we're actually implementing a whole new statewide software system for that bidding and for that process that's completely on-line, very transparent, so you can see who is awarded bids and what types of participation there is. So we're actually excited about that, to be able to bring that forward to the state. So with that, I'd take questions if you had any. [LB401]

SENATOR SCHEER: Senator Sullivan. [LB401]

SENATOR SULLIVAN: Thank you. Thank you, Matt. With respect to the co-op that the ESUs offer school districts, how many of the larger school districts participate? [LB401]

MATT BLOMSTEDT: I don't have a number off the top of my head,... [LB401]

SENATOR SULLIVAN: I mean, not a number, but, I mean, in general. [LB401]

MATT BLOMSTEDT: ...but quite a few, actually, in different ways. And I think, as Virgil Harden was talking about, actually, the system that we're implementing actually integrates with their systems, so that they actually have catalogs that they could purchase off of. And a lot of the national catalogs also come through that, so we participate in a project nationwide that's called the AEPA, which, if I had to tell you exactly what that stood for, I'd be wrong, probably. But it's essentially a statewide or a nationwide purchasing agreement on certain products, certain large-scale products. And so there's a lot of schools that are able to participate in those types of large-scale contracts, as well as paper. We have paper delivery or paper purchasing going on right now. We're able to get that at an extreme discount by doing it on an annualized basis,

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so we're anticipating deliveries of paper all across the state coming up this spring. [LB401]

SENATOR SULLIVAN: So with respect to this cooperative that you offer, does the district sign a contract with you or...because you said it's... [LB401]

MATT BLOMSTEDT: We actually work through the ESUs, actually. [LB401]

SENATOR SULLIVAN: It's voluntary. [LB401]

MATT BLOMSTEDT: And so each ESU has a relationship with all their member school districts. [LB401]

SENATOR SULLIVAN: Got you. [LB401]

MATT BLOMSTEDT: And then we have the relationship with each ESU. [LB401]

SENATOR SULLIVAN: Okay, thank you. [LB401]

SENATOR SCHEER: Any other questions? [LB401]

SENATOR KOLOWSKI: Yes, please. [LB401]

SENATOR SCHEER: Senator Kolowski. [LB401]

SENATOR KOLOWSKI: Thank you, sir. Matt, on the...purchasing of supplies is one thing. But would you talk about other services? Would this relate to any curriculum services or anything else that would be coming from the ESU? [LB401]

MATT BLOMSTEDT: Yeah, very much within our vision of how that works. As you look at the different types of things that are coming along, e-books and a whole bunch of those fronts, well, we've done software and things along those lines. But really, by taking a large, scaled-up system that we're looking at implementing--and, by the way, it's eSchoolMall or ESM Solutions--that gives us a chance to actually dive into some of those contracts a little bit more. We're also looking at things that are related to systems that are actually integrating with things that are going on with the Department of Ed around staff development, like...so if you hear things like Danielson model or Marzano Model,... [LB401]

SENATOR KOLOWSKI: Um-hum. [LB401]

MATT BLOMSTEDT: ...we're working with those types of companies as well, to bring those contracts to schools. So things along those lines that all could be gathered in

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the...I don't know where I learned this line, but I'm sure it was for the...in the last couple of years about demand aggregation, the notion of just understanding what schools are purchasing and trying to get them a better deal, ultimately, is the goal. [LB401]

SENATOR KOLOWSKI: But some of the...if you got into a competitive market, we know what you're producing through the ESU connections and the contacts. Is there any fear this would start diluting the possibility of a service I want to buy? It wouldn't last very long, of course, if they did it and they messed it up once. It...the word would spread very quickly. But would you comment on that, just the quality control aspect? [LB401]

MATT BLOMSTEDT: Yeah, I think that probably hits on a lot of the different elements of it. And so, like, yeah, you get into supplies, and we run into that quite often. And again, because it's voluntary with school districts, you know, it's kind of setting a base price for some of those services that they can use as they go through their own purchasing. So they're still really in control of that, deciding if that's really the appropriate product for them, I guess is the way to put it. [LB401]

SENATOR KOLOWSKI: But if the bottom-line, lowest-dollar bid was always being pushed or professed,... [LB401]

MATT BLOMSTEDT: Yeah. [LB401]

SENATOR KOLOWSKI: ...sometimes that doesn't give you the best quality item that you need for whatever you're doing. [LB401]

MATT BLOMSTEDT: And that's not usually...yeah, that's...right, yeah. Most of the time you're going down this process of you go through a bid process on some things. But many others are, hey, look, let's try to set a price, do a negotiations with companies. You know, not everything is required to go through a bid process, per se, you know. [LB401]

SENATOR KOLOWSKI: Thank you. [LB401]

MATT BLOMSTEDT: But you do that to try to get the best deal for everyone. [LB401]

SENATOR KOLOWSKI: Thank you, thank you. [LB401]

MATT BLOMSTEDT: You bet. [LB401]

SENATOR SCHEER: Any questions? Any others? Thank you, Matt. [LB401]

MATT BLOMSTEDT: You bet. [LB401]

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SENATOR SCHEER: (Exhibit 1) Are there any other neutral testifiers for LB401? Seeing none, I would note that there was a letter of opposition sent to us by Dr. Mark Adler, the superintendent of Ralston Public Schools, as well. And Brent had waived his closing, so this will close the hearing for LB401, and we move now to LB409. [LB401]

SENATOR SULLIVAN: Thank you, Senator Scheer and members of the committee. My name is Kate Sullivan, K-a-t-e S-u-l-l-i-v-a-n, of Cedar Rapids, representing District 41 and here today to introduce LB409. LB409 amends the calculation of core services and technology infrastructure aid for educational service units, ESUs. These funds represent the only state aid program provided directly to ESUs, and in statute we have a formula mechanism for distributing these funds. This proposal in LB409 simply makes the formula work if the appropriation does not keep up with disproportionate increasing valuations and we subsequently end up with a nonequalized ESU. Under current law, if the resources of an ESU exceed the need, a negative amount of aid would be distributed to the ESU and, as such, the formula would interpret that as an additional contribution to the aid for the other ESUs. Furthermore, the student allocation would automatically increase so as to distribute that amount in addition to the available appropriation. We're trying to avoid that in LB409. It does not change the total amount of aid to be distributed through the formula. It simply ensures that the amount allocated as state aid will be distributed properly. I should note, too, that there is not currently a problem with this among the ESUs. We're simply recommending that this be put in place to anticipate and be ready should the need arise. It's kind of nice to be prepared. This was brought to our attention this summer during our interim study on ESU financing; and thus, we're bringing LB409. So I hope you'll consider this favorably and advance it to the full Legislature for debate. [LB409]

SENATOR SCHEER: Any questions for Senator Sullivan? Okay, we will now open the testimony for proponents of LB409. [LB409]

MATT BLOMSTEDT: Again, my name is Matt Blomstedt. And I guess I didn't spell it last time, so I'll spell it this time. It's B-l-o-m-s-t-e-d-t and, again, I'm still the executive director, last I checked anyway, with the ESU Coordinating Council. First of all, I want to give Senator Sullivan credit for having a technical, cleanup bill that ends up being "Formula 409." Okay, no laughter. (Laughter) Anyway, realistically, this is simply a technical cleanup of the formula for the distribution of core services aid, and I think Senator Sullivan did a nice job of describing that. So I'm glad she did anyway. But it does...it's something that obviously just needs to be addressed, and I appreciate your consideration of it. I knew I'd get him laughing anyway. (Laugh) [LB409]

SENATOR SCHEER: Any questions? [LB409]

SENATOR KOLOWSKI: It's just a comment. [LB409]

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SENATOR SCHEER: Senator Kolowski. [LB409]

SENATOR KOLOWSKI: I'm sure this will come to a speedy conclusion. Thank you.
(Laughter) [LB409]

MATT BLOMSTEDT: That's how it goes. [LB409]

SENATOR SCHEER: Thanks, Matt. Any other proponents of LB409? Seeing none, any opponents of LB409, opponents? And are there any that would wish to speak in a neutral position for LB409? Seeing none, Senator Sullivan. [LB409]

SENATOR SULLIVAN: Just to say I think this will be forever known as the "cleanup" bill.
(Laughter) [LB409]

SENATOR SCHEER: And that ends the hearing on LB409. [LB409]

SENATOR SULLIVAN: We'll now open the hearing on LB201. Senator Haar, welcome.
[LB201]

SENATOR HAAR: Thank you very much. Just to put everybody at ease, I want to announce today: I'm not running for Governor or Senate, (laughter) get that out of the way. (Laughter) [LB201]

SENATOR SCHEER: Oh, he was probably going to be the first to find out. (Laughter)
[LB201]

SENATOR HAAR: (Exhibit 1) Talking to Senator Avery, I think he's come to the same conclusions, but...okay, LB201 addresses the fact that school districts are not, in particular, mentioned in the Emergency Management Act, which provides similar protections for other political subdivisions. LB201 will simply give school districts similar protections. Right now, in the event of a disaster emergency, a school district or ESU may make emergency expenditures, enter into contracts, and incur...excuse me, let me start that again. Right now they cannot, under LB201, in the event of a disaster or emergency, a school district or ESU could make emergency expenditures, enter into contracts, and incur obligations for emergency management purposes. And this is, again, quite parallel to other political subdivisions, regardless of statutory limitations for appropriations, budgeting, levies, or matter of entering into contracts. And I'd like these passed out, if I could. Such obligations must be approved by a majority of the school board and certificate from the emergency management director. We will offer an amendment to correct a drafting error in the class of school districts, eliminate reference to Class I and Class VI, which don't exist, and add Class V, which does exist and was inadvertently left out. We may also look at an amendment that exempts any spending on this bill from school expenditures under TEEOSA. The pictures I've handed out show

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the Lincoln Public Schools administration building--you may remember that one; it happened in May 2011--and then the Norris tornado of 2004. Again, other subdivisions are covered by the Emergency Management Act. Schools are not explicitly, so we want to make sure schools are included as well. And people that will come and testify will be able to answer the more technical questions behind this bill, if you have them. [LB201]

SENATOR SULLIVAN: Thank you, Senator. Any questions? Senator Avery. [LB201]

SENATOR AVERY: Thank you, Madam Chair. Senator Haar, can you explain to me why you are not amending the Emergency Management Act but you are amending the section of law dealing with school boards? [LB201]

SENATOR HAAR: Yeah. To be honest, no, I can't, and that would be a question for one of the people that will come up next. [LB201]

SENATOR AVERY: I think this is the right place, but I just wondered if you knew why. [LB201]

SENATOR HAAR: Can't answer that, so I'll just admit it. (Laugh) [LB201]

SENATOR SULLIVAN: Basically, what you're saying is, that because of emergencies that exist and tragedies that occur within school districts, they need this opportunity to expend additional funds outside the budget limitations. [LB201]

SENATOR HAAR: Precisely. [LB201]

SENATOR SULLIVAN: But in these, whether it's a fire or a tornado, doesn't a school district have adequate coverage to recover through their insurance policies? [LB201]

SENATOR HAAR: I think, again, that would be a good question to ask of some of the people that will follow me, who actually were involved in these emergencies. [LB201]

SENATOR SULLIVAN: Okay. And then do you put school districts in the same category as some of these other political subdivisions that do have responsibility to work with FEMA and NEMA and those? I mean, they're charged with that responsibility. Isn't that a little different than a school district? [LB201]

SENATOR HAAR: Well, I think the problem here is that some things are...you know, you would infer that they exist for school districts and they don't, and this will clarify that. [LB201]

SENATOR SULLIVAN: Um-hum, um-hum. [LB201]

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SENATOR HAAR: That's the aim of this bill. [LB201]

SENATOR SULLIVAN: Okay, all right. Any other questions? Senator Kolowski. [LB201]

SENATOR KOLOWSKI: Thank you, Madam Chair. Mr. Haar, Senator Haar, on the use of districts--and then educational service units is mentioned in here, and a number of bills we've been looking at learning communities are also brought in or mentioned--I don't know if that's important that they be added to this bill or not. [LB201]

SENATOR HAAR: Um-hum. [LB201]

SENATOR KOLOWSKI: We could ask Ms. Barry if that would be something within the writing of the bill that would be proper as far as an addition and coverage because it may come back and ask to be added at a later time. I just wanted to raise the question. [LB201]

SENATOR HAAR: Good. We'll look into that. That's a good point being brought up. [LB201]

SENATOR KOLOWSKI: Thank you. Thank you very much. [LB201]

SENATOR HAAR: Yep. [LB201]

SENATOR SULLIVAN: Any other questions? Thank you, Senator. We'll now hear proponent testimony. [LB201]

JOHN BONAIUTO: Senator Sullivan, members of the committee, John Bonaiuto, J-o-h-n B-o-n-a-i-u-t-o, registered lobbyist representing the Nebraska Association of School Boards, Nebraska Council of School Administrators. We are appearing as a proponent and appreciate Senator Haar introducing this bill. And it is in the section of law that it referenced in LB201 because the Emergency Management Act is important if there is a large-scale community disaster or tragedy, what have you. We felt that we would try to do something more specific for school districts in this bill, knowing that the Emergency Management Act still would apply in certain instances. But, for instance, in the Norris tornado, the Lincoln Public School administrative office fire, if you have an isolated tragedy that occurs in an individual school site, that is not necessarily a community disaster, but it's very, very specific to the school district and possibly a school building. And so having something in statute that really is clear for school districts or ESUs, I think, would be extremely helpful, and that is where this comes in. It gives direction for a K-12 public school district or an ESU in case of an unforeseen disaster or tragedy that is specific to the district or the ESU but not a community-wide disaster or event. So there are other testifiers that will surely have much more insight than I do. But the idea is...in this bill, it is not to supersede or take away from the

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Emergency Management Act but to add language so school districts have some direction that they can follow. But in an event where it was on a larger scale, they would surely work with the Emergency Management Act and the county and the city and other federal government. So with that, I'll conclude my testimony. [LB201]

SENATOR SULLIVAN: Okay, thank you, John. Questions for John? Senator Avery. [LB201]

SENATOR AVERY: Thank you, Madam Chair. When the hurricane or, not the hurricane, but the tornado hit Hallam,... [LB201]

JOHN BONAIUTO: Yes. [LB201]

SENATOR AVERY: ...that was a community-wide disaster. [LB201]

JOHN BONAIUTO: Yes, yes. [LB201]

SENATOR AVERY: When these school headquarters burned here in Lincoln, that was not. [LB201]

JOHN BONAIUTO: Um-hum. [LB201]

SENATOR AVERY: But yet, you spoke of the two as if they were the same, specific to the school district. [LB201]

JOHN BONAIUTO: Um-hum. [LB201]

SENATOR AVERY: And I'm...a secondary question is, were they in any way constrained from making expenditures in these emergencies by current law? [LB201]

JOHN BONAIUTO: Constrained? I would say, you know, they were fortunate that things fell into place, not necessarily easily in every situation, not as simple as it might have been if it was school district specific, because as the...and you will hear from testifiers that will speak specifically to these two issues, that may be able to answer what things could have been done a little easier, more quickly, and flowed a little more smoothly if school districts had a little more specific direction in law. [LB201]

SENATOR SULLIVAN: John,... [LB201]

SENATOR AVERY: That was not an answer. [LB201]

JOHN BONAIUTO: What? [LB201]

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SENATOR AVERY: Were...I'll put it more directly. Did LPS have difficulty making emergency expenditures after the fire? [LB201]

JOHN BONAIUTO: I would defer, if I may, to someone that worked directly with that at LPS, on that. I do believe that they had to work hard to get things into place. [LB201]

SENATOR AVERY: Well, yeah, it was an emergency and they do have to work hard. [LB201]

JOHN BONAIUTO: And it did not flow as easily as it might have if this kind of language were available. [LB201]

SENATOR AVERY: So how would this make the process of making emergency expenditures easier? [LB201]

JOHN BONAIUTO: Well, I think that...I think it just spells it out very clearly, what the school district will have to do and how they will have to do it for the school district. And again, in the Emergency Management Act it really talks about all political subdivisions. And so this... [LB201]

SENATOR AVERY: And you're not saying that schools are not a political subdivision. [LB201]

JOHN BONAIUTO: No, I'm not at all. I'm just saying this would make the language much clearer and easier to interpret and use by the school board and the ESUs. [LB201]

SENATOR AVERY: So then why is it not amending the Emergency Management Act? [LB201]

JOHN BONAIUTO: I think it goes along with the Emergency Management Act. We're just making this school district specific, not trying to change the Emergency Management Act. But this would act in tandem with the Emergency Management Act. [LB201]

SENATOR AVERY: I've seen this before. [LB201]

JOHN BONAIUTO: Yes, you have. [LB201]

SENATOR SULLIVAN: John, what's been your experience or knowledge of working with school districts, in terms of their insurance covering tragedies and emergency experiences like this? And then, in the event that there have to be emergency expenditures, do districts rely on their cash reserve to have some cash flow? [LB201]

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JOHN BONAIUTO: That would be...the reserves would be a part of the solution, obviously the insurance company, and working with the insurance company. And part of what we're talking about here is when you have an emergency you may need to be on a faster track than current... [LB201]

SENATOR SULLIVAN: Um-hum. [LB201]

JOHN BONAIUTO: ...you know, than if you were going to do something based on what statute would normally allow you to do. So it all needs to fit together so that schools can get back to normal operation as quickly as possible. And that's the intent of this, not to give school districts any additional authority, but to make it clear and to have something that a school board and a school district can follow to get back to normal as soon as possible. [LB201]

SENATOR SULLIVAN: Thank you. Any other questions? Thank you. [LB201]

JOHN BONAIUTO: Thank you. [LB201]

SENATOR SULLIVAN: Welcome. [LB201]

JIM GESSFORD: Good afternoon. Madam Chair, members of the committee, my name is James B. Gessford, J-a-m-e-s B. G-e-s-s-f-o-r-d. I'm a practicing attorney in the state of Nebraska. I've been representing many of the school districts in the state for the last 35 years. Our office was involved in and did handle and deal with both the Norris and the Lincoln circumstance. I'm here today to testify in favor and in support of this bill. As a practicing attorney, this would give school districts in the state a valuable tool in the event of unfortunate emergencies or circumstances. In answer to Senator Avery's question, I believe that the Lincoln school district was able to get through its circumstance in many ways because it's the Lincoln school district. They're very fortunate. I can tell you there are plenty of school districts in this state who would not favor as well in an emergency circumstance as the Lincoln Public Schools did. The question on emergency: The bill itself defines emergency, and it places the determination of whether or not an emergency exists with each county emergency management director. Those individuals are trained under the Emergency Management Act, and this act actually mirrors the definitions of an emergency. In answer to one question that was asked, what happens in one school district may be an emergency, what happens in another district may not. In the Norris case, for example, that's their building. That's their entire thing. The question is, well, Lincoln Public Schools, it's the administrative office. Yeah, it's the administrative office. It's also, in our day's world, with the technology center of the district and how the district works, it literally was the lifeblood of the school district. It could not operate. Now is that the case in every district? Probably not. They may run different. But that's the purpose of using the

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Emergency Management Act definitions, having the emergency management director, the individuals who are trained under those definitions to make that determination, make the decision that it is a legitimate emergency under those definitions. The other thing, does this act do something new? Well, we could dispute that, and I kick myself because I testified on a very similar bill last year. And I kick myself because I can tell you that many of the emergency management directors in the state believe this act fully applies to public schools, and they will issue an emergency management direction. But there is a legal question in my mind whether it does. I don't think that's the question. I think the question is, does this change things? Yes, it very clearly does. It would give the school district the authority to access levies in excess of \$1.05, and I think you just need to take that right out. Now the question is, in an emergency circumstance where an independent individual who is trained in these definitions has determined an emergency exists, is that good state policy? Should the state have a tool available for public school institutions to be able to get back on their feet if, truly, an emergency has happened? What this bill says is you can't access that without a majority vote. I don't care if it's a majority vote of the board. If you want to make it unanimous, make it unanimous. It's not the state funds that are involved here; it would be the local district's ability to access additional levy funding needed to get back on its feet. And so if you want to make it more than a majority vote, make it more than a majority vote. The other issue that's really important here that gets swept under the rug, to a degree, is the issue of contracting. If you look currently at our law, the most efficient way to produce a facility is under the Political Subdivisions Construction Alternatives Act. That takes, based on our experience, six months to even access that in order...the procedures and the notices to get out. My time has ended. I'd be happy to answer questions. [LB201]

SENATOR SULLIVAN: Thank you very much, Mr. Gessford. With respect to that timing, isn't there a timing involved in when a district can levy? [LB201]

JIM GESSFORD: Clearly, there is. A district can also borrow money in the interim, until the levy money comes in, if it needed to, on an emergency basis. [LB201]

SENATOR SULLIVAN: In the situations that you were most closely involved with, LPS and Norris,... [LB201]

JIM GESSFORD: Correct. [LB201]

SENATOR SULLIVAN: ...short of having this opportunity in place, what problems did they have and did they encounter managing their emergency? [LB201]

JIM GESSFORD: Well, the first thing is, I'd tell you, if someone checked closely, there may have been some fudging in terms of compliance with the public bid statutes. Secondly, the issue of insurance has been brought up. And yes, districts are insured and they should have insurance. However, the time lag between being able to settle

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with an insurance company on a major issue, like either Norris or LPS, is, essentially, two to three years. The insurance company isn't going to just come on a major circumstance like that, where it deals with the question of valuation. What was that building or facility worth? We had experts from New York and everywhere else coming in, saying, no, we can't pay you that because it's not worth that. And then we had to go get our own expert. So there is a major...yes, you'll have insurance and, eventually, you'll get that. So you may not need to go crazy with your tax levy or your borrowing authority under a circumstance like this, but there are lags and there are delays. [LB201]

SENATOR SULLIVAN: Did they have, in those cases, cash reserves that they were able to leverage? [LB201]

JIM GESSFORD: Well, in answer to Senator Avery's question, I think both districts made it through without...now you have to understand, I believe that Lincoln was very fortunate, and I believe that Norris was very fortunate. And this bill has applicability to any circumstance that may arise with those classes of school districts or educational service units. [LB201]

SENATOR SULLIVAN: Thank you. Any other questions? Thank you, Mr. Gessford. [LB201]

JIM GESSFORD: I appreciate your time. [LB201]

SENATOR SULLIVAN: Um-hum. [LB201]

JIM GESSFORD: Thank you. [LB201]

SENATOR SULLIVAN: Any other proponent testimony? Welcome. [LB201]

PATTY BENTZINGER: Hi. Senator Sullivan, members of the committee, my name is Patty, P-a-t-t-y, Bentzinger, B-e-n-t-z-i-n-g-e-r. I am on the Norris Board of Education now, and I also was in 2004, at the time of the tornado that we've been speaking about. It's easy for me to talk about this now without the emotional impact of the pictures that you saw. But on the day after the tornado, when our board gathered, actually were escorted to the school and escorted around the school grounds for our safety, I don't think there probably was a person on the board who thought we would be having school in that building, certainly not again that year and possibly not ever. We were extremely fortunate in our recovery from this, and we were extremely fortunate, I believe, because of a couple reasons. One reason was because we were part of a larger entity. It wasn't just Norris School hit by a tornado. It was Norris School, it was Hallam, and it was several other facilities. So that helped us, as far as our emergency designation. The other thing was we were extremely fortunate to have a very responsive insurance

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company. I don't think that happens in every situation; and frankly, for us to be able to hold school in October, early October of that year, when this happened in May, right after graduation, was really kind of a miracle, and there were a lot of things that came into it. I guess I'm saying that we're the success story, as far as what has happened to get us to that emergency designation, to get us moving. And we didn't have six months to wait for construction, to wait for money to come in. We had kids we had to educate, 2,000 kids, as soon as we could. So there was a great deal of urgency in getting back to business, which is what we had to do. We support this bill because we believe that even though, as I said, we had a very fortunate circumstance in the way everything worked for us, I don't believe that would happen in every circumstance with a school district. And we would certainly support the ability for school districts/ESUs to be able to have that similar outcome. [LB201]

SENATOR SULLIVAN: Thank you very much for your testimony. With respect to your insurance company, did they, because of the emergency in this situation, expedite a lot of the servicing of these claims? Or how did you interact with them? [LB201]

PATTY BENTZINGER: They did. They were there the day after the tornado. [LB201]

SENATOR SULLIVAN: Um-hum, um-hum. [LB201]

PATTY BENTZINGER: And "whatever you need" was the kind of thing. And I know insurance companies are there to make money. You know, you don't...but it was never, ever, a feeling of, we're going to get the lowest dollar, we want you to get the lowest dollar, and we want...it doesn't matter how long it takes, we're going to get the best financial deal. With our experience it was, you've got kids, you've got to educate them, let's do what we have to do in this circumstance and get it going. [LB201]

SENATOR SULLIVAN: Did the district experience any cash flow problems in getting this recovery done? [LB201]

PATTY BENTZINGER: Fortunately, we did not. [LB201]

SENATOR SULLIVAN: Okay, and then once that emergency designation was declared, what kicked in at that point, in terms of whether it was FEMA or NEMA interacting with the school district? [LB201]

PATTY BENTZINGER: We worked with FEMA and NEMA, but they were kind of...it wasn't an immediate thing. It was probably within the next couple of weeks that our superintendent and the board were interacting with FEMA and NEMA. We had support from...well, obviously we worked with our attorneys very closely to get...and that's where we got the emergency designation where we could look at, you know, did we need to borrow money? At that time we didn't know. [LB201]

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SENATOR SULLIVAN: Um-hum. [LB201]

PATTY BENTZINGER: You know, when something that devastating happens, you don't really know where you're at on day one. Day two, three, and four is when we looked at that to see where we could be and where we would need to use the emergency designation. [LB201]

SENATOR SULLIVAN: Um-hum. Okay, thank you. Any other questions? Thank you for your testimony. [LB201]

PATTY BENTZINGER: All right, thank you. [LB201]

SENATOR SULLIVAN: Welcome. [LB201]

JOHN NEAL: Thank you. Good afternoon, Senator Sullivan and members of the Education Committee. My name is John Neal, J-o-h-n N-e-a-l. I am an administrator with Lincoln Public Schools. And I know you are aware of how important that community school and that community school district is to the fabric of a community. And it's equally important that, when there's an emergency, that repairing the school district, repairing that part of the fabric, is incredibly important to the community. And so we're speaking in favor of LB201 because it provides the flexibility to a school district, following an emergency, if necessary, after the declaration by an emergency management director, after the vote of the school board. Only in the circumstances provided in LB201, which includes for emergency management purposes, and only for the public interest to be able to enter into contracts in a more timely fashion, to extend beyond our normal spending limits, or to increase our levy, just for those reasons in the middle of an emergency. Most recently--you've seen pictures--we had a fire at our district office. And we were in, I guess, in such an emergency, if you can be lucky, we were incredibly lucky because we had a very responsive insurance company. We had a very supportive community. We had opportunities for commercial office space in our area. We had University of Nebraska-Lincoln provide us space on their servers. We had 60 other buildings at our disposal that we could use. But with all those resources, all those people working very well together, incredibly collaborative, when our superintendent, Dr. Joel, announced that school would start on time, the emergency would not impact school starting, many people thought that was an unrealistic expectation, that two and a half months later we could be up and functioning. That's with everything in place. And as Patty shared, with Norris, everything going just right, it was impossible for them to start on time. With everything going just right, it was hard for us to start on time. And I think the elements in LB201, the ability, under the declaration of emergency, under that supervision, under the work of the school board, the voting of the school board, our elected school board, for emergency management purposes only, in the public interest, it provides that safety net for when all those positive aspects of the

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community are not available. If it wouldn't have been just a fire at LPSDO but the emergency would have been more widespread or involved more public schools--it wouldn't have been the district office but several of our schools would have been affected--we wouldn't have had the same turnaround time. I think that policy is what will be beneficial to the state because, somewhat, under the circumstances of a 100-year flood, we're not in support of LB201 because we think there's going to be another large-scale fire in the Lincoln Public Schools. We think, because of our experience, we have insight into what might be a beneficial policy for the state. And for those reasons, we speak in support of LB201, and I'd be happy to try to answer any questions that I can. [LB201]

SENATOR SULLIVAN: Thank you, John. So under the current circumstances and current law, what were some of the problems that really jump out that LPS has had to, I guess, endure? [LB201]

JOHN NEAL: I think, as far as the current law, we were very fortunate in that we had lots of collaborative partners and a very responsive insurance agent, and we had three months' lead time before we had to have everything done. If we would have had to have our network infrastructure, our training session, our ability to hire new teachers, our ability to staff and fund the district that needed to be in place the following Monday or the following Tuesday, we wouldn't have had the contractual ability to move that quickly because contracts just take longer than that, bids take longer than that. Because of the combination of a responsive insurance company, a great community, hardworking people, and two months' lead time, we were able to accomplish most of that before school started. But it was several months before that, before all of our services were really, fully in place. So I think the one that jumps out the most is the ability to enter into contracts and move the bid process faster. If we would have had to be...if the fire would have happened in November, on a Monday in November, and we would have needed to be ready the next Monday, we couldn't have done that under existing statute. I think both the examples you're hearing today involved a long summer break, which was very advantageous in an emergency, and you can't always count on that. And I think Mr. Gessford spoke to that as well as this is, in some ways, not about responding to those, to emergencies, because they're over with, but in having the right pieces in place for an emergency that happens when all those positive aspects aren't in place in the community. [LB201]

SENATOR SULLIVAN: Okay, thank you. Questions for John? Thank you. [LB201]

JOHN NEAL: Thank you. [LB201]

SENATOR SULLIVAN: Welcome. [LB201]

BRIAN HALE: (Exhibit 2) Hello, there. Senator Sullivan, members of the committee, my

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name is Brian Hale. I represent the Nebraska Association of School Boards. And you get to see Bonaiuto up here an awful lot, but this is something that I've worked with, with him and with the organization, in promoting. I really only wanted to add that this really...we see this as a limited time exception to the lids, aimed only at getting schools back in business, which, returning to normalcy really is job one in the face of a disaster. We have our most recent examples through tornado and fire, but obviously, we were all shaken at the events that happened in Connecticut recently and realizing that getting a school back in business, after that, sometimes is more difficult than the insurance policy is going to account for. There is a community shaken, not sure they want to send their kids back to that facility. There are some considerations there that school boards, fortunately, have not had to make. Some districts have had similar situations that were limited to the point that it didn't require massive reorganization or reconstruction. But basically, the job, job one of all of us, is to get kids back in school, to get teachers back in front of kids, and return a community to some sense of normalcy after something as catastrophic as any of these things happen. NASB, its delegate assembly, we have a legislative resolution addressing this issue. It reads, NASB supports legislation that would clarify the terminology used in the Emergency Management Act to make it clear that schools and ESUs are covered under these provisions in law. We believe LB201 accomplishes this task because school disasters are sometimes more localized than the larger disasters that the state and federal folks are interested in. This is still no less important to get schools back on their feet. So with that, I'll take questions. [LB201]

SENATOR SULLIVAN: Thank you, Brian. We've sort of focused on LPS and Norris. But in your experience and background, have you been involved or knowledge of problems in other school districts and how they have handled them? [LB201]

BRIAN HALE: Not all in Nebraska, but certainly there's always...I grew up and know the people who worked in Columbine for their crisis of now a dozen years ago. And, you know, the problems are that you've got a crime scene there for a number of days, for a week sometimes, trying to sort out measures and do these sorts of things, before anybody can even begin to come in and fix bullet holes or whatever else needs to be done. It is an emotional...anything where your community or your school is destroyed is a very emotional situation for everybody in that community. And so it's more than the bricks and the mortar, sometimes, that schools need to manage. And timing is of the essence. And as was expressed earlier, the issue is in terms of time lags, when insurance may cover some or all of it. But they don't come with suitcases full of money. They come to analyze, evaluate, write checks that get sent at a much later date. And unfortunately, nobody knows exactly when these things are going to happen. So if they happen at the end of a budget year (laugh) or at the beginning of a budget year, that has some latitude in what sort of movements that a board can make. Very much, the safety of kids is always the first priority of school officials in these situations, and it is also the same consideration after the fact. Joplin, Missouri, another recent example. They had to employ a vacant mall, where they relocated the school for a while until they

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could reconstruct and come up with a facility that's suitable to those students' needs. So the issues are many and varied. I'm not sure that I answered directly your question, but... [LB201]

SENATOR SULLIVAN: Um-hum. Okay, thank you. Any other questions for Brian? Thank you. [LB201]

BRIAN HALE: Thank you. [LB201]

SENATOR SULLIVAN: Welcome. [LB201]

JASON HAYES: (Exhibit 3) Good afternoon, Senator Sullivan and members of the Education Committee. For the record, my name is Jason Hayes, J-a-s-o-n H-a-y-e-s, and I represent the Nebraska State Education Association. NSEA supports LB201. We believe enactment of this proposal will give school districts the flexibility needed to counteract the harmful effects incurred by a disaster. Setting in place the manner by which emergency expenditures are authorized is important in order to ensure that the level of education is not diminished to our schools' children in the event of such a crisis. And I thank you for your time today. [LB201]

SENATOR SULLIVAN: Any questions? Thank you, Jason. [LB201]

JASON HAYES: Thanks. [LB201]

MATT BLOMSTEDT: Hello again. I'm Matt Blomstedt, B-l-o-m-s-t-e-d-t, executive director of the ESU Coordinating Council. Basically, I don't know that ESUs would need exactly the same type of treatment underneath this. However, I can tell you, one of the dynamics after the Lincoln fire was taking a very close look at where we were on network infrastructure backup and things along those lines. I don't know how to plan for an emergency, but we probably should find different ways to do that. And so I think this would be one part of, at least, a strategy. And again, I haven't looked very closely at every element of the bill and wouldn't, you know, necessarily say that there's any one best way of doing this. But maybe there are some things that we could start to look at for emergency preparedness within school settings. So thanks for your consideration. [LB201]

SENATOR SULLIVAN: That occurs to me: In either of the case of a school district or an ESU, do they have to have a policy for emergency preparedness and contingency plans? [LB201]

MATT BLOMSTEDT: Yes and yes, and no and no. I mean, I think there's lots of different things. But how well you're prepared for all those, I mean, you can have plans and what I've seen with planning...and insurance companies will take a look at that and

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give you a risk assessment, and so you adjust, based on that risk assessment. You know, I think it's kind of like, "Well, that will never happen to us," feeling. And I think there's, kind of, wake-up calls that quickly, kind of, go away for places as well. So, I mean, I don't think that there is any plan that's going to be foolproof in that, so. [LB201]

SENATOR SULLIVAN: Um-hum. Okay, thank you. [LB201]

MATT BLOMSTEDT: Um-hum. [LB201]

SENATOR SULLIVAN: Any other proponent testimony? Anyone wishing to speak in opposition? In a neutral capacity? Senator Haar for closing. [LB201]

SENATOR HAAR: Thank you very much. And again, to summarize, I'll just repeat what I started with. LB201 addresses the fact that school districts are not, in particular, mentioned in the Emergency Management Act, which provides similar protections for other political subdivisions; want to bring them clearly under that umbrella. And that was my understanding when I took this on, that the schools are not clearly under that umbrella now, and they need to be, to protect the kids and get them back into the school. [LB201]

SENATOR SULLIVAN: (Exhibit 4) Okay, thank you. Any other questions? Thank you. This closes the hearing on LB201. We'll go right on to LB...oh, excuse me. We'd like to read into the record a letter of support for LB201 from John Skretta, superintendent of Norris Public Schools. Senator Haar. [LB201]

SENATOR HAAR: Thank you very much. LB323, I think I'd almost like to start with a letter from Mike Dulaney, and it explains the reason for this. After just going through an election like I did, I'm sort of glad there are term limits in place. But on the other hand, because of term limits, there is a lot of history that's not known. For example, my understanding is that, in two years, 22 members will be leaving the Legislature because of term limits. And so the history and the intent and the camaraderie, the relationships developed between senators is not...will not be there in the future as it has been in the past. And again, in that letter, it gives me the history. LB1059 in 1990 set up TEEOSA, and an important part of that was the creation of the School Finance Review Committee. That committee was then disbanded in 2002, due to economic crisis, and now we're back to the point, at least in my opinion, where we need that committee. The School Finance Review Committee...LB323 creates a committee to review the TEEOSA formula on an ongoing basis. I have an amendment, AM248, to address Speaker Adams' concerns about the makeup of the committee and his concerns about overlapping various levels of government. So in this case, in LB323 and the amendment, the committee would consist of: four members of the general public, appointed by the State Board of Education, one of which must be a teacher; four members who are school administrators, superintendents, or school district business

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officials, appointed by the State Board; one member from each class of school district, appointed by the State Board--Class II, Class III, Class IV, Class V; the amendment removes members of the Legislature, that is in the green copy; and a representative of the Governor's Office, appointed by the Governor; and the Property Tax Administrator, who is nonvoting. So this committee would be an ongoing committee to look at TEEOSA. The committee shall monitor the operation of TEEOSA and suggest needed changes in particular. Basic funding--these are all things we're talking about--allowances, instructional time, teacher education and so on, averaging adjustment, need stabilization, minimum levy adjustment, expenditures of districts, and all the things that go into the TEEOSA formula. The committee shall meet at least once annually. And on July 1, 2014, and every July 1 every two years, the committee would make a report to the Governor, the Legislature, and the State Board of Education on the progress of TEEOSA in effectuating property tax relief, broadening the tax base, equalization, educational opportunities for students, and the effect of budget limitations on district spending, those kinds of items, or whatever happens in TEEOSA during our term here in office and others. It would simply be a report, with recommendations, of course, a report made to the Governor, the Legislature, and the State Board of Education. Again, it's...the thing that I find very appealing about this: It adds some history to this whole process of people moving in and out of the Legislature so quickly. With that, I'd be happy to answer any questions. [LB323]

SENATOR SULLIVAN: Thank you, Senator Haar. You said that it was...the original committee was disbanded in 2002. Purely for economic reasons? [LB323]

SENATOR HAAR: Okay. And again, I'm...we were hoping to have Mike Dulaney here for the testimony. He wrote a 1,500-page dissertation on TEEOSA, which he said he will share with us if we're interested. (Laugh) [LB323]

SENATOR SULLIVAN: I'm reading that, by the way. [LB323]

SENATOR HAAR: (Laughter) Oh, good. I hope it puts you to sleep every night. In his letter, and that's what the basis...I have that now. It said, the committee was eliminated in the Second Special Session of 2012 (sic--2002) due to the economic crisis faced by the state of Nebraska. The elimination of the committee saved the state a few thousand dollars. [LB323]

SENATOR SULLIVAN: But do you know...oh, you said 2012? [LB323]

SENATOR HAAR: 2002 is what I meant to say. [LB323]

SENATOR SULLIVAN: Two. Okay, all right, okay, okay. [LB323]

SENATOR HAAR: LB41, yeah. [LB323]

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SENATOR SULLIVAN: Okay, all right. [LB323]

SENATOR HAAR: And again, it was...the bill was introduced a number of...several years ago by Senator Fischer, and it didn't survive, so. [LB323]

SENATOR SULLIVAN: Um-hum. And do you know what the original...and you may have mentioned this a little bit. But when LB1059 came into being, that's when this...the original committee was put in place. [LB323]

SENATOR HAAR: That's correct. [LB323]

SENATOR SULLIVAN: So do you know what their original intent was in creating it? [LB323]

SENATOR HAAR: Well, I'll give you a quote. [LB323]

SENATOR SULLIVAN: Because it was new. [LB323]

SENATOR HAAR: Yeah, it was new. In fact, one of the things that Mike says in his letter here is that...he says, LB1059 arguably represents one of the most remarkable feats of political achievement in the modern era of Nebraska history. It happened...it was a huge change in financing. And then this is, again, a quote: LB1059 required the committee to, quote, monitor the operation of the school finance provisions of the Tax Equity and Educational Opportunities Support Act and suggest needed revisions in the act. So that was to monitor it and to watch it and make recommendations. [LB323]

SENATOR SULLIVAN: Um-hum, okay. Any questions? Okay, thank you, Senator Haar. [LB323]

SENATOR HAAR: Thank you. [LB323]

SENATOR SULLIVAN: Those speaking as proponents for this bill. [LB323]

JOHN BONAIUTO: Senator Sullivan, members of the committee, John Bonaiuto, J-o-h-n B-o-n-a-i-u-t-o, representing the Nebraska Association of School Boards, the Nebraska Council of School Administrators, speaking as a proponent for the amended LB323. And having been around for the original School Finance Review Committee and then discussions about resurrecting this concept of having a representative group that would continually review and have a conversation about state aid, how it's working, and then reporting to the policymakers to see if there are adjustments that can be and should be made, you know, I think that having a group like this and getting input from different sized schools and different locations in the field, you might have a situation

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where, instead of having competing state aid bills, you might have a clear voice from the field about, here are the things that are important to us, and to be able to have a discussion about what's possible and what's doable. And so I think that's the purpose of this is to have that conversation on a regular basis. And knowing that the Legislature has a lot of things on your plate, this group would be responsible for looking at school funding and the formula and then talking to you. So I know that it would require a small expenditure, but I think people are going to be giving it their time. And it's an important conversation. With that, I will conclude my testimony. [LB323]

SENATOR SULLIVAN: Thank you, John. I'm trying to balance this idea with, well, just for example, what we did this summer. We had an interim study on the state aid formula. We had public hearings all across the state, had input from superintendents, from citizens, taxpayers, school board members. Could that accomplish the same thing? [LB323]

JOHN BONAIUTO: It would. Excuse me. [LB323]

SENATOR SULLIVAN: Would you want a drink of...can you give him some water, please? [LB323]

SENATOR SCHEER: One of the few times I've seen John speechless. (Laughter) [LB323]

JOHN BONAIUTO: Thank you. Senator, it really is that same concept involving the field in a different way... [LB323]

SENATOR SULLIVAN: Um-hum, um-hum. [LB323]

JOHN BONAIUTO: ...not knowing if, annually, you would be able to have that interim discussion. [LB323]

SENATOR SULLIVAN: Um-hum, um-hum, sure, okay. Thank you. Any other questions for John? [LB323]

JOHN BONAIUTO: Thank you. [LB323]

SENATOR SULLIVAN: Thank you. Welcome, Jon. [LB323]

JON HABBEN: Thank you. Senator Sullivan, members of the committee, I'm Jon, J-o-n, Habben, H-a-b-b-e-n, executive director of Nebraska Rural Community Schools Association. I think, toward the tail end of this original committee, I was serving on it briefly. And I remember that the group tried to step back and take a broader view than maybe they, as individuals, would have brought into the discussion. And I think that was

a very positive thing; hard to do, albeit, but a positive thing. I like this idea. Many of the people/superintendents that I've talked to like the idea of reinstating this because it takes what randomly occurs when people choose to come to an interim study hearing or this hearing or stop in to see their senator or make those calls; and it adds to that randomness a patterned, uniform process, which gets us back to developing a historical perspective on what happened and why it happened and allows that review process to say, you know, I...we believe that this was intended. Is what's happening this year matching what was intended? Or are there differences that we need to take into consideration that maybe should be changed? Or maybe there are recommendations for leave this alone, leave that alone. In other words, you get a review process rather than an "I'm testifying regarding my own circumstance" process. And I know that the people who served on the committee really made an effort to do a good job. They really made an effort to provide the information, and the department really made an effort to write reports that reflected that, and I think that was all very positive. I will tell you though that a report such as this can be placed on a desk and gather dust just as easily as anything else can. So you do have to keep that in mind that, if this is something that has the kind of merit that should become reality, this report should have meaning and should be reviewed as such. The only suggestion that I have about this, and I mentioned it to Senator Haar's aide just a minute ago, is when you talk about having representation coming out of Class V, IV, III, and II school districts, okay, you don't have very many Class IIs. How many Class IVs? How many Class Vs? Everybody else is a Class III. So my only suggestion for improving this bill would be recognizing the different sizes of schools that occur within Class III and considering that when you're looking at how many representatives or where the representatives should come from, because you can have a Class III school district with 250 students and you can have a Class III school district with several thousand students. So there is a significant difference across that continuum. But again, I think this is a very positive idea, and I'm pleased that Senator Haar brought it forward. And hopefully, you'll give it good consideration. Thank you. [LB323]

SENATOR SULLIVAN: Thank you, Mr. Habben. Would you say that one of the challenges, in addition to crafting the appropriate makeup of it, is finding those individuals who can step away from their respective positions and take that larger view? [LB323]

JON HABBEN: No question, no question. I think, in so many discussions, whether it be school business or anything else, you notice that there are people who are able to see not only their own circumstance, but they can step back and see something larger. Finding that person may not necessarily be easy. But I think, when you find those people, they not only bring that ability to the table, but they also get it reinforced while they're at the table by others with the same abilities. And I think that can be a very positive circumstance. [LB323]

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SENATOR SULLIVAN: And then along with that you have, perhaps, a group that can take the larger view. But just so, you've said, they don't produce a report that sits on a shelf, it's got to end up...either by makeup of the committee or where it eventually ends up, somebody will take the ball and run with it. [LB323]

JON HABBEN: Yes, certainly, no question. [LB323]

SENATOR SULLIVAN: And so does it beg the question of who should take responsibility for this? [LB323]

JON HABBEN: I think it does, and I think, you know, if we were to go back and read history honestly, there were times when the report maybe had favor with the people assigned to read it and look at it. And there were times when it may not have. [LB323]

SENATOR SULLIVAN: Um-hum. [LB323]

JON HABBEN: I think that's the human nature part. But yes, the report definitely needs to be in the hands of this committee, for example,... [LB323]

SENATOR SULLIVAN: Um-hum. [LB323]

JON HABBEN: ...whomever is on this committee. It needs to be in the hands of this committee. I think that's a critical component. And one interesting piece of the makeup of the committee is the inclusion of the Property Tax Administrator. I think that's really a good piece; not as a voting member, certainly, but as a nonvoting provider of information. That, the whole property tax issue, is a part of this discussion of TEEOSA. There's no question about that. And having that person on the committee to provide that information I think is...it's really a unique piece and, I think, positive. [LB323]

SENATOR SULLIVAN: Now I don't know...I don't see anyone out here from the Department of Ed. But can they and, maybe, do they now produce a report on TEEOSA? [LB323]

JON HABBEN: I'm not aware of one. So if there is one, it might be internal or something, but I'm not aware of one. [LB323]

SENATOR SULLIVAN: Um-hum, okay. Thank you. Any other questions? Thank you. [LB323]

JON HABBEN: Thank you. [LB323]

SENATOR SULLIVAN: Hi, Virgil. [LB323]

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VIRGIL HARDEN: Good afternoon. Again, Virgil Harden, V-i-r-g-i-l H-a-r-d-e-n, executive director for business for Grand Island Public Schools. And we, too, are in support of this process. You're fully aware, hopefully, of the work that Grand Island Public Schools and many other school districts across the state engaged in over the last nine, ten months concerning a self-regulated review process of TEEOSA. And we've given written documentation about those activities to this committee. As you consider this bill, the things that come to mind: I don't have any previous experience with the previous review committee that started back in '02 or was disbanded in '02. Really, my experience is just from this last summer and trying to work with my colleagues across the state to enter into a meaningful dialogue, hopefully, an open and honest dialogue, really, about what's working and what's not working and what can we change to make TEEOSA function better for all of the state of Nebraska. And so when I hear that the makeup of the committee is being amended by the introducer, that's an encouraging thing, because I think that is a better makeup. I would hope that you might consider more than...I think the bill talks about one meeting, or maybe that's just the minimum. I would hope that that would certainly be the case, that the concepts within TEEOSA, the mechanisms within TEEOSA are complicated, they take a certain amount of time to grasp, understand. And to just have one meeting, especially when you have some members of the public that don't deal with that on a routine basis, many more than one meeting would be necessary, in our opinion; so we would hope you would have enough meetings that the work of the committee would be meaningful, that the written report is certainly very important and who is responsible for that and where that goes, how it's disseminated to the education community. I hope it isn't just something that would be the privy of the committee or the department; that it would be sent out to all school districts on an annual basis, made available as a PDF on NDE's Web site, something to that effect. It should be an important document that's used as a tool as we all work together to move things forward. And so the only other thing I can think of is to specifically recommend that you might consider making the membership include members of the Nebraska Association of School Business Officials in that they work with the formula on a daily basis and they're the practitioners that have to implement the results of the formula. And we stand ready to be involved in that process and would encourage our inclusion. So with that, I'll end my comments. [LB323]

SENATOR SULLIVAN: Okay, thank you. Questions for Virgil? Every year I've been in the Legislature, particularly on the floor of the Legislature, I hear comments that the formula is broken, it needs to be reworked, or we need a new formula. Is a group like this the mechanism to do this? Or does it need to be broader? And then, it occurs to me, do we have a mechanism for looking even outside our state's boundaries and also thinking outside the box? I mean, I just would like your reaction to that. [LB323]

VIRGIL HARDEN: Well, I don't believe the formula is broken. I think the formula is necessarily complex to account for the uniqueness of the state of Nebraska. I mean, we have Omaha Public Schools and we have schools that have a few hundred students,

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and we're trying to account for the cost of delivery of education across that spectrum. So we need a formula that takes into account those things, that takes into account the resources of the local school district and the needs of the students, whether they're in poverty or they have ESL needs. I think, if you're...it sounds to me like the question is really thinking and contemplating about expanding the scope. It seems like, the way the bill is drafted, it's about, just look at what we do now. And your question, if I understand it, is: Is that broad enough in scope to the duties of the committee? And I would encourage you to continue along those lines because I think it would be appropriate. And that's kind of where I was going with the number of meetings and the work. It's hard work. It's going to take a dedicated team of people to be involved with and get involved with on a nationwide type...you know, what's best practices across the nation in school finance? That's a hard thing to get your hands around because, again, what we have is unique drivers and things that we face about our disparity in just the geographical size of Nebraska, the different size of school districts, how they're organized compared to Hawaii, who has one school district. You know, not everything will work just because it came from outside, but I think it's an important thing to include that scope as part of the duties of the committee. So I'm encouraged to hear you ask that question. I don't think the formula is broken at all. I think it needs to continue to be, hopefully, critically analyzed and use data to drive the decisions that we make on what we want the formula to do to incentivize or not incentivize school district behavior, as it comes to what we put in place that might drive our financing, and look at the formula as a distribution model that's fair and equitable and it helps every student in the state get a good, quality education. [LB323]

SENATOR SULLIVAN: Your comment about data, is that perhaps the first place to start? And my question to a previous testifier is: What's available that NDE could provide us, with respect to data about TEEOSA? [LB323]

VIRGIL HARDEN: The annual financial report is obviously a key piece in understanding how schools spend their money and what drives those expenditures. In most school districts it's somewhere close to the 80 percent of the mark of every dollar they spend is on salaries and benefits for their staff so, clearly, what we do with negotiations and what we do to encourage the comparability in that. And I think the changes in the CIR law that took place a couple years ago and are in effect now were good changes, moved us forward, gave us a better time line. And it's a little nerve wracking to try to negotiate and be done with that before state aid. But we could have stood back and said, well, we'll just wait, but we really felt, you know, let's go ahead and move forward. And so we'll see where we land on that. But at least that's what occurred in Grand Island. I know other districts are holding back, but that's my thinking in that regard. [LB323]

SENATOR SULLIVAN: Okay, thank you. Anything else? Thanks for your testimony. [LB323]

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VIRGIL HARDEN: Thank you. [LB323]

SENATOR SULLIVAN: Anyone else on LB323? Welcome. [LB323]

LARRY SCHERER: (Exhibit 1) Thank you. Thank you and good afternoon, Senator Sullivan, members of the Education Committee, and staff. It's a pleasure to be here. Again, I'm Larry Scherer, L-a-r-r-y S-c-h-e-r-e-r, with the Nebraska State Education Association. And we support this bill as a way to take in ongoing, long-range, hopefully, objective look at TEEOSA, and to see what's working and what could work better. I don't know that I have that much to offer in addition to what's been said already, but I would...from a standpoint of history, when LB1059 was enacted, there was something called a School Finance Review Commission, which was set up a year beforehand, and it worked to create the formula. It had many of the people on it that were on the committee that followed, and I think there was a real interest. Those people staked their political careers, to a large extent, on making this work. And they overcame a gubernatorial veto and an election referendum, and the bill lasted. And I think it's developed quite a purpose for equalization and, you know, keeping a broad and strong tax base for public schools. So I think that was the reason that those people thought it was important to have that. You have Senator Withem and Senator Moore who, you know, wanted to see that what they did worked. And they were around for a while and they watched it very close, as members of the Legislature. I think their belief was that it took something ongoing to look at it. This obviously isn't a substitute for what the committee does during the interim. I think it, as Virgil was saying, it's more of something that could be done that works with the department and the data on a technical standpoint. And also it, you know, hopefully, will get some people that will take the broader view. That isn't easy to do and, as everybody has an interest, NSEA has an interest in parts of the formula as well. But that isn't why we're here. It's to see that the formula continues to work. It does a lot of good for the state of Nebraska and just wanted to see it keep working. So I won't belabor the point. I think it's a good idea and, hopefully, the committee can craft it in a way that they would see it's a good idea also. [LB323]

SENATOR SULLIVAN: Thank you, Larry. You have the institutional background. You were here during LB1059, and then, subsequently, saw how the committee worked. [LB323]

LARRY SCHERER: Um-hum. [LB323]

SENATOR SULLIVAN: Can you respond to how functional it was? And did that group work on a good level? [LB323]

LARRY SCHERER: I think it did on specific issues, when it had a specific topic to look at. There is a tendency for any group to, sort of, become perfunctory if it doesn't see

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that its work is important. There is also...I think there was a question about, do we want an entity created that will tell us, you know, the Legislature, how to do our job? And so there's always sort of that resistance to that. The process of getting input, I don't see that group being and gathering in from the public, really. They should have the public perspective working on it, but that's something that this committee can do through its interim hearings. [LB323]

SENATOR SULLIVAN: Um-hum. [LB323]

LARRY SCHERER: I think, when the committee was discontinued, there was a combination of, you know, budget and, you know, there's reports that are coming out that weren't really paid that much attention to. And, you know, Senator Raikes was a very practical person and just thought, well, you know, why do this if we're not using it? [LB323]

SENATOR SULLIVAN: Um-hum. [LB323]

LARRY SCHERER: And so I think that...one suggestion I guess I'd have to make it more workable would perhaps be to have, as opposed to an electronic report--they're even easier to disregard than written ones, for some people--but to have, actually, a meeting of the committee, some sort of an annual event where the committee meets with the group and bounces ideas around, whether that's, you know, in the fall or whenever, and also, you know, some commitment to take their recommendations and seriously consider them. And I know, you know, you can't put that into statute. That's something that just has to become a practice. But the annual meeting might work. [LB323]

SENATOR SULLIVAN: Um-hum, thank you. Any questions for Larry? Senator Avery. [LB323]

SENATOR AVERY: Thank you, Madam Chair. I'm curious as to whether that committee that was dissolved actually had a budget. [LB323]

LARRY SCHERER: There was, I believe, an appropriation for meetings, expenses for meetings. I think there may have been some appropriation for staff or for data generation. It cost the department some time and expense to make computer runs, and they could be doing other things or they're understaffed, probably, the way it is. So, you know, in my mind, the expenses of meeting and the data are things that would be important to have. And I don't believe it was too large of a budget, Senator, but it was...there was a small budget. [LB323]

SENATOR AVERY: Yep, they're anticipating about \$6,000. [LB323]

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LARRY SCHERER: Right, right. [LB323]

SENATOR AVERY: You know, I sometimes think that we have too many of these committees and commissions and boards. And every time we try to close them down, somebody says, oh no, we can't live without that, because they all come through the Government Committee when you're going to close these commissions. [LB323]

LARRY SCHERER: Um-hum. [LB323]

SENATOR AVERY: And we find that, even though they haven't met for four years, they have no accomplishments, some of them haven't met for decades, they still have a constituency. [LB323]

LARRY SCHERER: Um-hum. [LB323]

SENATOR AVERY: They still have a constituency, and I just marvel that this actually was dissolved. (Laughter) [LB323]

LARRY SCHERER: I think it was offered up, yeah. [LB323]

SENATOR AVERY: And I would note that we had an interim study this past summer on TEEOSA. [LB323]

LARRY SCHERER: Right. [LB323]

SENATOR AVERY: I thought it was a good interim study. We got good information and we spent a good amount of time talking about things that were important in the formula. [LB323]

LARRY SCHERER: Um-hum. [LB323]

SENATOR AVERY: So I guess I don't care that much about whether we have another review committee, but I'd like to know more about what the expectations are. [LB323]

LARRY SCHERER: I think it's to take a broader viewpoint of...rather than the interest of small schools, nonequalization schools, large schools, it's to look at the system overall. Does it work? Is it effective? Is it doing what you as legislators want it to do? Is it producing equality or equity in educational opportunities or not, or what else could be done? So those types of things school districts and administrators and boards do have a very important role in. But they tend to view it, you know, somewhat from their perspective. Everybody does. So the, in my mind, just having one entity that can take the larger view, the longer view, is it's important. [LB323]

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SENATOR AVERY: I just...I'm concerned that this might be administrative doodling or tinkering that may not lead it to anything. [LB323]

LARRY SCHERER: Um-hum. Well, I think, if it doesn't, you know, it shouldn't... [LB323]

SENATOR AVERY: Dissolve it, right? (Laugh) [LB323]

LARRY SCHERER: Dissolve it, yeah; and, you know, there's that possibility. [LB323]

SENATOR AVERY: It's remote, believe me. [LB323]

LARRY SCHERER: But I think if the committee wants it to work, it can work. [LB323]

SENATOR SULLIVAN: Um-hum. Okay, any other questions for Mr. Scherer? Thank you, Larry. [LB323]

LARRY SCHERER: Thank you very much. [LB323]

SENATOR SULLIVAN: Any other proponent testimony? Anyone wishing to speak in opposition? Or in a neutral capacity? Senator Haar to close. [LB323]

SENATOR HAAR: Thank you very much. Is the TEEOSA formula broken? I don't think so. But can it be improved? I believe so. Is it too complex? Well, Einstein said: things should be simple but not too simple. And I think that's true of any kind of funding formula. Would this be a substitute for the Education Committee? Certainly not. It would be another aspect of looking at school funding. Summer studies are still useful, when you go around and listen to people. I have spent so many hours studying TEEOSA. I don't know how many times I've read "TEEOSA 101," (laugh) and I'm starting to get it, starting to get it. And I wish that this kind of understanding could somehow...without the biases, because I have biases, obviously, but the understanding without the biases could happen. And I see...as I was meeting with people this summer, various people, this idea came up that this had been in existence. And it really appealed to me because, again, this whole deal of with term limits, we're coming and going so quickly and there's so much to be learned. Certainly, the personnel of this would be absolutely crucial, people that can take a broad view and not just come to a hearing and say...you know, because we should expect people to come to our hearings with their own interests in mind. But this would be a committee to look at things with broader interests in mind, to give a long-term view which, in some ways...you know, and in 2002, when this was dissolved, we didn't have term limits yet, and there were relationships that had built over years and knowledge that had built over years. And we really don't have that anymore, and I think it's worth another try at this committee. Maybe someday, when I'm off the Legislature, they'd even invite me to be a part of the committee. I don't know. (Laughter) So with that, if you have any further questions, I'd be happy to answer them. [LB323]

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SENATOR SULLIVAN: Any questions for Senator Haar? Thank you very much. [LB323]

SENATOR HAAR: Thank you so much. [LB323]

SENATOR SULLIVAN: (Exhibit 2) This closes the hearing. Oh, by the way, I would like to offer, in support of...Senator Haar referred to it. But Mike Dulaney, executive director of the Nebraska Council of School Administrators, submits a written letter in support of LB323. [LB323]

SENATOR HAAR: Yep, thank you. [LB323]

SENATOR SULLIVAN: Um-hum. This closes the hearings for the day. Thank you very much, everyone, for attending. [LB323]