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Education Committee
February 11, 2014

[LR421CA LB1059 LB865 LB1101 LB1068 LB1070]

The Committee on Education met at 1:30 p.m. on Monday, January 27, 2014, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LR421CA, LB1059, LB865, LB1101, LB1068, and LB1070. 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: Good afternoon, everyone. I think we'll get started. Welcome to the Education Committee. I'm Senator Kate Sullivan, Chair of the committee and representing District 41 from Cedar Rapids. I'd like you to meet the other members of the committee. To my immediate right is the Vice Chair of the committee, Senator Jim Scheer of Norfolk. And to his right is Senator Rick Kolowski from Omaha, the Millard area. To my far left is Senator Bill Avery of Lincoln. To his right is Senator Tanya Cook from Omaha, and to her right is Senator Les Seiler from Hastings. We're missing Senator Ken Haar from Malcolm. I think he'll be joining us later. And Senator Davis from Hyannis may be but I know he's got his hands full with a bill in another committee which might the case with Senator Haar as well. To my immediate left is one of the legal counsels for the Education Committee, Tammy Barry. And to my far right is Mandy Mizerski, our able-bodied committee clerk who makes sure that we have an accurate record of the hearings. We also have helping us a page from Norfolk, Nate Funk, who's a student a UNL. He'll be helping us for a while. After which, he'll be joined by Tyler Zentner of Cedar Rapids who's also a student at UNL. Today we have a full docket, six different bills that we will be hearing. And I believe the numbers and content of those bills were posted at the entrances of this hearing room. If you are planning to testify, we'd ask that you pick up a green sheet that is on the tables at either entrance. And if you do not wish to testify but would like your name entered into the official record as being present at hearing, there's a form on the table to do that as well. And that will be made part of the official record. Regarding the green sheet, we'd ask you to fill that out in its entirety before you testify. Please print. And when you come up, give that green sheet to...the sign-in sheet to the committee clerk. If you do not choose to testify, you may submit comments in writing and have them read into the official record. But please let us know that that is your intent. And if you have handouts, we'd ask that you have 12 copies. And give those to the pages when you come up to testify. And when you come up to testify, we ask that you speak clearly into the microphone. Tell us your name, and please spell both your first and last names, again, to ensure an adequate record. And please, if you have cell phones or pagers I'd ask that you please shut those off now so as not to distract or detract from the testifiers. The introducers will make...for the bills will make the opening statements, and they aren't bound by any time limitations. However, all the testifiers will be. We're using the light system today. And we will go with proponents, then opponents, followed by neutral testimony. And closing marks are reserved for the introducer. So regarding the time limit, regarding five-minute testifying on each bill, the amber light will come on when you've got about a minute left. And then

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when the red light comes, you should end your testimony. So I think that takes care of our housekeeping details at this time. And so we will start with LR421CA being introduced by Senator Lautenbaugh. Welcome. [LR421CA]

BRENT SMOYER: Thank you, Madam Chair, members of the Education Committee. I am, again, not Senator Lautenbaugh. My name is Brent Smoyer, B-r-e-n-t S-m-o-y-e-r, with Senator Lautenbaugh's office. I do recall on the floor this morning he did say he had to be in Omaha for a hearing in front of the city council that had been postponed a number of times. And so he does apologize for not being here. He promises it's nothing against the committee at all. He does...and of course, it's nothing against his bills. He very much is in favor of these seeing passage and seeing the floor. It's just unfortunately sometimes life does get in the way. So I do send his apologies. And you get--as I was telling Senator Seiler earlier--you get me as the Tommy Armstrong to Scott Lautenbaugh's Taylor Martinez. [LR421CA]

SENATOR SCHEER: So is this a Hail Mary? [LR421CA]

BRENT SMOYER: (Laugh) You know what? I'm not quite a Kellogg guy, so probably not. My arm isn't that good. I keep these introductions short and sweet because the bills do speak for themselves. In this case, LR421CA would basically change the current construction of the Department of Education by removing the elected Board of Education and replacing them with an appointed education commissioner, which the appointment of course goes through the traditional legislative process: picked by the Governor, vetted by the Legislature, etcetera. A number of states--actually, over half the states in America do this. Senator Lautenbaugh felt that it would help to increase local control. Of course, we do have our local school boards, and they do want their abilities as oftentimes--again, going back to yesterday's testimony--folks are confused as far as who they need to go to regarding various policies and procedures within the school system. So Senator Lautenbaugh felt by having a single commissioner to sort of regulate and unify policy among the local school boards, it would provide greater local control and allow folks to know exactly who to contact when they had a concern about their school system. With that, I could certainly again take any questions as far as construction or intent. But it's fairly straightforward. [LR421CA]

SENATOR SULLIVAN: Thank you, Mr. Smoyer. Questions? Senator Scheer. [LR421CA]

SENATOR SCHEER: Thank you. Welcome again. You're not replacing the Board of Education. You're removing it with an appointed commissioner. Assuming that would replace the communication level between local districts and patrons and what the state effectively does, I've got to tell you, I don't think one person could answer the phone enough to replace the eight board members, let alone do the commissioner's work as well. So I'm wondering if you may have refined it a little too much in relationship to

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having a local representative that is available regardless if you wanted to appoint them or if they were elected to the extent that with Rule 10 changes or any of the rule changes that will affect local school districts, more times than not they have questions about that and from my perspective I'm not sure that the commissioner is always the one that's going to be available to answer those questions, at least on a consistent basis. [LR421CA]

BRENT SMOYER: Well...sure, sure, Senator, and I do believe, you know, there was considerations that there may have to be some staffing...additional staffing and staffing changes to the Department of Education. You may need to add a few more legal counsels. I do...I noticed Mr. Halstead was sitting in the room here earlier. I figured he probably couldn't handle it all by himself, as well as the commissioner. So I do think there would be some associated changes. I do believe the senator envisioned that as well. But I think he felt that having one decision maker versus the current board would be a slightly more--I'm not going to say convenient but more expedient process in trying to get policy decided and pushed forward to help the local school boards. Again, you know, this is just kind of his overall war on government bloat and the overabundance of elected officials. So again, I think he did envision that, but he felt that the accountability factor of one person was very helpful. [LR421CA]

SENATOR SCHEER: Okay. Thank you, Senator. [LR421CA]

SENATOR SULLIVAN: I assume that you've, in preparation for this bill, I think you mentioned that you've seen what other states are doing. Can you shed a little more light on that just in terms of the logistics in how they administer it and coordinate some of these, what might be statewide efforts for education? [LR421CA]

BRENT SMOYER: Sure. Well, for lack of a better term, Madam Chair, it's really a miniaturized version of the federal design. You know, you do have your federal education czar, education commissioner. I'm sorry, the words are escaping me here. And then they trickle down the policy to the various school boards and through their staffs. The idea is to...essentially, by the appointment they're accountable to the governor and of course to the legislature that assisted in appointing them. And then of course, with any issues that the public has, they could either take it to their local school boards or to their governor or legislators because they were, of course, picked through that...the commissioner was again, picked through that appointment process. So the accountability comes with the current elected officials being responsible for who was appointed. And should the commissioner fail their duties, as has been the case I believe...I think most recently six years ago in Iowa. They jettisoned their education commissioner in favor of another, was in of course to move things forward and better advocate for education policy. [LR421CA]

SENATOR SULLIVAN: Okay, thank you. Senator Cook. [LR421CA]

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SENATOR COOK: Thank you, Madam Chair, and thank you, Mr. Smoyer, for coming back to see us. My question is related to the ballot language that is included in Section 2 of the green copy. [LR421CA]

BRENT SMOYER: Yes, ma'am. [LR421CA]

SENATOR COOK: "A constitutional amendment to eliminate the authority of the State Board of Education to issue revenue bonds..." etcetera. So we're eliminating the references and that duty. Where would that responsibility go? Or have you contemplated that far? [LR421CA]

BRENT SMOYER: The intent was for that responsibility to revert back to the Legislature...of course, the elected body, the elected officials. [LR421CA]

SENATOR COOK: For each of the 249 school districts? [LR421CA]

BRENT SMOYER: Well, yes, essentially. [LR421CA]

SENATOR COOK: Okay. [LR421CA]

BRENT SMOYER: I mean...and again, that language is always open for tweaking and discussion. Again, when we bring a green copy to committee, I think we all acknowledge that there would be some input. And, of course, if the Education Committee felt it was appropriate to alter that, it's entirely within your purview. And I know Senator Lautenbaugh would happily accept any suggestions. [LR421CA]

SENATOR COOK: Thank you. [LR421CA]

BRENT SMOYER: Thank you. [LR421CA]

SENATOR SULLIVAN: Senator Scheer. [LR421CA]

SENATOR SCHEER: And I apologize, what did you say as far as the number of states that do not have a state board of education? [LR421CA]

BRENT SMOYER: And I apologize, I left my notebook in the office. But there is over 25 states that have appointed commissioners that handle. [LR421CA]

SENATOR SCHEER: Well, they would have appointed commissioners. [LR421CA]

BRENT SMOYER: Yes. [LR421CA]

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SENATOR SCHEER: They also have appointed boards as well. So I don't want to confuse the issue. [LR421CA]

BRENT SMOYER: I'm sorry. I apologize, Senator. [LR421CA]

SENATOR SCHEER: The vast majority of them may have an appointed commissioner, but they also still have an appointed board... [LR421CA]

BRENT SMOYER: But they have appointed not elected. [LR421CA]

SENATOR SCHEER: ...that has the local flavor and responsibility for those areas they're appointed from. So that's why I was trying to get... [LR421CA]

BRENT SMOYER: Right. Sure. [LR421CA]

SENATOR SCHEER: ...from your vantage point where you were going because you've sort of...you serve the one level that truly most states do still have. They may be appointed, but they still have a board that is representative of a certain area. [LR421CA]

BRENT SMOYER: And I do apologize. I may have glossed over that initial point. But again, I think the relationship that most of the school districts have in Nebraska...I mean, there is a vast amount of communication, especially given the educational service units. I do know that this is kind of where the senator was approaching it from is the amount of communication we already do have in many ways. [LR421CA]

SENATOR SCHEER: Okay. [LR421CA]

BRENT SMOYER: But I do apologize, Senator. I did kind of gloss over that and was...I will blame that on a blond moment if I may. [LR421CA]

SENATOR SULLIVAN: Thank you, Mr. Smoyer. Senator Kolowski. [LR421CA]

SENATOR KOLOWSKI: Thank you, Madam Chair. Brent, thank you again for your work this morning...this afternoon and appreciate that. Yesterday and today you mentioned the confusion on the part of the public as to what level to call or who to call where about an educational question or be it NRD board or ESU board or their state and local...State Board of Education or their local school district. I haven't had that situation happen to me in all my years in education. Usually, if there is any knowledge of something in a district--district X, whatever it is--they know the school board always to call and to get an answer on the that. And if it is a question that would have to be bumped up to another level or whatever else, I just haven't had...that would happen, but I just haven't the sense or the feel that there's a lot of confusion on the part of voters as to levels you're talking about. We have a lot of different elected officials. And that does completely fill a

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ballot. There's no question about that. But you know, NRD work is NRD work. I don't know how many people called ESUs. That's another question that might not be...it might not be very much traffic in that sense unless there's a direct service to their child that they wanted to ask about through the school district. But I just don't feel there was...would you respond to this as far as... [LR421CA]

BRENT SMOYER: Oh, certainly. [LR421CA]

SENATOR KOLOWSKI: ...how many phone calls you've had or how your patrons consider that? [LR421CA]

BRENT SMOYER: Sure, certainly. And Senator, I believe...and I cannot fully speak for Senator Lautenbaugh as far as the amount of communication he's had on a personal level. I do know he likes to hand out his cell phone which certainly makes it tougher for me to track when they're calling him on his personal cell. But I do know that there was concerns, of course, going back to the OPS issue in changing the size of the board, etcetera, because people did not know necessarily how responsive that the board could be or who to contact. And I know most recently, at least phone calls we've been getting around our office and that have been kind of on the forefront, is discussion of Common Core. They don't know...you know, some folks have an opinion one way or another on the program and don't know whether they take that to the State Board, whether they take that to local boards, who they talk to about their feelings regarding Common Core. You know, the Legislature and, of course, I mean, I think we all have a hand in that program necessarily if it does come to be. But I think in the end people are just not sure who to voice that opinion on. And that would be the most recent example of something that folks are having trouble. [LR421CA]

SENATOR KOLOWSKI: So you're advocating then...Senator Lautenbaugh is advocating a move away from what has taken place in the past for the most part because in compared to OPS, everyone is at large and see where they come from. Those who have the money, those who have the capability to run a good campaign may all come from a square mile in the district because they have the ability to do those things. And the rest of the whole city could be wide open and no representation. We've gone to districts in almost everything because of that desire to have equal balance. Would you respond to that? [LR421CA]

BRENT SMOYER: Well sure, and I guess I don't know if that was any...necessarily a change that was contemplated. I think...I guess in looking at the impetus behind this constitutional amendment for Senator Lautenbaugh, it was simply that, I guess in the case again, in Common Core, as opposed to then trying to hunt down your state school board member, etcetera, you could either call the appointed commissioner, or in this case even the Governor because, of course, he's in charge of appointing that commissioner. Or more importantly, and I think the goal he was really trying to put

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forward is, then you'd contact your local school board because your local school board is the one that's going to have that voice to the upper level. And so it kind of gives a...I'm not going to say more power to that local school board, but it certainly gives them a voice that can be heard through the din a little easier. [LR421CA]

SENATOR KOLOWSKI: Okay, thank you. [LR421CA]

BRENT SMOYER: Yes, sir. [LR421CA]

SENATOR SULLIVAN: Any other questions for Mr. Smoyer? Will you be here for closing? [LR421CA]

BRENT SMOYER: I will not, but I will certainly be here for the reintroduction of the next one. So I suppose that...I really don't know if there really is much to close on, ma'am, unless you guys would have questions which I would be happy to take after the rest of the proponents and opponents speak up. [LR421CA]

SENATOR SULLIVAN: All right. Thank you very much. [LR421CA]

BRENT SMOYER: Thank you. [LR421CA]

SENATOR SULLIVAN: We'll now have proponent testimony on LR421CA, proponent testimony. Anyone wishing to speaking in opposition? Welcome. [LR421CA]

RACHEL WISE: (Exhibit 1) Good afternoon. My name is Rachel Wise, Rachel R-a-c-h-e-l, Wise W-i-s-e. Thank you for allowing me the time to give opposition to LR421CA. I represent District 3 on the State Board of Education which is a part of northeast Nebraska. And in some respects, the State Board of Education's opposition to LR421CA may appear to be self-serving. But I think it's important that we think about the view our current board members, former board members would say when we talk about this particular issue. This really isn't about us as elected officials. It's about what we believe is a voice that we provide for the students in Nebraska. We believe this is about keeping education in the hands of our citizens at a local level and subsequently at the state level. As State Board members, we represent eight different geographic locations and regions. As regionally nonpartisan elected officials, we provide two benefits that I briefly want to mention today. I think those benefits that are important to consider is the broad diverse view of the needs of students, families, and communities that we bring to the board. And we provide vision and continuity in educational policy and role making. We have submitted some written testimony that I think has been passed out that I want to highlight just a few minutes. And then also turn it over to our commissioner who will talk about some of the areas as well. I think the first piece that you'll see in the written testimony is understanding the history of the people's voice. We start with a history in an elected office of State Superintendent, and that has continued

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with history that transitioned into, in 1952, the election of State Board members. We have a responsibility relative to duties that Commissioner Blomstedt will talk a little bit about in more detail. But we really...our fundamental responsibility is the "general supervision and administration of the school system of the state and of such other activities as the Legislature may direct." We understand your role, and we appreciate your role and the leadership that you are providing as well as you move forward with visioning processes and in thinking about the legislative responsibility that you have to guide education in Nebraska. We think that the eight districts provide fair representation statewide and provides that voice. As a part of our vision, we have identified three goals that we currently are working on, and we're excited about the vision that we have aligning with the vision of the Legislature. Our first vision is a focus on improving achievement outcomes for all students. I think we would all concur that's an important overriding vision and responsibility that we have. A couple of the areas that are important to that vision are the work that we've done in standards and assessment. Again, that work that we've done was guided and directed certainly by the Legislature, but I think the rule making and the implementation processes are the role that we as a State Board have been vital in making and implementing. Our next area of vision and goal is to improve and support state and local accountability. We have been functioning for many years with two accountability systems: a federal system and a system in Nebraska that maybe wasn't a thorough accountability system but more of a ranking system. We're excited about the opportunities that LB438 may provide in helping us craft and define an accountability system for Nebraska that may address both our needs at the state level and meet some of the federal expectations. Our next area is to improve communication and collaboration with policy partners. We do think that's an important role that we play that we need to continue to work on. And that's to reach out to our policy partners, to have dialogue and communication, and to work together to meet the needs of the youth in this state. And I think that's a common goal that we share. Thank you for giving me this opportunity, and I'd be happy to answer any questions. [LR421CA]

SENATOR SULLIVAN: Thank you, Mrs. Wise. Any questions for Rachel? All right, thank you for your testimony. [LR421CA]

RACHEL WISE: Thank you. [LR421CA]

SENATOR SULLIVAN: Welcome. [LR421CA]

MATT BLOMSTEDT: Good afternoon. I'm Matt Blomstedt; last name is B-l-o-m... [LR421CA]

SENATOR SULLIVAN: Your green sheet. [LR421CA]

MATT BLOMSTEDT: Oh, ma'am, sorry. I should know better, on-the-job training. Matt

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Blomstedt; last name is B-l-o-m-s-t-e-d-t. I'm the Commissioner of Education. I just want to reiterate a few points. And what we handed out to you has quite a bit of information about the history of the department, how we came to have a State Board of Education, a little bit of that outlined what the duties and responsibilities really are, and actually how ingrained the Department of Education is and the State Board is relative to the education system of the state of Nebraska. And so within that, you'll see how many different statutory references may exist, how many different programs and processes exist that are actually ingrained in the whole system. And quite frankly, I wanted to kind of give you a little bit of a historical perspective. There was a Superintendent of Public Instruction before we...that was our process that we had before. And we actually had a Department of Public Instruction that existed before the State Board of Education. At that time, they spent many years examining what the structure ought to look like, why we needed a State Board, and honestly, I don't think it's terribly different. And I'm just going to use one quick bullet point or a list of things that they identified at that point in time. They said that the State Board of Education and an appointed commissioner, as it was proposed, would act as a planning agency and provide leadership for various aspects of the state's educational enterprise. It would assist local school administrative units in the solution of their educational problems. It would act as the coordinating agency for all educational activities throughout the state. It would be used to determine the effectiveness of the state program of education. It would actually direct research activities as necessary to the solution of educational problems as they arise. And it would provide supervision for all activities and services operating within the state which are primarily educational in character and which must operate in or through the public school system. And quite frankly, if you look at that list, these were visionary folks at that point in time that looked at what the state system needed to be. They spent time, many years actually, identifying that. There's one more point that I think is worthy of noting. And that's actually a point that they were considering why they needed an elected State Board of Education. And here's the point that they made at that point. The effectiveness which a board of education could give state school administration would certainly offset greatly any danger of federal encroachment upon the state's responsibility to education or the principle of local control as now enjoyed by school districts. And I think the points that Mr. Smoyer made about this model actually starting to look like the federal government, I'm very concerned that we would start to look at a model relative to how that functions. Quite honestly, elected board members serve as the voice of...as they represent areas of the state, they represent the voice of school districts. They represent ultimately the voice of students in their respective areas. As I look at it from our position, I don't know how we would accomplish that underneath a structure that would be so isolated and perhaps so political. I do worry. One of the points that they made at the point in time of having an elected State Board was there is actually testimony by the Superintendent of Public Instruction at the time, which was a guy by the name of Freeman Decker. And he actually said, and this was in minutes from March 20, 1951, basically, in an Education Committee hearing. And basically, they summarized his points as such; they said, Freeman Decker, State Superintendent, feels

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that he has too much authority in establishing policies. This was the elected Superintendent of Public Instruction at that point in time realizing that we actually needed a board to manage the education system and to provide reasonable leadership for the state. I don't think that that's particularly changed at this point in time. I do think that we have to provide leadership. I do look at things like our accountability system. There are things that we have to do in response to things that are happening at a federal level. And some of those things are good. Some of those are well intended. We need to look at achievement results from students in order to actually effectively go in and provide a program of school improvement for the future. We're going to have to do these things. It's going to take all of us quite frankly. And one of my concerns at this point in time, taking this job on at, you know, at a point in time where we have term limits in place, where we have a point in time where we're going to have leadership transition, is we have to be able to stabilize the environment for public education. We can't let these massive political swings continue to undermine what we do in our education system. And quite frankly, that's what I'm...I hope that's what the job of the State Board of Education is. I hope that's what the job of the Commissioner of Education. But quite frankly, I think it's all of our jobs to ensure that that's the future and that we actually move us forward. I, again, appreciate the vision process. It gives us a chance to be able to have more of these conversations. And I very much look forward to having those with you. So any questions? [LR421CA]

SENATOR SULLIVAN: Thank you, Dr. Blomstedt. Any questions for him? All right, thank you for your testimony. [LR421CA]

MATT BLOMSTEDT: I took five minutes I think. [LR421CA]

SENATOR SULLIVAN: Welcome. [LR421CA]

JAY SEARS: (Exhibit 2) Thank you. Good afternoon. Madam Chair and members of the Education Committee, for the record, I'm Jay Sears; that's J-a-y S-e-a-r-s, and I'm here today representing the 28,000 members of the Nebraska State Education Association. NSEA is opposed to LR421CA. The State Board of Education and the Nebraska Department of Education were established by the voters of Nebraska in a constitutional amendment in 1952. They've been constitutionally mandated bodies ever since. The State Board, the Commissioner of Education, and the Nebraska Department of Education have served the needs of Nebraska's citizens admirably during this time and have stellar reputations on the national scene for doing things the Nebraska way. The State Board has set education policy and the commissioner and department have provided excellent educational leadership in carrying out that policy. Compared to other agencies of Nebraska government, the Nebraska Department of Education, the commissioner, and the State Board have served as a model of responsive government. They are efficient. They are effective, and they are responsive. Nebraskans don't need another government bureaucracy that only reports to one elected official. That State

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Board members, all eight of them, are responsive to their constituents. They meet with citizens in their respective districts. They provide open communication and opportunities for all citizens to comment on proposed rules, policy, and regulations. Turning the department into a code agency will not improve the efficiency and the effectiveness of the department, nor will appointing the board members make them more responsive to the citizens. In fact, it will likely make them less responsive to citizens, and will most likely consolidate the political power of one elected official. That is contrary to what Nebraskans expect, local control of their government. There's an old adage: If it ain't broke, don't fix it. Please excuse my English. My English teachers would be upset. But it is in quotes. The Education Committee and the Legislature would be wise to follow this adage. Thank you for the opportunity to testify. [LR421CA]

SENATOR SULLIVAN: Thank you, Mr. Sears. Any questions for him? Thank you for your testimony. [LR421CA]

JAY SEARS: Thank you. [LR421CA]

SENATOR SULLIVAN: (Exhibit 3) Any further testimony in opposition? Anyone wishing to speak in a neutral capacity? I would like to read into the record that we have received a letter in opposition to LR421CA from John Bonaiuto representing the Nebraska Association of School Boards and the Nebraska Council of School Administrators. With that, we'll close the hearing on LR421CA and go on to the next one, LB1059, again being introduced by Senator Lautenbaugh in absentia. (Laugh) [LR421CA]

BRENT SMOYER: My apologies, Madam Chair, for having to run in and out. I'm kind of a one-man office at the moment. So it kind of is what it is I suppose. Again, Brent Smoyer, B-r-e-n-t S-m-o-y-e-r, here to present on behalf of Senator Lautenbaugh. Thank you for having me, Madam Chair and members of the committee. LB1059 quite simply again is a continuation of the...it's the same song, second verse, same as the first, I believe is the...okay, I just messed that up completely. Anyway, continuation of Senator Lautenbaugh's take on trying to remove some of the elected official bloat, again, in this case associated with education. In the case of the Learning Community Coordinating Council, Senator Lautenbaugh felt it was appropriate to have each of the superintendents who were in charge of the member districts to serve as that coordinating council. In his mind and in his thinking it was that these superintendents of the member districts knew best what their districts needed to succeed. Again, it comes from their personal knowledge, their personal backgrounds, and the fact that they do work every single day with those districts, with their resources, with their teachers and are able to best advocate for that school district hence the reason he made that change from...or was requesting that change in LB1059. [LB1059]

SENATOR SULLIVAN: Thank you, Mr. Smoyer. I guess maybe this is a question with respect to all of the bills that he's been introducing with...as you say, to address the

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bloat in government. [LB1059]

BRENT SMOYER: Yes, ma'am. [LB1059]

SENATOR SULLIVAN: I'd like maybe you to comment on that a little bit more in terms of, is it bloat in government or is it simply giving more voice to people? So a little bit more explanation on that. [LB1059]

BRENT SMOYER: Certainly. And I do apologize for oversimplifying it into bloat in government. A greater sense of transparency, a reduction in the...what Senator Lautenbaugh, I've heard him refer...and this I can actually say, refer to as a glut of elected officials. Again, I go back to the citation of over 160-some ESU board members, 66 community college board members. The amount of elected officials, the layers of elected officials that people have to go through to actually find the proper answers are what really got under Senator Lautenbaugh's skin. Again, as I referred to Senator Kolowski in his question about folks looking for answers on Common Core, I mean they were calling virtually everybody but the dog catcher to try and find out what it was about and then have their voice heard either yay or nay, in favor or opposed. And so I believe Senator Lautenbaugh just wanted to try and simplify that. So when I say, bloat, I just mean the kind of layers that the public has to cut through to get an answer or get their opinion heard in one way or another. I know in the Legislature we're very fortunate in that we have this committee process. Folks can come here and have their voice heard and know that their legislator is listening and the issue on the table is exactly what they want to address. Unfortunately, in the case of smaller boards, especially further out west, it's a little harder to get ahold of these folks and get that opinion heard. So I guess it's not so much bloat but just a number of elected officials that make it difficult for the people to have their voice. So I would say, Senator, you are very right in your encapsulation of what Senator Lautenbaugh is trying to do. And again, this was not strictly for education alone. I know the NRD portion, sadly, the property tax portion on that made it a little more difficult. But I do know he was looking at NRDs. He looked at various elected county officials such as county engineers, assessors, etcetera, that were possibilities of appointment given the fact that there's not a lot people that choose to run for these positions all the time. So I mean it was not strictly...I know you've seen a lot of me the last two days, but it was not strictly education that he was targeting. It was a number of elected officials across the board. It just happened to be these were the bills that got the greatest vetting...the greatest legs I should say. So I hope that answers... [LB1059]

SENATOR SULLIVAN: Okay, thank you. Any questions for...yes, Senator Cook. [LB1059]

SENATOR COOK: Thank you, Madam Chair, and thank you. I'm reflecting on some conversations I had with my constituents the last two years, and I found it somewhat

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ironic that they were advocating against the shrinking of the OPS Board so that they could be represented, so that their voice could be heard. So it's interesting that you make the argument that shrinking and having one political person doing appointments increases access and maximizes the different voices and the wide variety of voices that we have in the state. That's an interesting...that's an observation I'm making out loud. Thank you, Madam Chair. Thank you. [LB1059]

SENATOR SULLIVAN: Senator Kolowski. [LB1059]

SENATOR KOLOWSKI: Thank you, Madam. Brent, concerning Senator Lautenbaugh's feelings about the glut of positions, do we know from all those boards you were talking about how many have any kind of a per diem salary for attendance...or I'm sure they're all reimbursed like for mileage and those normal kind of things. But you know what's available...? [LB1059]

BRENT SMOYER: Correct. As far as any sort of salary, sir, there is very little to nothing. You know, they get lunches if they have day meetings, etcetera, and mileage. But essentially most of these are volunteer boards, especially in of the case of say the ESU, the community colleges. There is very little as far as compensation for these officials. And I don't think that Senator Lautenbaugh was really shooting to try and reduce the amount we were spending per se, but again, just try and give people a greater...easier access to their elected officials by having a straighter line rather than having detours along the way, sir. [LB1059]

SENATOR KOLOWSKI: Okay, and would you elaborate on that in the sense that you've gone from districts and selection process where you have a board made up of six people in a school district for example, or nine or whatever you might have. How well known would those six or nine be to Joe Q. Public... [LB1059]

BRENT SMOYER: Sure, sure. [LB1059]

SENATOR KOLOWSKI: ...compared to so-and-so I elected from my district? Would there be any difference? [LB1059]

BRENT SMOYER: Well, Senator, I would argue that in the case of the superintendents, a great many people know who the superintendent of their school district is. You know, they have a very good relationship. I've found that, at least in my personal experience when I went to high school, I mean the superintendent was walking the halls on a regular basis. And you knew not to get on his bad side. And I understand that that's the case in many school districts. The superintendent is well known and well regarded. Of course, recently the Omaha hiring of Mr. Joel I believe...no, I'm sorry. Mr. Joel is at LPS. I can't remember Omaha's name. I apologize now. Even with the hiring of Mr. Joel at LPS, this was another high profile...people know who their superintendent is. They know

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who is essentially accountable and, of course, the school board is also accountable having hired them. So in this case, this bill particularly, having that Learning Community Coordinating Council be made up of these superintendents would allow for again, greater transparency. You know who your superintendent is. You know who to talk to. And of course, let those superintendents really voice the needs and the concerns of their districts. [LB1059]

SENATOR KOLOWSKI: Okay. Well, we have very large districts, some of them, and not only geographically but also by number of students and smaller ones as well in the Learning Community, for example. And I, from my personal experience, I found things that were of significance in north Omaha were different than many of the things that I might have been dealing with in southwest Omaha or south Omaha or other areas. And the idea of 3 people, 1 board member from different districts as well as 2 stand-free elected people really brought a different mixture to the 18 that we had in the beginnings of the Learning Community. And I say that mainly out of deference to the schedules of superintendents to attend another meeting or meetings on a monthly basis that they'd have responsibilities for. I think it worked very well, and I respect their jobs. And they have plenty to do without also delving into a Learning Community situation. But that's my opinion. Thank you. [LB1059]

BRENT SMOYER: It's a fair answer. Thank you, Senator. [LB1059]

SENATOR SULLIVAN: Any other questions for Mr. Smoyer? Will you be here for closing? [LB1059]

BRENT SMOYER: No, ma'am. I apologize. I will not. [LB1059]

SENATOR SULLIVAN: Back to tend to the office. [LB1059]

BRENT SMOYER: Somebody has got to do it. Thank you very much for your time. [LB1059]

SENATOR SULLIVAN: Okay, all right. We'll now hear proponent testimony on LB1059. Anyone wishing to speak in opposition to LB1059? Welcome. [LB1059]

TED STILWILL: (Exhibit 1) Good afternoon, Senator Sullivan, and thank you, other committee members. I'm Ted Stilwill, CEO of the Learning Community of Douglas and Sarpy County, T-e-d S-t-i-l-w-i-l-l. My duty today is to report to you that the Learning Community Coordinating Council voted to oppose this bill. The two or three points that I'd like to make were part of their discussion. First of all, it's our understanding that normally if an entity has levy responsibility, in this case significant levy responsibility, that responsibility is usually given in the state of Nebraska to elected officials directly accountable to the taxpayers which would not be the case...this is not in any way a

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criticism the to superintendents. They have plenty of responsibilities. But normally levy authority rests with elected officials. Another issue of some concern is that if there were 11...a governing board of 11 individuals and they're each representing districts, there is some considerable unevenness in the amount of students, the number of students or families that they might represent. And the example I gave you is 1 superintendent might represent a district of 675 students based on last year's enrollment count. And another superintendent might represent a district of 48,000 students or more. That doesn't seem to be equal representation. So, and as has already been pointed out, the districts themselves are represented, at least in part, by school board members from those districts. Six of the eighteen representatives are already elected school board members from participating districts. And all of the districts have an opportunity to become involved in a caucus process that gives them a chance to be one of those representatives. So I'll stop with that. Be happy to answer any questions that you might have. [LB1059]

SENATOR SULLIVAN: Thank you, Mr. Stilwill. Any questions for Ted? Seeing none, thank you. [LB1059]

TED STILWILL: Thank you. [LB1059]

SENATOR SULLIVAN: Welcome. [LB1059]

MARK EVANS: Thank you, Madam Chair. Senate...all the senators, Education Committee, Mark Evans, superintendent OPS. Went out of the room. I know someone was trying to figure out who the superintendent was for OPS. (Laughter) [LB1059]

SENATOR SULLIVAN: We'll make sure he knows. [LB1059]

MARK EVANS: It is Mark Evans, M-a-r-k E-v-a-n-s. It's not Steve Joel. There are times I wished it was Steve Joel. (Laughter) I'm going to use that at times maybe. Actually, thanks for the opportunity today. We are just here to share from our legislative committee, our concerns were that some of the same things that you heard just now from Mr. Stilwill, obviously the concern about taxation without representation, and obviously concerns about one vote for one person because, in our case, our district is going to represent more than twice the size of any other districts in the LC. So we see some issues there too. So I don't want to repeat all of what I heard from Mr. Stilwill, but those are the same points that our legislative committee came to a conclusion on LB1059 as well and feel the same way that he did. So I'm going to stop at that. But I do want to make an editorial comment in my first opportunity to be here in the Capitol testifying. You have a beautiful Capitol. And I don't know that everyone here in Nebraska recognizes what a great facility you have, but it is absolutely gorgeous. I've had an opportunity to be in other state capitols and not in Nebraska's. And I really appreciate it. It's a beautiful facility. I know it's nothing to do with what we're talking

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about, but I wanted to make a comment as someone who has been in other state capitols and not had the opportunity to present here. So it's a wonderful place. And I appreciate the openness of this committee who not only allows for the opportunity for us to speak in these chambers, but also this committee came to OPS and was a part of an open community input session too. So I appreciate the willingness to listen to community, staff, whoever it is. So editorial comments kind of aside from LB1059, but I stand for questions. [LB1059]

SENATOR SULLIVAN: Thank you, Dr. Evans. Well, this is your first time to have the opportunity to present before the committee. And last year your board was the focus of some decisions this body made. I guess I'd give you the opportunity to maybe tell us if that change has produced some good things in your situation. [LB1059]

MARK EVANS: Well, it's an interesting comment. In the state I came from, seven was the max on board members. So even nine is two more than I'm used to, to be honest. And I would say, not making any judgments on people and personalities or anything of that nature, in general, just for efficiency of communications, 9 is better than 12 on those aspects. And I'm trying to stay away from any of the personal aspects of it. But it's easier for me to communicate with nine members. So I know that was a tough decision, and I know there's personality issues involved too. But in general, as a superintendent I think my colleagues who are sitting behind me would say, yeah, that's probably true. If I have a choice between 7, 9, or 20, I'm probably going to pick 7 just in essence of communications and the ability to work closely with those board members. [LB1059]

SENATOR SULLIVAN: Thank you, Dr. Evans. Any questions for him? Senator Kolowski. [LB1059]

SENATOR KOLOWSKI: Thank you, Madam. Superintendent Evans, thank you for your testimony today and for your comments, especially your comment on the balance of the size of the subdistricts is extremely important. And just to remind people that the original legislation and the setup was by equal numbers of residents within each of those six subcouncils, and that was a very important concept. It made for some big geography in a few places and smaller geography in others, but it was a very important piece that got representation the way it was. And I thank you for your work at OPS. And your board president was here yesterday. He is also a graduate of experience in the Learning Community. So thank you. [LB1059]

MARK EVANS: Yeah. Thank you, Senator. [LB1059]

SENATOR SULLIVAN: Any other questions for Superintendent Evans? Thank you for your testimony. [LB1059]

MARK EVANS: Thank you. [LB1059]

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SENATOR SULLIVAN: Any further opponent testimony on LB1059? Anyone wishing to speak in a neutral capacity? That closes the hearing then on LB1059. We'll move on to LB865 being introduced by Senator Smith to eliminate certain taxing authority of Learning Communities and change state aid calculations. Welcome, Senator. [LB1059]

SENATOR SMITH: Good afternoon. Good afternoon, Senator Sullivan and members of the Education Committee. It's good to be before you today. My name is Jim Smith, J-i-m S-m-i-t-h. I represent the 14th Legislative District in Sarpy County. The purpose of being before you today is to introduce LB865. In short, LB865 is about the elimination of the common levy. Contrary to the opinion of some that I've spoken with and some that may be observing from afar, this is not about the Learning Community or the elimination of the Learning Community. We had that discussion last year on my priority bill, LB585. And this bill that I have before you today is about the funding of the 11 school districts that are currently members of the Learning Community. I know that this committee that I'm before today understands the Learning Community and the calculations as to how the common levy works and how the school aid funding works. But I did want to give a bit of an overview from my perspective and for the benefit of those that may be watching via TV or those that are behind me today that may not understand the issue in its entirety. And again, I'm not the expert on this, the subject-matter expert, and there will be many that will follow me today. But I did want to nonetheless give you my perspective, give you an overview of what I understand to be the purpose and role of the Learning Community and the shortcomings of the common levy. If you go back to 2006 and in some of the newspaper articles that reported on the Learning Community bill, and if you go back and look at some the comments from the architects, the authors of the Learning Community and some of the just general comments that were made...I wanted to pull out some of the things that struck me as their intended purpose of the Learning Community. And I just want...and the reason I'm talking about this is I want to keep it in perspective so that you understand what I'm attempting to do with the common levy. The Learning Community was about increasing school integration among the 11 schools districts that currently make up the Learning Community. It was about bolstering school funding for those school districts, especially for those school districts that have high percentages of poverty. And there is a cost, an additional cost to serving children that grew up in poverty. I don't think anyone can question that. The Learning Community was also about creating community and creating a cooperative environment for those 11 school districts. They have some common issues, common problems, common opportunities. And to create an environment in which they would work cooperatively. And some of the mechanisms that the architects of the Learning Community provided included creating a coordinating council. And that went through a revision. Originally, it was a compensated coordinating council, then that was modified. But it was a coordinating council made up of 18 members. Last year, I had before you a bill that included addressing the size of that coordinating council. That was modified out of LB585. And Senator Kolowski, I worked with you quite a bit on that LB585 and

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appreciate your help on that bill. Six of those eighteen members are made up of existing school board members. And the other 12 are elected. Also, another mechanism of the Learning Community is the superintendent advisory committee. And when used properly as laid out in statute, I think is a powerful mechanism to bring cooperation and community to the Learning Community. There's also open enrollment as part of the Learning Community. Last year, we addressed that a bit. But nonetheless, the Learning Community continues to focus on open enrollment. And then there's the 2-cent levy authority that the Learning Community has. We modified that last year. Senator Kolowski, I know Senator Avery was a major supporter of that as well. And we modified it to address one of the growing issues in our community which is early childhood development. And we changed the focus for early childhood development. So there's that 2-cent levy authority. And then there is the common levy. The 95 cents that is levied on all property in the 2 counties that make up the Learning Community, and then it is redistributed amount those 11 school districts. Now even though the common levy is one component, I suggest it is not the backbone of the Learning Community. I wanted to quote from a November 27, Papillion Times article. And the quote is from Ted Stilwill. You heard him earlier testifying on a bill. He is the executive director (sic) of the Learning Community. I've had numerous conversations with Mr. Stilwill. His quote is: "By far the most frequent complaint about the Learning Community is the common levy. A lot of people who want to get rid of the Learning Community really just want to get rid of the common levy, which neither I nor the Coordinating Council nor anyone at the Learning Community have anything to do with. It's entirely a legislative issue. But because of the frustrations over it, people are failing to see some of the pretty good things the Learning Community has nevertheless been able to do." Well, I couldn't agree with Mr. Stilwill more. I'm not certain he's going to come forward and agree with my bill, but I will tell you I agree with Mr. Stilwill and what he said in that quote. I'm asking you today, let the Learning Community do what it does. And let the Legislature find a method to adequately address the education needs of students living in poverty in those 11 school districts and that also gives individual school districts greater control over their own tax dollars. I suggest to you that the common levy today is more destructive than constructive in realizing the objectives of the Learning Community. It pits district against district. It pits county against county. And it fails to deliver the funds where they are most needed. Now, so much about the Learning Community, and again, I'll repeat this is not about the Learning Community. Let me talk to you now about the common levy and why it's failing the 11 school districts. First, at a 30,000-foot level, it prevents roughly \$3.5 million from flowing into area schools, schools that make up the Learning Community. Because of the way TEEOSA or the state funding views the Learning Community, there's \$3.5 million roughly that is not coming into the school district that otherwise would have. And so some of my additional comments here, the numbers I toss out, that's the comparison I'm making. If you net all of these, there's a difference of roughly about \$3.5 million in state aid funding that's not finding its way to these 11 school districts. The allocation today of the common levy prevents...or has prevented I should say...it has prevented nearly \$7 million over the last four years from

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reaching Omaha Public School students. And probably no question about it, OPS has a high degree of children in poverty. They have a high percentage of needs among the Learning Community yet the common levy has prevented over the last four years roughly \$7 million from reaching OPS. The allocation prevents nearly \$3 million a year from reaching rural school members, roughly \$3 million a year from reaching the school districts that are typically...they tend to be more the rural school districts in the 11 members. This is Springfield Platteview or South Sarpy, whatever you want to refer to it as, and Douglas County West. These two together are losing about \$3 million a year because of the common levy calculation and distribution. It actually makes these members less willing to cooperate whenever there's disputes in boundary issues. Earlier this year, I had LR268, and I welcomed the Education Committee and the Urban Affairs to my district and to Sarpy County to listen as we discussed what these boundary issues we're having, what kind of problems they were creating in the Sarpy area school districts. And that bill was originally assigned to Urban Affairs, and I made it my priority to include the Education Committee in that discussion. I thought it was very important for you to come in and listen to some of the concerns that these school districts had. But I think what we found out of that was that the South Sarpy School District was really quite reluctant to come to the table and have discussions on the boundary disputes or movement of boundaries because of their shortage on funds that came about as a result of the disputation on the common levy. Another item, the allocation of the common levy has granted more affluent school districts more than \$8 million over the last 4 years. And I dearly love the Millard School Districts, and the District 66 School District. I think they are great partners in our community, and they have great leadership. But they won't deny either their schools have benefited greatly from the common levy as opposed to where they would have been had there not been a common levy to the tune of somewhere around \$8 million over 4 years. Let me just go back for a moment. OPS has lost about \$7 million over those four years. District 66 and Millard has gained about \$8 million over those 4 years. Also, the redistribution of these tax dollars place pressure on the net loss school districts to maximize their tax levy. That is...of the 11 school districts, 8 are maxed out, and 3 are 1 cent away from maxing out. And they continue to have pressure to keep those tax levies high in order to make up for the losses they are incurring as a result of this, I call it an inadvertent allocation of funds. And then there is...the funding reductions negatively impact open enrollment. So if we have a school district that is topped out on their tax levy, they are losing money to other school districts, they have a high growth and so they're having difficulty keeping up with their own growing needs, they're going to be less likely to keep open enrollment open longer. They will tend to close that down faster which flies in the face of one of the original intentions which was to increase school integration. And then finally, it fails to fund where growth is actually occurring in the school districts. Now granted, some school districts are getting the funding that are growing. But school districts like mine, Papillion-La Vista, it's a growing school district. And they're in a net loss. They're tapped out on their tax levy, and they're having to look for ways to reduce costs in order to keep up with the additional demands. I do plan to stay for closing and listen to the testimony

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and try to clarify any comments that may be made following me. But I would like to stay here and answer any questions you have for me. [LB865]

SENATOR SULLIVAN: Thank you, Senator Smith. You mentioned in your comments about the philosophy behind the development of the Learning Community being one community, one school if you will. If the common levy were to go away, what's the encouragement incentive for the individual districts to continue talking to one another? [LB865]

SENATOR SMITH: Well, fantastic question, and I think that's...many people ask that. And they're concerned that if you lose the common levy, is that the heart of the Learning Community? I take exception. I don't think it's the heart. I think it's one of the components, but it's not at the heart. You will continue to have the Coordinating Council. You will continue to have the superintendent advisory committee which cooperate and work together to look across 11 school districts and to optimize the programs that are working. You will continue to have the 2-cent levy authority of the Learning Community. You will continue to have open enrollment. [LB865]

SENATOR SULLIVAN: I remember last week you mentioned on the floor, and then also again today that you perceive OPS as being one of the losers in all of this. I've yet to hear directly from OPS, and maybe we will today. I don't know. But what gives you the idea other than money that they might be a perceived loser in this whole concept of the Learning Community? [LB865]

SENATOR SMITH: Well, let's make certain you understand from me when I use the term "loser," I'm only referring to money. OPS...I've had a chance to meet with Dr. Evans, and I'm very happy to see his leadership there at OPS. My basis for saying that they are losers when it comes to funding is the evidence, the dollars and cents. And as far as why you don't have them making mention or coming forward and commenting on this, I don't know what all the reasons are, why there's testimony one way or the other. There's other factors out there that maybe I'm not even privy to. But I would welcome you to ask them, have they seen a net loss in revenue since the common levy has been introduced over what they would have received otherwise? I think that's a fair question for them to answer. [LB865]

SENATOR SULLIVAN: Any other questions for Senator Smith? Senator Cook. [LB865]

SENATOR COOK: Thank you, Madam Chair. And thank you, Senator Smith, for joining us today and for introducing this bill. I have a...I had a question related to the common levy thanks to our illustrious leader, we're going to be talking about that more during this hearing and I think as we go forward. The question that I have, because I'm also recalling the debate and the meetings and the meetings and amendments that went into the original creation of the Learning Community. And what I did not hear in your

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testimony was the fact that we were to commit to the existing school boundaries. And you made mention of the boundary issues and a hearing that you hosted during the interim, are you privy to any other reasons why boundary issues would have emerged for you to have that hearing? Is it just boundary issues as they relate to the school districts? Or were there other interests represented at that hearing because based on my understanding the one city, one school district was expected to hold up which is why you ended up with one of the agreements? Any other reasons why you're concerned about boundary issues right now as they relate to Learning Community? [LB865]

SENATOR SMITH: Well, the reason I carried that interim study, and that was LR268, I had been addressed by developers in my county that had concerns over school boundaries and their impact on economic development. That is...and I visited the Springfield Platteview School District. They have a fantastic school district, top tier. My school district, the development area that the developer was concerned with was in close proximity to existing schools. And so in attracting new people into those housing areas, sometimes from out of state, they wanted to be in close proximity to the schools that their children would be attending. And perhaps not even realizing the value and the benefits of the rural school districts which I'm calling Springfield Platteview more of a rural school district. And so they saw that as a hurdle or a concern to economic development. So they wanted to have those boundaries moved. Well, Springfield Platteview, I think they have a very cooperative relationship with Papillion-La Vista but losing roughly \$1.5 million a year, they have to hold on to the property. So they're not willing to give up that property to Springfield Platteview. So that's where the conflict arose, and they asked me to have an interim study. And we did have an interim study. We had great discussion. We heard a lot of testimony on that, and I suspect you're going to hear more testimony on that. That is not part of my bill. The boundaries are not part of my bill. And the reason for that is I felt like it complicates the funding that I'm trying...the funding issue that I'm trying to address. If you look at a spectrum, Learning Community as it stands, keeping it as it is, to totally dismantling it. I would suggest to you that tackling the boundary moves you farther away from keeping the Learning Community and tends to undermine a bit more of the Learning Community than the way it was established. I did not want to get into that argument. I believe that if we can fix the funding through elimination of the common levy making those school districts whole, I'm optimistic that there may be more opportunity to resolve those boundary disputes outside of the courts and outside of the statutes. [LB865]

SENATOR COOK: Thank you very much. [LB865]

SENATOR SMITH: Sorry for the long answer to a simple question. [LB865]

SENATOR COOK: No, no. [LB865]

SENATOR SULLIVAN: Senator Scheer. [LB865]

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SENATOR SCHEER: Thank you, Senator Sullivan. Senator Smith, I'm going to go back to your last item in relationship to the boundary lines. And I obviously was not serving in the Legislature when this was passed, but I did pay attention to some of what was going on and some of the conversations that were being had. And as I recall, part of the trade-off at the time of the common levy was that of the frozen boundaries, not just necessarily in the Omaha or Westside or other areas, but exclusively to South Sarpy and the Gretna area and Papillion. So from the vantage point of your bill, it to me only addresses half of that because if we are going to make whole the districts in relationship to the 11 districts receiving...doing away with the common levy and making them whole on their own levy, getting the dollars that belong to them back to them and state aid that belongs in that area specifically to those districts, then the part, the other trade-off of the boundary lines ought to be part of that consideration to the extent that that is ag ground. I'm not talking about development ground within the city limits of Omaha. But when you're talking about ag ground that is between two school districts, I'm not sure that your bill or anyone else's wouldn't or couldn't be endorsed that the ag value between districts would be settled in dispute as any other dispute anywhere else in the state of Nebraska that two districts would have a ground dispute as far as development. And taking away the singularity of that particular area, and I can appreciate where you're saying those districts may be more comfortable to come to the table to negotiate, but the fact of the matter is if they are made whole again, they shouldn't have a superior position in those negotiations either. So if you do the funding, then the boundary lines should be part of that. Now I'll let you respond to that. [LB865]

SENATOR SMITH: I understand your reasoning. And we've had some discussions outside of this committee about this. And I do not disagree with some of the conclusions you're arriving at. And I'm certain that when Senator Crawford comes forward with her next bill which looks just like my bill but it adds the provisions of resolving the boundary disputes and kicks it back into the courts, maybe not much different than what we see throughout the state with other school districts. I'm just wanting to focus because the whole discussion...anytime you bring up Learning Community it is such an emotional issue, and there is so many components to it. I'm...my primary intent today is to address the funding. And I do believe that through the funding we're going to get to the boundaries, but I just don't want to take on that issue. And I believe that we can resolve the conflicts we have with boundaries through elimination of the common levy and making certain all the school districts are kept whole. I know I haven't completely addressed your question, but it's probably more of an issue of the focus of my bill is on funding and not on boundaries. But I do believe we can get there with my bill. [LB865]

SENATOR SCHEER: Thank you. Thank you, Senator. [LB865]

SENATOR SULLIVAN: Thank you. Any other questions for Senator Smith? And you will be here for closing. [LB865]

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SENATOR SMITH: Absolutely. Thank you. [LB865]

SENATOR SULLIVAN: Okay. We'll now hear proponent testimony on LB865. [LB865]

ANDY RIKLI: (Exhibit 1) Good afternoon. Senator Sullivan, members of the committee, my name is Andrew Rikli; my last name is spelled R-i-k-l-i. I am the superintendent of schools for the Papillion-La Vista School District. First and foremost, we would like to thank Senator Smith for introducing this very important bill that touches on a critical issue for all public school districts in Douglas and Sarpy County. There are at least four bills for your consideration this afternoon that deal with the Learning Community boundaries, common levy, or some other aspect. We believe Senator Smith's LB865 gets at one of the most fundamental problems with the Learning Community, specifically the common levy and equitable funding solutions for all students in the two county area. Douglas and Sarpy County's 11 school districts collective enroll almost 40 percent of the state's K-12 enrolled population. And these 11 school districts are increasingly diverse both socioeconomically as well as ethnically. The percentage of students who qualify for free and reduced lunch in the Metro area approaches 50 percent with some districts much higher. Perhaps most importantly, our districts are growing quite quickly. In Papillion-La Vista for example, we are already the state's fourth largest school district with over 11,000 students, and we added almost 400 students in this past school year alone. Unlike some parts of the state however, our finances have remained relatively stagnant. Our property taxes have not grown, and property values which support those property taxes have hovered at best around 1 percent for the last several years. Compounding that issue is the fact that most of the 11 public school districts in the two county area are already levying and taxing at the maximum \$1.05 limit. Stated differently, our collective enrollments are climbing, our student needs are becoming more diverse, yet we have no available tax dollars to continue to support our expanding needs. It is our opinion that the common levy has exacerbated this problem for many of the districts in the Metropolitan area. The common levy distribution formula, which Senator Smith spoke of at great length, produces less state aid for the 11 school districts collectively than it would if those 11 school districts were treated individually. According to a recent analysis by the [Omaha World-Herald](#), the state has actually saved over \$10 million over the last several years again, by treating the Learning Community as a collective rather than the school districts individually. More troubling still as Senator Smith pointed out, the distribution formula is arguably sending the dollars in the wrong direction. Some of the school districts in the two county area with some of the most profound needs, Omaha Public School perhaps most notably, are actually getting fewer resources as the senator correctly pointed out. The common levy was designed to funnel dollars to those school districts where the highest student needs commonly defined as those with the highest poverty. But that is not happening, and it hasn't happened for the last four years. In the Papillion School District alone, we have lost over \$1 million in the last four years. This year alone we lost approaching a half million

dollars. As Senator Smith pointed out, we are not asking that the common levy specifically...the Learning Community be abolished. We are however asking that we take a hard look at the common levy and the distribution model which has led to unequal funding mechanism for a number of our school districts. It seems reasonable that after four full years of implementation we take a hard look at the Learning Community and preserve those facets of the Learning Community that are working and improve those that aren't. It would be our assertion that the common levy is clearly one of those factors that is not working as intended. And with that, I would conclude my testimony. I would like to thank you, Senator Sullivan, for examining this very important issue. And thank again Senator Smith for bringing this to the forefront. [LB865]

SENATOR SULLIVAN: Thank you, Dr. Rikli. Senator Avery. [LB865]

SENATOR AVERY: Thank you, Madam Chair. If your concern is really with the distribution of the common levy, why not change the distribution formula rather than come in and toss out the whole common levy? [LB865]

ANDY RIKLI: I think that the common levy is fundamentally flawed, Senator. We've had conversations with those that were around at the beginning, you obviously being one of them. And we've asked the question point blank, is the common levy working as intended? I think if you told the average person on the street that Omaha Public Schools, for example, is actually getting fewer resources under the common levy than they would have otherwise, people have said, well, it's not working as intended. We have been told by people that frankly designed that distribution formula that it's working exactly as intended. So my response, Senator, would be, if it's working as the drafters designed it to then it's fundamentally flawed in our assertion. Why would we attempt to fix something that's fundamentally flawed? [LB865]

SENATOR AVERY: Well, if it's fundamentally flawed then it needs to be fixed. What you're saying is illogical. This is fundamentally flawed. I don't want to fix it. What I want to do is toss the whole thing out. Does that fix it? [LB865]

ANDY RIKLI: A fair point, Senator. I think if there were a means by which the current distribution formula could be reworked, it's my opinion it would have to be reworked significantly because of that fundamental issue that I pointed out. But if there were a way to rework it so that the districts with the most needs were getting a higher percentage of the distribution, I could agree to that. [LB865]

SENATOR AVERY: Well, I assume that the issue here is partly OPS versus Millard. [LB865]

ANDY RIKLI: I think that's a fair statement. [LB865]

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SENATOR AVERY: All right. Then you have to look at the valuations of property there. In OPS you have a lot of commercial property valued very high, and in Millard you have a lot of \$100,000 homes and growing which is not the case in OPS. And that...in the way I understand it, that accounts for what you consider to be a fundamentally flawed distribution formula. Maybe Millard is getting its intended amount of money out of that common levy. Maybe we didn't anticipate that at the time, but the whole idea is that you...if you're going to have one city, one school district which...the Learning Community is supposed to be a functional equivalent of one city, one school district. And without the common levy, don't you do irreparable harm to the Learning Community itself? [LB865]

ANDY RIKLI: I don't believe so, Senator. Even if it were working as intended...the common levy, if it were working as intended, I don't believe that is at the heart of the Learning Community legislation. I would say the three or four other legs to the stool are equally critical, perhaps more critical. And those legs would be the open enrollment provision, that notion of choice; the establishment of elementary learning centers to get at some of those deep-seated early childhood and poverty issues. I think the notion of transportation, incentivizing choice by providing transportation anywhere in the two county area, that in my opinion is the heart of the Learning Community, not a distribution formula that frankly isn't working in our opinion. [LB865]

SENATOR AVERY: So you support also doing away with the building levy, right, 2.5 cent? [LB865]

ANDY RIKLI: What we feel most strongly about...frankly I feel less strongly about that provision. And for the record, I believe our school district, and I can't speak for other school districts in the two county area, but we would be willing to see some of our taxing authority go to programs where we're seeing some proven results. And I would point to some of the early childhood programs that the Learning Community is running. We're seeing some promising results out of there. So to take some of our levy authority to support those programs even though they may not be Sarpy County kids necessarily, we could support that. [LB865]

SENATOR AVERY: Were you a part of the administration community in 2007? [LB865]

ANDY RIKLI: I was with the Westside Community Schools in 2007. [LB865]

SENATOR AVERY: So you had a different perspective in 2007. [LB865]

ANDY RIKLI: I had a very different perspective, Senator. That is an accurate statement. (Laughter) [LB865]

SENATOR SULLIVAN: Any other...Senator Kolowski. [LB865]

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SENATOR KOLOWSKI: Thank you, Madam Chair. Dr. Rikli, thank you for your testimony this afternoon. I wanted to ask about your own district's situation from what Senator Smith had mentioned something about the open enrollment option. How well does your district do? And we have excellent districts all through Sarpy County. There's no question about that. I'm very proud of the school districts and the quality they stand for including yours. How much of an option enrollment process do you go through? [LB865]

ANDY RIKLI: You know we...thank you, Senator. We are a net-gainer with the option and now the open enrollment process, we are getting in more students than leave our district. We don't have as significant of numbers as some of the school districts, when you look at the Westside Community Schools where a full third of their population comes in through choice. But we are a net-gainer. And it's been a positive impact for our school district both under option and open enrollment. We're getting students from all over the two county area, and for the most part it's been a very productive add to our student enrollment. [LB865]

SENATOR KOLOWSKI: And just to remind everyone, the money, state money travels with the student to that district wherever they land, wherever they've left... [LB865]

ANDY RIKLI: Correct. [LB865]

SENATOR KOLOWSKI: ...from that perspective. That's a gain for you all the way across. With that gain, do you have any schools closed because you just can't take anymore to them as Millard has? [LB865]

ANDY RIKLI: Yeah. With our growth, again, we're not the fastest growing district in the state, but we would certainly be among the top ten. Added over 300 students 2 years ago, over 400 students this year, and what we are finding is at certain grade levels we are closed because of capacity, not all. I hope that we would never get to the point where we drop down the door and say, we're closed for business because those choice students have been an integral part of student enrollment. [LB865]

SENATOR KOLOWSKI: Thank you. Appreciate it. [LB865]

ANDY RIKLI: Thank you, Senator. [LB865]

SENATOR SULLIVAN: Senator Haar. [LB865]

SENATOR HAAR: Yes, you had mentioned, when we see some results. Could you expand on that? [LB865]

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ANDY RIKLI: I'm really most interested in talking about the financial piece of the equation, Senator. And I think after three years where we've consistently seen OPS, for example, getting less and other districts that perhaps we didn't anticipate getting more...I guess those would be the results that I'm talking about. I wasn't necessarily referring to student achievement or socioeconomic diversity, though those are also goals of the Learning Community, see increased student achievement and to see broader diversity across the two county area. I guess I was referring more to the economic impact. [LB865]

SENATOR HAAR: Okay. Well, could you address a little bit the educational...across the two counties? [LB865]

ANDY RIKLI: Mr. Stilwill would be in a far better position to talk about some of the objective findings. I can tell you, Senator, I recently attended a meeting with the Learning Community. They do at least on an annual basis a status update where they bring in their program evaluator and say, is it working? I don't want to put words in Mr. Stilwill's mouth or anyone else's. I think the early findings have been, certain programs we've seen some promising results. Some of the early childhood practices, some of those programs run out of the elementary learning centers. I think what we're seeing with regard to open enrollment, very much a mixed bag. It appears that our schools in the two county area are not materially more diverse because of the Learning Community law. There's probably been some movement in the right direction, probably not directly attributable to the Learning Community. Mr. Stilwill could correct me. With regard to student achievement, the same thing; we have not seen material gains in student achievement across the two county area that can be directly attributed to the Learning Community. Some of those gains...there have certainly been buildings in districts where we've seen gains. But the question from a research perspective is, would have that happened whether the Learning Community would have been there or not? And we just don't have an answer to that. [LB865]

SENATOR HAAR: Okay, thank you. [LB865]

SENATOR SULLIVAN: Any other questions for Dr. Rikli? Thank you. [LB865]

ANDY RIKLI: Thank you. [LB865]

SENATOR SULLIVAN: Welcome. [LB865]

DAVID BLACK: (Exhibit 2) Thank you very much. Senator Sullivan, members of the Education Committee, my name is David, D-a-v-i-d, Black, B-l-a-c-k. I'm the mayor of the city of Papillion. And I want to thank you for allowing me to testify today. And thank you for your service. You may recall that last November I offered testimony on LR268. And a copy of that testimony is actually in the packet I'm handing out so you've got a

point of reference to some of that information. I'm not offering any criticism of the Learning Community. The city Papillion does not take a position on it. I'm not an educator. I just go into the classrooms and talk to students in 2nd grade. My purpose today is to show how a component of the law is having a detrimental impact on economic development, that being the restricted boundaries. And I believe the negative funding impact to Springfield Platteview School District compounds the issues, thus my testimony on the common levy. Just a little bit of background, housing drives commercial development which then drives sales tax revenue to the state. From Papillion, the state has been realizing an average annual sales tax increase of almost \$1.5 million over the last 13 years, increasing 233 percent to almost \$27.3 million. Development from the three years immediately preceding the implementation of the Learning Community is more than 90 percent built out and on the tax rolls. Just in 2013, we've seen 500,000 square feet of commercial property which has been developed or is in the process of being developed, along with 1,109 new residential lots creating \$496 million in projected property taxes and additional sales tax. Only 39 homes are in the South Sarpy boundary area and the other 1,075 are in the Papillion-La Vista School District. We span both districts. Those 39 were actually approved within Papillion's zoning jurisdiction as part of 112 lot residential development that was in the Papillion-La Vista District. Since the boundary line restrictions, fewer than 100 new residential lots have been proposed within the Springfield Platteview School District. However, more than 4,000 new homes have been built or in the process of being built in the Papillion-La Vista School District. That's just the city of Papillion's perspective. To provide a very clear picture of the impact, I've got one example and it's the map Exhibit 1 in the packet I provided you. The bottom right outlines two 80-acre contiguous plots on the northwest corner of 72nd and Schramm Road if you're familiar with that area. The northern 80 that's outlined in blue contains a portion of the Shadow Lake residential area with a current valuation of \$48.5 million, and that's projected to be \$61.2 million. Contrast that with the southern 80 that's outlined in red that is still zoned agricultural and has a valuation of \$356,000; millions and thousands. Prior to that northern plot being developed, both plots had access to the exact same infrastructure. The only difference between those plots is a school district boundary. The blue residential 80 is the Papillion-La Vista School District. The red agricultural 80 is the Springfield Platteview School District. We get calls on a regular basis about that southern 80. It's on the market. People are interested in it. Yet it still does not sell. The market is telling us there is boundary issue. Two contiguous 80-acre plots with a difference of \$48 million in valuation. The negative impact on Springfield Platteview School District from the common levy is negatively impacting some rational boundary discussions. We have restricted boundaries not frozen boundaries. We can have discussions on boundaries, but the negative impact to Springfield La Vista (sic) is stopping rational discussions. I believe the Legislature had good intentions with the Learning Community when it was developed. I'm not sure anybody could have predicted the unintended consequences to the economic development and my city's future growth. I'll share a bit more under LB1011 (sic--LB1101) which I think might get to a little bit of your question that you were

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asking, Senator Smith. I will be back on LB1011 (sic--LB1101) to talk more of the boundary. But I wanted to keep this just to the common levy. So I encourage you to support Senator Smith's LB865. [LB865]

SENATOR SULLIVAN: Thank you, Mr. Black. Any questions for him? Senator Cook. [LB865]

SENATOR COOK: Thank you, Madam Chair. And I think I'm kind of revisiting my question to Senator Smith. I'm musing out loud that our committee is charged with education policy and not economic policy or developer or commercial growth. So I appreciate your input, but I guess I'm still wanting to hear input as it relates to the original purpose and the original agreements that brought us to the common levy and these school districts' boundaries as they exist. [LB865]

DAVID BLACK: Not being an educator and not having any expertise in it other than I graduated, I don't know if I can give you any answer other than I believe that the original Learning Community bill did not freeze boundaries. It restricted boundaries I believe. There is some language in there that talks about the ability to have conversation about boundaries and shift if it's mutually agreeable. So I think there was an intent in the original that if two districts could cooperate, there may be some logic in shifting a boundary, just my understanding. I don't think that logical conversation that was anticipated with the original bill can even occur because in our specific case the two districts, Papillion-La Vista and Platteview Springfield, Platteview Springfield has lost so much money that they...the only thing they can do is control the only asset they have which is undeveloped land. And because they have to hold such tight reins on that undeveloped land, we can't have a reasonable discussion on a boundary shift that would have been anticipated with the original bill because again, they were not frozen. They were just restricted. And so in effect you end up with the rural school district having veto power over the urbanizing school district. And I'll talk about more in LB1011 (sic--1101) on that. [LB865]

SENATOR COOK: Thank you. And I think in an indirect fashion you argued in favor of the existence of the common levy because as someone who's been going to meetings for many, many more years than she cares to recall, people show up for the meeting when there's money on the table. So we might all believe in the other three legs of the stool: cooperating, integration, holding hands singing Kumbaya. But what I've observed is folks show up when it's about the money. So that's kind of what you're saying here. [LB865]

DAVID BLACK: And I agree with you that people show up when it's about the money which is why I am here. We're talking tens of millions of dollars of development that Papillion will be hindered from doing. And that money drives to the state. [LB865]

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SENATOR COOK: Thank you. [LB865]

DAVID BLACK: Thank you. [LB865]

SENATOR SULLIVAN: Any other questions? Senator Kolowski. [LB865]

SENATOR KOLOWSKI: Thank you, Madam Chair. Mayor Black, welcome. [LB865]

DAVID BLACK: Thank you, sir. [LB865]

SENATOR KOLOWSKI: Good to have you. Good to see you again. The...first of all, I'd say for another part of my life I had eight great years at the NRD and tremendous cooperation from you and your office. And the development in Papillion has been just remarkable to watch. And I think that's one of the issues with this, that we've sort of tied Learning Community, the frozen or whatever we call the boundaries, whatever the decision was and where we are at the current time all tied into an area of the state that is exploding in growth and wants to explode more. You have a ridge line problem in Sarpy County. I know that from all the maps and presentations I saw for a decade. And that is something you've got to...your whole county has to get solved. And I don't know if it's a Learning Community issue. It's not a Learning Community problem. It's something...you can't bring sewer lines or water lines down over that ridge until you have cooperation between different entities. Would you comment on that? [LB865]

DAVID BLACK: You are correct. And I think some people may perceive that the reason that there has not been development south is because of the ridge line. There is quite a bit of land still north of the ridge line, south of Highway 370 but north of the ridge line that is developable and has access to the same land. Those two 80-acre plots were prime examples of that. So we do have a lot of land that in the...for the near future that can still be developed north of the ridge line. So there is no tie in my mind between ridge lines and common levies and education. Specific to your question though about the ridge line, the county is working to look at a long-term study for south of the ridge line. Absent the county being able to do that, we have great cooperation in Sarpy County. Some may not think that, but we really do. For example, the city of Springfield has a wastewater treatment plant. The city of Papillion has its own water field, and that water field is south of the ridge line. I'm already having conversations with the city of Springfield, Mayor Dill and myself are talking about as these areas grow together--if they're allowed to grow together and the developers will invest--then there may be an area where...serviceable with an interlocal just between the two cities that I tap into Springfield's sewer system and Springfield taps into my water system. We're having those discussions and we're willing to do those things. So without legislative help, without Learning Community, without county we can develop that land. We just need the developers willing to develop that land and the common levy I believe is having an impact on the developers' willingness to invest. [LB865]

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SENATOR KOLOWSKI: Thank you. I think your key word was "interlocal agreements" that you can come up with and are permitted at the current time that are separate from this Learning Community talk. And I appreciate that. [LB865]

DAVID BLACK: And just to give an emphasis on how seriously we take interlocals without other outside forces forcing us to do that, La Vista had an issue with the fire department and called Papillion and said, would you provide fire service? On April 1, the city of Papillion will be doing fire and EMS in the city of La Vista through an interlocal, no outside forces. City of Papillion and the other four cities of Sarpy County and the Sarpy County itself are talking to Douglas County and Omaha about a merged 911 center without any outside forces. We have good cooperation down there. We just need to remove the arbitrary issues that are stopping cooperation. [LB865]

SENATOR KOLOWSKI: Thank you. Again, you've had a great...you have a great county and tremendous growth taking place. Good luck with all that. [LB865]

DAVID BLACK: Thank you. [LB865]

SENATOR SULLIVAN: Any other questions? Senator Scheer. [LB865]

SENATOR SCHEER: Thank you. Your presentation, though, brings me back to the boundary issue because it is specific to the boundary issue, not to the funding issue. As I look at your exhibit 1, certainly that 80 does provide another \$60 million worth of valuation, but it'd be no stretch of the imagination that a year or two from now we would have the same question...that property to the east of whatever road that is or the next mile going directly west because this particular area is encompassed by the other school district. [LB865]

DAVID BLACK: That's correct. [LB865]

SENATOR SCHEER: So I guess my point is we can't solve one without the other because they were both an integral part of the same agreement. So consequently I don't know how you go about adjusting one without adjusting the other. [LB865]

DAVID BLACK: I'll give one perspective, and then I will be back up on LB1011 (sic--1101) which I think might address that a little bit more. [LB865]

SENATOR SCHEER: Fair enough. [LB865]

DAVID BLACK: But you are correct. If that southern 80 develops, it's theoretical to say that's \$50 to \$60 million worth of property valuation that will go to Springfield Platteview. So you are correct from the Springfield Platteview that if it's allowed to develop, they will

get that valuation. The issue is developers will not buy that land and develop it because..and we're seeing it. And I believe a developer will come up. People...right next to that 80 is a school. I can point it out on a map if you need to see it. But you can see on that map is a school. That school is in the Papillion-La Vista School District. They can see it from their front door if a house is developed, and the child can walk there. However, if a developer develops that southern 80, it's in the Springfield Platteview School District. They're not going to school that they can see and throw a ball at. They're driving four to five miles to a school. A developer is not going to take the risk to buy that land to develop it when a homeowner is not going to buy that lot because they can't go to the neighborhood school. [LB865]

SENATOR SCHEER: Well, and I don't disagree with that. But I think if Springfield Platteview were here, they would simply say, we have the ability to put a school closer proximity that you could look the other direction, which honestly would be sort of a waste of funding because you'd have duplication of schools within such a small proximity. But it really is both a funding and a territorial issue. [LB865]

DAVID BLACK: I agree with that. Can I make one additional comment? [LB865]

SENATOR SCHEER: Sure. [LB865]

DAVID BLACK: They would...and I believe they are here and will come up. They could put a school there at a cost. There's already a school there with no cost. So if all that's resolved, and I'm going to advocate that we do address boundaries later. But if all that's resolved is the common levy and nothing else, they are now made whole financially which will allow them to have a reasonable discussion with Papillion-La Vista about shifting that boundary. And it may be just, let's shift it 80 acres south. They can have that reasonable discussion. And if they shift it then of course it will develop. They can't have the discussion right now because their only card to hold is land. [LB865]

SENATOR SCHEER: Thank you. Thank you, Senator. [LB865]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LB865]

DAVID BLACK: Thank you. [LB865]

SENATOR SULLIVAN: Welcome. [LB865]

DAN SCHNOES: (Exhibit 3) Good afternoon. My name is Dan Schnoes, D-a-n S-c-h-n-o-e-s. I am the superintendent of Douglas County West Community Schools. Senator Sullivan, members of the Education Committee, thank you for providing me this opportunity to speak on the Learning Community common levy and issues for us financially at Douglas County West Community Schools. This is not the first time we've

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brought these issues before the Education Committee. It continues to be evident to many of us that some significant changes to the Learning Community are needed due to the fact there now are over four legislative bills submitted. As always, you have a difficult task ahead of you, and we do appreciate all the work that you do for us in education. Today, DC West is testifying in favor of LB865 due to the fact that the 95-cent common levy has a very damaging effect on DC West. Over the past four years, DC West has lost over \$4 million in potential revenue. This common levy continues to be the dividing wedge that causes the Learning Community schools to be identified as winners and losers. Without the common levy, DC West would become a nonequalized school with our own property taxes staying in our district and educating our children. The state aid we now receive could be used by other districts in the state that need it more. Our 37 percent poverty rate is one of the highest in the Learning Community yet we lose money every year that could be spent on kids that need it most. We are supportive of early childhood as our preschool programs serves many who come from homes of poverty. We have a waiting list of children to serve, but we do not have the funds to expand services to help our children get the jump-start in education they need. In the past, DC West has invested in our teachers. Our small class sizes help us provide more individual attention to our students, many of which require extra help. Our test scores for our students are competitive with the other Metro schools who some have much lower poverty levels. We believe our teachers are doing a great job and great work in the classroom for our kids. In the past 5 years, we've added over 115 students to the district and yet have added only 1 new preschool teacher. We have grown from the 58th largest school in the state to the 53rd largest in just 1 year. With more students and yet a smaller budget, we have worked hard to become more efficient in our spending. However, this has come at a price: a significant loss of our cash reserve. It really comes down to an issue of fairness for us. We believe the common levy causes a lot of unfairness in respect to Douglas County West Schools and Springfield Platteview just because we're smaller schools and we have higher property values. We support LB865 and the removal of the common levy. It would not only allow DC West to survive, but it would allow our children to thrive. Thanks for the opportunity to speak. And I would entertain any questions. [LB865]

SENATOR SULLIVAN: Thank you, Dr. Schnoes. Any questions for him? Thank you for your testimony. Welcome. [LB865]

PATRICK McCARVILLE: (Exhibit 4) Thank you, Madam Sullivan, the rest of the esteemed Education Committee. My name is Dr. Patrick McCarville, P-a-t M-c-C-a-r-v-i-l-l-e. I am president of the Douglas County West Community School Board of Education. I am here today in support of LB865. You have heard the originator, Senator Smith, and his reasoning, and you've heard multiple others discussing their views. In 2005, as legislative precedents were being set, the whole boundary war battles that we never had a fight in at Douglas County West, we were brought into that fight. With nothing to do with what was going on, we were brought into a legislative act

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that set us on a course for a lot of financial turmoil, and never having any battle to fight with anything that was going on. As you heard Dr. Schnoes state, we've lost over \$4.5 million since the inception of the Learning Community. We never had anything to do with the Learning Community at the beginning. We have high poverty. We have high needs. Despite all these things, we've continued over this four years to continue to try and grow and thrive our opportunities for our kids. I've heard questions asked about mechanisms and all those things. The rest of the state of Nebraska has a mechanism for redistributing the monies that are collected. Why don't we go back to that? That's I think what LB865 is about. Let's go back to how the rest of the state distributes the dollars that have been captured for years and are redistributed to every other student in the state of Nebraska in the public school system. Before you have the rest of my testimony, which I do not want to reiterate a lot of which you've already heard. The DC West Board of Education supports LB865 allowing our district dollars to follow the state formula all the other districts are bound by within the state. And it seems to work. With that, I will let you read the rest of what I presented and answer any questions you might have. [LB865]

SENATOR SULLIVAN: Thank you, Dr. McCarville. Any questions? Thank you for your testimony. [LB865]

PATRICK McCARVILLE: Thank you. [LB865]

SENATOR SULLIVAN: Welcome. [LB865]

BRETT RICHARDS: (Exhibit 5) Good afternoon, Senators. Senator Sullivan, appreciate these discussions continuing. And amongst the Learning Community, I think the common levy has become a huge issue for us. And we appreciate you taking the time to examine it. My name is Brett Richards, B-r-e-t-t R-i-c-h-a-r-d-s. I'm the superintendent of Springfield Platteview Community Schools. Your listening to our concerns and providing forums across the state shows that you are willing to get multiple perspectives and pieces of information before making critical, critical decisions in helping shape the future of education in this state. Our board of education and I understand the purposes of the Learning Community and the additional costs needed to help with kids with their learning, especially in higher poverty areas. Our district has been willing to do its share in helping with poverty, but what has happened over the last three years has become disproportionate as far as revenue sharing. Also, the common levy has not accomplished what most people think it was intended to: get more dollars to poverty school districts. After four years, what are the merits of the common levy and is it accomplishing the purpose you are after as an Education Committee? And I realize a lot of you weren't on the Education Committee at that time. We also ask that you examine the negative effects of the common levy on the other school districts in the Learning Community and on Sarpy County in particular which has lost over \$12 million over the 4 years. We believe that LB865, which eliminates the common levy, is the best way to

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proceed to get the state back to funding all school districts across the state the same way. The Learning Community has accomplished one of its initial goals and that is getting superintendents and districts to work together for the success of students in the two county area. We now work extraordinarily well together and for that you can be proud. The one area of conflict that remains is the common levy which leads to the Learning Community districts fighting for students and boundaries for funding. Springfield Platteview's current enrollment of 1,052 students in our PK-12 program...this ranks us 38th out of 249 school districts in the state of Nebraska. We have been able to produce strong results on the Nebraska State Assessment with the percentage of students who meet or exceed standards as follows. Our students rank 1st in 20 percent of all NeSA tests administered amongst the Learning Community school districts. Our students rank 1st in 70 percent of all NeSA tests administered in Sarpy County among the 4 school districts. Our district has lost the following in potential revenues due to the common levy over the last three years: in 2013-14, \$1,819,034. And when we talk about these numbers, we want to put it in a percentage perspective. And 16 percent of our potential revenue, over 16 percent, is going out the door. In 2012-13, it was \$1.387 million; in 2011-12, \$1.142 million. You can see the pattern that has developed here and it will continue to get worse for us over time. The loss amounts are gathered from data from a Learning Community analysis attached to this testimony on what funding would look like if we were back to the old system of Nebraska school finance for the Learning Community districts or the current system of Nebraska school finance for the other 238 school districts in the state. What's worse is our district is stuck in this formula of stagnant revenue stream of common levy redistribution dollars, state aid, and 10 cents from our own property taxes. The district would not need state aid if it weren't in the Learning Community. This causes harm to our district by capping our tax levy at 91 cents with no state aid. That's an important point, that you allow districts to go up to \$1.05. We are essentially capped at 91 cents with no state aid. Not being able to keep up with rising salary and health insurance costs over the long term will be a problem. It also causes harm to our district by taking dollars away from maintenance and possible facility improvements. Limiting academic and extracurricular programming needs compete with competition in the area. Taking away resources to buy land, build and operate schools. Our board of education has no flexibility to make local decisions concerning our tax levies and boundaries. Under the common levy formula, we have no choice but to try and grow our enrollment to compete for funding. This is the only option we have to do for what is best for our kids in our district. If we don't grow considerably and keep our boundaries, the pattern of lost dollars continues and a high-achieving school districts will...our high-achieving school district will eventually lose what has made us great. We would prefer to have our own tax levy, which would give us the flexibility to work with our neighboring school districts on boundary issues and continue our success with our own students. During the Education Committee's state tour this fall concerning state aid, we were asked by this committee to come up with solutions to the problems to the common levy...that the common levy has created for us with the other Learning Community districts. I would make the argument our district should be allowed

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to stand on our own two feet with our own district taxpayer dollars. We have never been opposed to contributing to a poverty fund or allow our state aid to go to other school districts in need. We would gladly contribute our state aid funds that we would have received this year of \$358,919 under the old laws to have the common levy go away and help poverty districts. As we mentioned earlier, we don't need state aid to operate our schools. I would ask you, is there any other school district out there in the state that is willing to contribute their own state aid or tax dollars to help the state with poverty issues or be part of a Learning Community? I know I've got a yellow light here. So I will leave you this. Imagine the outcry if Hastings, Norris, or Waverly were told they were capped at a 91 cents with no state aid. Imagine the outcry if districts like Valentine, Boone Central, and Ainsworth were told they had to levy at least 95 cents and could not go lower than that levy. This is the situation our district is in on both sides of the levy issue, and it is not fair to the kids in our school district or our taxpayers. Yes, it has been called legal, but that doesn't make it fair under the Nebraska system for the other 238 school districts. Thank you again, and I'd take any questions at this time. [LB865]

SENATOR SULLIVAN: Thank you, Mr. Richards. Any questions? Senator Cook. [LB865]

SENATOR COOK: Thank you. In your second paragraph of testimony, you made a statement that says: "Also, the common levy has not accomplished what most people think it was intended to do: get more dollars to poverty schools and districts." Do you think that is why the common levy was established, you personally? [LB865]

BRETT RICHARDS: I've heard both sides of the story on that. [LB865]

SENATOR COOK: What do you think? [LB865]

BRETT RICHARDS: What do I think? Yes. I think that most people, when they passed the bill, thought that that was the intention. [LB865]

SENATOR COOK: Okay, but you just said that you thought what most people thought was that it was passed with that intention and not, as Senator Avery has made reference, that the common levy replaced policywise the one city, one school district constitutional issue. So that is what you personally think. [LB865]

BRETT RICHARDS: Yes. [LB865]

SENATOR COOK: Thank you. [LB865]

SENATOR SULLIVAN: Senator Haar. [LB865]

SENATOR HAAR: Well I wasn't here when the Learning Community was put in place.

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And just going back to what Senator Cook had said about the one city, one school district, if the whole thing of the common levy is put into play, should we be talking again maybe about consolidation of the districts? [LB865]

BRETT RICHARDS: It depends on your values in education. I mean, the results that we're able to produce as a smaller district are higher than the larger districts are able to produce. I would say that if you look at...most of the Class B school districts out there are producing higher graduation rates, higher test scores, higher ACT scores than most larger school districts. So if you...from an efficiency standpoint, consolidation may be an answer. But from an effectiveness standpoint, I would disagree. And being the 38th largest school district in Nebraska, where does that stop? [LB865]

SENATOR HAAR: I guess one city, one school district. Yeah. Thank you. [LB865]

SENATOR SULLIVAN: Senator Scheer. [LB865]

SENATOR SCHEER: Thank you, Senator Sullivan. And asking a question I'm not sure that you are prepared to answer on behalf of your district, but getting back to my concern as far as working with half of the problem is funding the other half is a boundary dispute. Would your district have a problem if the funding issue was stabilized in the manner that this bill approaches but also that the ag land between your district and others then resorted back to the state statute that other districts, wherever it would be without, as you put it, the rest of the state seems to work with. Are you comfortable with your ground disputes being turned back to the normal way that everybody else deals with them? [LB865]

BRETT RICHARDS: You know, of course we'd probably prefer to work it out locally. That would be our preference. But I can tell you that the old law was much better for us than the new law for our district. [LB865]

SENATOR SCHEER: Well, that's not what I asked though. I asked if you're made whole on a financial basis, that's what you're asking for like everybody else does, the other 238 districts. Then I'm asking you, are then you able, are you willing then to go back to the way the other 238 districts handle their land disputes. [LB865]

BRETT RICHARDS: I think that the answer to that would be yes. [LB865]

SENATOR SCHEER: Okay, thank you. [LB865]

BRETT RICHARDS: I mean we don't lose that much...amount of money in the old law system. [LB865]

SENATOR SCHEER: Fair enough. Just wanted to clarify that. Thank you. [LB865]

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SENATOR SULLIVAN: Senator Kolowski. [LB865]

SENATOR KOLOWSKI: Thank you, Madam Chair. Superintendent Richards, thank you for being here today, for your time, and what you shared with us. You have a very high-performing district. It's an excellent job that you do, and I want to correlate that also with compared to the larger districts around you. I believe you're one of the highest spending districts per student also, is that not correct? [LB865]

BRETT RICHARDS: Yes. [LB865]

SENATOR KOLOWSKI: So there's definitely a correlation. Of course, if you have a smaller class sizes you can hire the teachers you need and support staff with all that, that it does have a great correlation. [LB865]

BRETT RICHARDS: Well, I think there's an economy of scales here...issue. [LB865]

SENATOR KOLOWSKI: Sure. [LB865]

BRETT RICHARDS: I mean, when we're...our teachers make less than larger school districts. We can offer less academic programming, less extracurricular programs. So there's...you know, there's a trade-off there between those things. [LB865]

SENATOR KOLOWSKI: But you're very focused, you do an excellent job with them. And that's not a criticism. I think we need to point out there are differences between the districts as far as resources also. [LB865]

BRETT RICHARDS: Well, per pupil...I mean, when you look across the state of Nebraska the smaller districts are going to spend more per pupil than the larger districts are for those reasons. And we still can't match some of the programs and opportunities for kids that larger districts can even spending that amount of money. [LB865]

SENATOR KOLOWSKI: Certainly. I understand that. Thank you. [LB865]

SENATOR SULLIVAN: Senator Avery. [LB865]

SENATOR AVERY: Thank you, Madam Chair. I was here in 2007 when we created the Learning Community. And I do remember that there was a great deal of angst over the common levy. And we on the committee offered, as a compromise, freezing the boundaries. At that time, the school districts in your part of the 11 school district area, the Learning Community area, thought that was a deal worth making. Why do you feel like now you want to break the deal? [LB865]

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BRETT RICHARDS: Well, I don't think that anybody I've talked to within our school district felt like they were part of a deal. [LB865]

SENATOR AVERY: Oh, you didn't? [LB865]

BRETT RICHARDS: No. [LB865]

SENATOR AVERY: Well, where were you? [LB865]

BRETT RICHARDS: I was not part of the district at the time. [LB865]

SENATOR AVERY: Oh, well. [LB865]

BRETT RICHARDS: But talking to people that were, they don't feel like they were part of that deal. [LB865]

SENATOR AVERY: They don't feel like they were part of...they were part of the deal. They may not have liked the deal they were getting, but that was the deal that was offered... [LB865]

BRETT RICHARDS: Well, that should answer it then. [LB865]

SENATOR AVERY: ...and they weren't going to get another deal because the other deal was unworkable. So if you are now willing to give up on frozen boundaries, how are you going to deal with Papillion-La Vista School District when they go after you? [LB865]

BRETT RICHARDS: I feel like all school districts in the county work together well. And levies, when you lose a little piece of land at a time, it doesn't affect your budget in the short term like it does in the current system. So losing a little piece of land where Papillion would come and develop and take just like they can in the rest of the state, in any other area, it doesn't hurt our district as much as it's hurting us now in terms of our levy. [LB865]

SENATOR AVERY: Well, if you are willing to give up the frozen boundaries, then I can see somewhere down the road...the mayor of Papillion just explained to us the problem that he's got with land and who owns it and what they need to do to develop this piece of 80 acres here. That's in your school district. There would be a strong incentive for Papillion-La Vista to go after your whole district. You okay with that? [LB865]

BRETT RICHARDS: Under the law, they can't do that, Senator Avery. You know that. [LB865]

SENATOR AVERY: Well, you'd be surprised what can be done when we start changing

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laws. [LB865]

SENATOR SULLIVAN: Senator Haar. [LB865]

SENATOR HAAR: What is the percent poverty in your district, sir? [LB865]

BRETT RICHARDS: This year we're about 20 percent. [LB865]

SENATOR HAAR: Twenty percent, okay. Do you think that might have something to do with the high performance of your district? [LB865]

BRETT RICHARDS: I think 20 percent is probably a decent number of kids that we have to serve that are free and reduced, 1 out of every 5. And oh yeah, absolutely. I think that test scores are tied to the socioeconomic of kids, but we're competing with districts that have 8 percent, 3 percent free and reduced lunches in some areas, and we do quite well. [LB865]

SENATOR HAAR: Yeah. Who'd had the...I'm just curious who had...? [LB865]

BRETT RICHARDS: Well, I think, you know, if it's just about socioeconomic alone, you're saying that we don't...that anybody can teach these kids and... [LB865]

SENATOR HAAR: No, I'm trying to just follow up on what you're saying, that you can perform so much better. And I'm trying to figure out why. [LB865]

BRETT RICHARDS: I'm not saying we perform so much better. I'm saying we perform well. [LB865]

SENATOR HAAR: Okay, okay. [LB865]

BRETT RICHARDS: I think the other school districts perform very well too. [LB865]

SENATOR HAAR: Yeah, but do you know of any...are there any others around you that have 8 percent poverty or 3 percent? [LB865]

BRETT RICHARDS: Well, there's some in the Learning Community that have that kind of number: Bennington, Elkhorn, Gretna. [LB865]

SENATOR HAAR: Okay, okay. Thank you. I'm just curious for data. Thank you. [LB865]

SENATOR SULLIVAN: Any other questions? Thank you, Mr. Richards. [LB865]

BRETT RICHARDS: Thanks. [LB865]

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SENATOR SULLIVAN: Welcome. [LB865]

KYLE FISHER: Thank you. My name is Kyle Fisher, K-y-l-e F-i-s-h-e-r. I'm currently on my eighth year as a board member of Springfield Platteview Community Schools. Senator Sullivan and committee, thank you for providing this opportunity to speak on this bill...and concerning levies and boundaries and such. I was on the board at the time when the Learning Community was created. And our board has always supported the concept of the Learning Community, of helping the districts in need. However, this appears to not have happened with the common levy and our portion of revenue sharing has become hurtful to the students in our district. We were assured back then that Learning Community law would not be hurtful to districts. This seems to not be the case for ours. Recently, the common levy has become front and center in our community. During a recent bond issue that failed on a mail-in ballot, we heard from a number of taxpayers that they would not vote for a bond until their taxpayer money stays in their district. They feel their money being lost to other districts and the savings in state aid, which as you've heard our losses over the last four years have been approaching \$5 million, that that should be paying for some of the projects we are trying to get done in our bond. In a recent survey given to our district voters, only 5.6 percent of our patrons said they support the Learning Community and the common levy. As you've heard, we're a very successful school district. But continuing with the common levy as it is will be detrimental to our continued success. We are already seeing this in our strategic planning which has become ways to look at our cuts instead of ways to enhance our students' experience. We've had several years to experience the levy structure and the Learning Community, and although there are positives in the Learning Community, we urge your committee to take the experience of the last several years and make the adjustments needed to avoid harm to the smaller districts in the Learning Community. I thank you very much on taking this up in your committee. [LB865]

SENATOR SULLIVAN: Thank you, Mr. Fisher. Any questions for him? Thank you for your testimony. Welcome. [LB865]

GERALD TORCZON: Welcome. My name is Gerald Torczon, T-o-r-c-z-o-n. I'm a real estate developer in Omaha, private sector. I'm president of the Home Building Professional Group of Omaha, the sister organization with the Metropolitan Omaha Builders Association. And I'm also president of a group called Eastern Nebraska Development Council made up of real estate developers, real estate attorneys, real estate engineers, and fiscal and financial people that finance infrastructure for development. I appreciate you giving me the time to speak on this bill. I'll try not to repeat myself. I was going to testify on this bill and the next bills. I'm amazed at some of the questions that the committee has asked. Senator Scheer, you're 100 percent right. This is money. This is boundaries. Senator Kolowski, ridge line won't be solved by public money alone. It's going to take private sector money. Senator Cook, when money

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is being discussed, this is a full house. Unfortunately, Senator Avery, in 2007 we were asleep at the wheel. We were not here. We, as a development community, we did not understand the repercussions of the Learning Community. We were going into the worst housing recession since the Great Depression. Now Sarpy County is poised for growth and expansion. I personally developed in over three-quarters of the different school districts that make up the Learning Community. And I think all of them provide a good education. Obviously, it's money, but I think the private sector...well, let me reiterate. It isn't just school boundaries. It's infrastructure, water lines, sewer lines, ridge line. It takes all kinds of things to bring growth. And in the current environment coming out of what we just came out of, financing bankers, bond people, they want to make sure that if you're pulling the trigger on a development it has a high probability of success. And that's all we're looking for, a high probability of success. Our customers are looking for convenience and proximity of services, school districts, school buildings, etcetera. I think, like I said, all the school districts provide a good education. But when you stack up the intangibles that have really nothing to do with the school districts, the other stuff there, we are up against a wall of developing in the right location and that has to be close to paving, water, sewer, and etcetera. So I'm in favor of this bill. I agree with all the testimony from the superintendents and Mayor Black. He hit the nail on the head. I was the developer of Shadow Lake. And I'll answer any questions...several of you were at the hearing that I was at, the interim study. [LB865]

SENATOR SULLIVAN: Okay, thank you Mr. Torczon. [LB865]

GERALD TORCZON: You bet. Thank you. [LB865]

SENATOR SULLIVAN: Questions for him? I...go ahead, Senator Cook. [LB865]

SENATOR COOK: I appreciate your testimony and your candor. And I really enjoy Shadow Lake, shopping out there. [LB865]

GERALD TORCZON: Thank you. [LB865]

SENATOR COOK: So thank you. And I have to drive a very long way to do it, but... [LB865]

GERALD TORCZON: Well, unfortunately I didn't do the commercial. I did the residential. [LB865]

SENATOR COOK: Oh, all right, well... [LB865]

SENATOR SULLIVAN: Thank you, Mr. Torczon, a couple of questions. Do you think that there was some development issues in Sarpy County prior to when the Learning Community came into being? [LB865]

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GERALD TORCZON: Probably not, but as development has occurred in all the different school districts, there's very limited ground left in Omaha; very limited ground, if any, just one piece or two in Millard; Gretna has adequate; very little ground in Papillion...or excuse me, Bellevue; there's some in Papillion. And it's good for all the cities to have growth, expand instead of leapfrogging and doing infrastructure that's not very efficiently spent way over here. So it makes sense just to grow the city out. And unfortunately when the Learning Community froze the boundary lines, it just so happens that South Sarpy or Springfield is a huge school district. And they'll admit it. And we have a great relationship. I've discussed this issue with Brett many, many times. And it's just demographics. We can't force our customers where to go. They tell us where they want to go. [LB865]

SENATOR SULLIVAN: However, as you said with limited space available and the desire to build and develop and be in that area, and when I heard Mayor Black talk about the relationships that are being built and developed, will this development ultimately take place anyway? [LB865]

GERALD TORCZON: Probably not in Papillion or Bellevue. There hasn't been anything left in Bellevue. The district where it would grow probably for the next 10 or 15 years will be Gretna, and I'm not sure they can take all that growth. But there's no impediments to Gretna. They'll just be this one spot where everybody is going to go. [LB865]

SENATOR SULLIVAN: Okay. Senator Cook. [LB865]

SENATOR COOK: Thank you. I do have a question related to residential development. Are there that many more humans in the greater Omaha area that we require brand new development, or are there aren't existing houses within central Omaha or west Omaha or southwest Omaha? [LB865]

GERALD TORCZON: Oh, yeah. There's...the current inventory of existing houses in the Metropolitan area and the current inventory of new construction is about 20 percent less than it was last year. Ultimately the buyer, the consumer determines if they want to live in existing house or in a new house. The market that we go after is the people that we're trying to get to come to our state, that are coming in town. It's not necessarily people that live here. [LB865]

SENATOR COOK: Okay. [LB865]

GERALD TORCZON: We can't market an ocean view, and we can't market a ski slope. We have to market the good life, affordable housing, good schools, and a good place to live. [LB865]

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SENATOR COOK: Okay, thank you. [LB865]

SENATOR SULLIVAN: Thank you for your testimony. [LB865]

GERALD TORCZON: Thank you. [LB865]

SENATOR SULLIVAN: Welcome. [LB865]

DENNIS VAN MOORLEGHEM: Good afternoon. I'm Denny Van Moorleghem, V-a-n M-o-o-r-l-e-g-h-e-m. I am a home builder and developer and have been in the Omaha area for about 40 years. And I represent the Metropolitan Omaha Builders Association and about its 450 members. We, as Jerry just said, we were asleep at the switch in the 2007 and 2009 era. The whole development community was. We didn't need land because we didn't have buyers, and we couldn't afford the interest carry basically. Now, about two years ago our company started to go out looking for land. There were 16,000 developed lots in the area for a lot of years. And now we're down to only the C-grade lots that are left, okay. So as we started looking, we started looking down the Highway 370 corridor, probably the most popular...the next building zone is going to go up and down that because the other...well, I'll say the other cities are pretty much filled up. There's not much vacant land. We went to Bellevue. There's two ten-acre plots of ground available that are not...you can't build houses on too many ravines, too many trees. The deadlock, of course, was the school district line. We went to Papillion, and Jerry pretty much outlined what's available along that corridor. I worked the model homes every Saturday and Sunday. And school districts and locations is where people start. It's not the plan, and it's not the amenities. They start about location, and they start about the community they want their kids to be in. And when I say community, they buy in a neighborhood. And as they buy into the school district, most families developed a sense of community. And that's what we're all here about is building environments to raise our kids in and our families in. As we try to move people around in school districts or suggest that they pretty much know where they want to be, okay, based on location of jobs or, you know, the part of town, whether it's Sarpy County or whatever it might be. So it's pretty hard to change. You asked the question about, is Omaha going to grow? Well, it's not only move-ins from out of town, but there's a huge pent-up demand from the Y Generation, the young kids who haven't been able to move out of their parents' basements. That's a nationwide thing. And there's...we expect huge growth in the whole area to the point that one day as developers we worry about, is there going to be enough lots? And the next day we worry about, do we have too many because it's kind of a cyclical thing. The South Sarpy...the boundary line is a big issue, and it is about money. And we'd like to get some help as soon as we can to get that going the right direction. I've only been involved with this issue now for about six months. And the players in it are good people trying to do the right thing, the people we've talked to from the different school districts and the attorneys and land developers, okay. And...but we need some help trying to get this funding issue settled. That's what's really the gridlock

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is. So we hope you can help us with that as soon as possible and help us build these communities that are so important to us. [LB865]

SENATOR SULLIVAN: Okay, thank you for your testimony. Any questions? Senator Cook. [LB865]

SENATOR COOK: Thank you. I guess my concern is that as I'm remembering what led to the creation of the Learning Community, a grand concern, that as the central city, which is now 680 all the way to the river, as people moved out of that, older housing stopped, the income levels of people dropped, so would the property values, that you could just sort of move away from your city and create a situation...as sometimes Detroit is described as a doughnut, a hole in the middle with the dough around the edges. And our commitment as a state and the policymakers at the time was that we would not let that happen. So when you come to me with sincere concerns about expanding along 370 so that people can buy a shiny new house away from the central city, that's not what the common levy was...the common levy was created to...so that people couldn't move away from...oh, I don't want that house. Oh, I don't want that neighbor. So to me, that's kind of a...opposable forces if you will. [LB865]

DENNIS VAN MOORLEGHEM: Well, and incomes kind of control that. I mean, as we go farther out, the land costs get higher and the cost of new houses get higher. And so more people will be going to existing houses in proportion. [LB865]

SENATOR COOK: But the people still...people do still live in the central city or east of 680 and north and south. And children...my district is primarily in...represented through the...children going to the Omaha Public School District. So they've got 2,200 more children last year. People are still moving to Omaha, the city of Omaha, that don't have \$200,000 or \$300,000 or \$400,000 for a shiny new house along 370. [LB865]

DENNIS VAN MOORLEGHEM: You know, we're also a part of the 2050 initiative, the eight county initiative. And that is...and I've only been to two of their meetings but as I understand that is to equalize that growth and a long-term plan for the eight counties whether it's Iowa or whether it's Sarpy County. Are you aware of that? [LB865]

SENATOR COOK: Yes, I am. [LB865]

DENNIS VAN MOORLEGHEM: Okay. [LB865]

SENATOR COOK: I'm familiar with the facilitators for that. [LB865]

DENNIS VAN MOORLEGHEM: Oh, so you know more about it than I do. [LB865]

SENATOR COOK: But this bill is about the common levy, which is about the 11 school

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districts, which are in Douglas and Sarpy County. So those are my concerns. And I wanted to make certain those are parts of the record because, as we're discovering with term limits, the memories of how we got here are not being included I think. But I appreciate your testimony today. Thank you. [LB865]

DENNIS VAN MOORLEGHEM: Okay, thank you. [LB865]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LB865]

DENNIS VAN MOORLEGHEM: Thank you. [LB865]

SENATOR SULLIVAN: Welcome. [LB865]

JOHN DICKERSON: Thank you, Senator Sullivan and Senators. Appreciate you giving me the opportunity to speak today. I don't want to echo everything that other folks have said, but I have four things, points that I'd like to make. One, I think... [LB865]

SENATOR SULLIVAN: Could you please state your name and spell it, please? [LB865]

JOHN DICKERSON: Oh, I'm sorry. [LB865]

SENATOR SULLIVAN: That's all right. [LB865]

JOHN DICKERSON: John Dickerson, J-o-h-n D-i-c-k-e-r-s-o-n, and actually I'm the president of the Nebraska Association of Commercial Property Owners. It's a membership of over 500 industry folks that own property or deal with commercial properties, and I'm speaking on the association's behalf mostly. One is this particular bill, the balance of funding between districts in talking to Brett Richards and some other folks, it seems like they're all struggling with that. And so we would support this bill in that regard. Other comments about the boundaries, I know that personally and I will get to that in a moment. It does affect economic development. Commercial development doesn't appear if housing doesn't appear. And so if we have things restricting the development of residential areas then we're not going to have the commercial development either. I would offer my personal experience. Mayor Black pointed out to you the 80 acres on the southeast section of Shadow Lake development. I'm the agent that represents the family that owns that property. I listed it for sale in January of 2008. I promoted it to over 20 builders and developers. And it was difficult because that was the beginning of the major recession. I mean the housing market was already down somewhat. But the answer I got from everybody that talked to me about that property was, we're not interested if it's not in the Papillion-La Vista School District because the number one thing...and being in real estate for 35 years, not in residential but associating with residential folks, one of the number one things that people do when they go look for housing is, where are my kids going to go to school? And they don't

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want their kids bussed if they can help it. So I would leave you with that. If you have any questions...because so much of what I had to say has already been said so... [LB865]

SENATOR SULLIVAN: Thank you, Mr. Dickerson. Any questions for him? Thank you for your testimony. [LB865]

JOHN DICKERSON: Thank you. [LB865]

SENATOR SULLIVAN: Any further proponent testimony for LB865? Anyone wishing to speak in opposition? Welcome back. [LB865]

MARK EVANS: Thank you, Madam Chair, Senators. It's interesting to hear all the comments prior to my comments. In fact, before I share some of the prepared thoughts, I couldn't help but think part of what happened in '06 and '07 must have been pretty intense emotionally. I could kind of sense that from Senator Avery. And I could kind of sense from the individuals that spoke prior to me stepping up here that there's some levels of emotions. And I think that's one of the challenge... [LB865]

SENATOR SULLIVAN: Dr. Evans, could you first state your name? [LB865]

MARK EVANS: Oh, I'm sorry. [LB865]

SENATOR SULLIVAN: That's all right. [LB865]

MARK EVANS: Mark Evans, superintendent of OPS, M-a-r-k E-v-a-n-s. [LB865]

SENATOR SULLIVAN: Thank you. [LB865]

MARK EVANS: I just got so excited to share my thoughts on what I'd heard as I was sitting in the audience. But I think that's part of why our legislative committee and why I'm here to oppose LB865 is that I do think it opens up that same emotion that Senator Avery was talking about, that many of you in the room were familiar with. And I wasn't here at the time, but I've certainly heard a lot about it. And I understand what happened, and I understand where we are today. And I also understand the positions of my colleagues who I greatly respect and Senator Smith, and I understand their positions too. But from our perspective, what we see with the common levy is a stable tax base which I think was one of the pillars of why this compromise was reached, was to create that stability in tax base. And I do recognize that there is a \$3.5 million shortfall last year of which probably would have been \$1.2 million for OPS. But I also recognize you're going to be talking about LB1068 which cures that ill, which I think is better than throwing it all out. Let's see if we can't cure that ill and work within the existing formula. So I think when you get to LB1068, you're going to cure the ill that was mentioned by several of earlier speakers. I would also say that the assessed valuation and some of

the projections that were made in '06, some of those projections didn't pan out because no one predicted '08 and '09 and what was going to happen with assessed valuation of properties all across the country, let alone in OPS and Omaha. No one could have predicted what happened. Well, maybe Warren Buffett could have. But most of us could not have predicted the kinds of things that we witnessed in '09. And I think that's what impacted the common levy. I actually think it's going to go up. And if you read the World-Herald, you'll notice that home sales are up, home valuations are up. We're seeing that trend change. And that will change how the common levy serves. Although I do believe it needs to be worked on which is why I think LB1068 will help us with at least part of that. And there's still some other pieces that probably need to be worked on to assist some of my colleagues and some of the things you heard earlier today. We see this as a foundation of the common levy, and if you...the common levy is a foundation of the Learning Community. And if you eliminate it, we think it's just the first step in undoing the whole piece. The legislative committee that OPS has when we discussed this, they said, well, if you start with the common levy, it will be boundaries next. And I think I heard that already just a moment ago. And then after that it'll be the 2 cents that goes to the LC. And after that it's going to be early childhood. And pretty soon it doesn't exist. And pretty soon what happened in 2006 at much what sounds to me like emotionality and pain is gone. And I think this is part of the start to that. But again, I understand their positions, but I think you lose so many things that I don't think it's worth...the losses aren't worth the gains even though I respect the opinions of the folks that spoke before me. This obviously has been a balancing act to resolve the issues in these districts and how we find resolution is one of the challenges that we have today. But recreating the contention of the past and some of the conflicts that occurred back then with boundary disputes because I actually appreciate the position of the superintendent who mentioned he didn't feel like his boundaries might be in question if they were turned back. I think they could be. I think things can change. I think things do change. And many of you have sat in those chairs long enough to see things change. So it starts one direction and ends up in another direction. And sometimes it's not how you think it's going to be. And so I think that's the challenge that everyone's going to have to work with is, you're opening up a can of worms that can lead a whole nother direction. And so that's why our legislative committee is not supporting that, and we're supporting maintaining the common levy recognizing that it needs some work. But this isn't the answer that our legislative committee from OPS, our school board members would agree with, or me personally. So with that, I stand for questions. [LB865]

SENATOR SULLIVAN: Thank you, Dr. Evans. Senator Avery. [LB865]

SENATOR AVERY: Thank you, Madam Chair. I've often thought that the common levy distribution formula needed work. I couldn't get anybody to agree with me today. But you seem to have an open mind on that. Would you like to elaborate on how could we improve the common levy and maybe take some of the steam out of this opposition to it? [LB865]

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MARK EVANS: Well, I think the first step is making certain that they're not...that you're not penalized for being a part of the Learning Community and making that distribution formula actually treat you lesser than if you didn't have it at all. And currently, that's what it is. Several people mentioned the millions of dollars that have been lost over the last several years, and it was \$3.5 million last year. Well obviously, you shouldn't be penalized because you're a part of the Learning Community. That doesn't make sense that the formula, when you respin it and redistribute it, penalizes the 11 school districts which is exactly what happens today. So I think that's the starting point. And I don't know that I have all the details of where it goes after that, but I suspect there's some other work that needs to be done to help specific districts that have some specific needs that aren't being addressed today. And I respect my colleagues who have some unusual circumstances. And we all have different circumstances. And you heard some of that in the conversations about free and reduced populations, what is and what isn't a challenge. And gosh, I've got a lot opinions on that, and 33 years later I've learned quite a bit about what is and what isn't a challenge and what's a greater challenge than another challenge. But there's separate situations that need to be dealt with, but I'd start with the distribution formula not penalizing anybody for being a part of the LC. [LB865]

SENATOR AVERY: Well, we hear a lot that there was an assumption that this was designed to help OPS with some distribution of resources from the common levy that would help you with your high-poverty needs. And we've seen that it hasn't quite developed that way. But you don't feel that you have been unduly penalized or hurt by the common levy? And you've said in your testimony just now that you...the gain was stabilizing the funding. Is that sufficient to offset what you lost? [LB865]

MARK EVANS: Well, particularly if you pass LB1068 because that's going to get rid of that loss that we have for being a part of the Learning Community. And even without that I almost would still say it's better off...we're better off with it than without it because in the long run I think we're going to be ahead. When you look at rising property values and you look at growth in other districts that we don't have because we're landlocked and we're already developed. You're not going to have anymore growth and development. So I think we're still ahead long term. I think we're impacted by the recessionary impacts that again, no one would have seen coming. I don't think it would look like it does today, and I suspect when it was all put together no one was projecting with the impact of '08 and '09. [LB865]

SENATOR AVERY: Right. [LB865]

SENATOR SULLIVAN: Senator Scheer. [LB865]

SENATOR SCHEER: Thank you, Senator. Nice meeting you. We have not met so... [LB865]

MARK EVANS: Nice to meet you. [LB865]

SENATOR SCHEER: In deference to your comment that you would prefer LB1068 versus this one, it's almost appearing...well, LB1068 then makes you back whole so you get the money that you wouldn't lose. But it doesn't really address the factors of the other superintendents that have lost significant dollars over the years in relationship to the common levy. And I mean, I'm not naive enough to think that you can have a pool of money that everybody puts money into and then everybody gets exactly the same amount out and somehow it magically corrects some deficiency that's out there. So inherent in the common levy is the fact that some districts will lose dollars that would have been available to their individual district through that pooling process. Is that not a fair assessment? [LB865]

MARK EVANS: I think it is if I understand exactly what you said. And I think my answer to your comment is what I shared with Senator Avery earlier in that I think there are some other technicalities of the formula that need to be looked at. I think you start with evening the playing field so you're not penalized for being a part of the LC and then you look at the other pieces. And I don't have the answers for that...the complexities of that formula. But there's going to be... [LB865]

SENATOR SCHEER: But if we say you're not going to be penalized, that...I mean, that then is a much larger infusion of state dollars than we currently have. And...which may be a separate question but when you talked about the stability of dollars, how will you...what would you respond to another district that says, well, that's exactly what state aid is supposed to accomplish is the stability of dollars based on your needs versus available resources and the state aid is supposed to pick up the difference because honestly that's how the rest of the world--Nebraska--operates? And as far as the Learning Community itself, it does have its own specific mill levy that it is essentially operating under. So how do we distinguish between this and the rest of the state? [LB865]

MARK EVANS: Let me see if I can recapture the conversation I heard with our legislative committee in response to the stability question. State funding has more volatility and property taxes and staying with the common levy and separating it over 11 districts is going to give you more stability because it's not going to have the volatility. That's the conversation we had. That's certainly my experience in another state too. I presume there's a history here that would suggest the same, that you're going to have more ups and downs, especially economic swings that might impact that. My guess is '08 had a huge impact on the state coffers whereas property was pretty stable. And so that's part of the conversation we had is if you want long-term stability, you've got to have that correlation and you've got to better...by spreading it through the 11 and covering the property of all 11 districts, you're going to have a greater assessed

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valuation stability. So that's the conversation we had on Saturday...last Saturday morning was that the stabilization was there versus the state funding which was going to be impacted by economic ups and downs as I mentioned. I'm sure it was impacted in '08. [LB865]

SENATOR SCHEER: But you're not prepared...though you're not prepared to say that if we just leave it alone, you're more than willing to absorb the loss of having the removal of the common levy. You're wanting it fixed but fixed in a method that more than makes you...that makes you whole but not necessarily the others that have testified. I mean in fairness, you're saying that LB1068 really takes care of the perceived loss over the years in the future... [LB865]

MARK EVANS: Right. [LB865]

SENATOR SCHEER: ...but it doesn't take care of the known loss of funds on a local level for some of the other districts that have testified today. [LB865]

MARK EVANS: Right. I didn't address that. I don't have the answer for that. [LB865]

SENATOR SCHEER: Fair enough. Okay. [LB865]

MARK EVANS: I don't have the answer for that. [LB865]

SENATOR SCHEER: Thank you, Mr. Evans. [LB865]

SENATOR SULLIVAN: Anything else for Dr. Evans? Thank you for your testimony. [LB865]

MARK EVANS: Thank you, Madam Chair. [LB865]

SENATOR SULLIVAN: Yes. [LB865]

TED STILWILL: (Exhibit 6) Good afternoon, Senator, members of the committee. I'm Ted Stilwill, T-e-d S-t-i-l-w-i-l-l, the CEO for the Learning Community. Appreciate the opportunity to comment on this bill. And I actually thought at one time it might not be necessary to testify, but some of the previous comments have suggested that perhaps I should do so. I first want to compliment Senator Smith in his introductory remarks. I think he...if Superintendent Evans was very complimentary about the facility here. I will tell you that I've worked with...a lot with the Iowa legislature and with two or three others on a much less frequent basis. The access you provide, the depth of your understanding of these issues is just outstanding. And there's probably no better example of that than Senator Smith's opening testimony. Not necessarily, as he said, a member of the Education Committee, but I think he displayed remarkable insight into

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these issues, into the Learning Community. That's not to say that I agree with 100 percent of what he said. And it's...I think that's the clarification I'd like to bring to you. And it's something that has been part of your discussion so I don't need to be...to reiterate to too great a degree. But if you go back to 2007 and if you go back to 2005 and 2006 and 2007 when all that controversy was taking place, and it was, as many of you know, a very...apparently a very emotional conversation. I now have more of an appreciation of that and somewhat of an appreciate of what's happened since, although I didn't come on board until well after those conversations were over initially but have certainly picked up a lot of residual emotion on the part a lot of people for various reasons. And so the Legislature in 2007 in designing the Learning Community and designing the common levy had the challenge that you've all described and discussed with various testifiers and set about with a mechanism to look at sharing property tax resources among those districts. The best summary of the world at that time, ironically enough, is a dissertation provided by your current commissioner that he finished in 2013. Mr. Blomstedt's...I wouldn't invite you to read the whole thing unless you're really, really interested in history, but with all do respect, it is good reading. But the summary and conclusions summarize the various, and there were a number of them, intersecting issues. But the common ground was this idea that I heard Senator Avery speak to and I've heard some of the rest of you speak to as well as some of those testifying that there is some commonality among these districts in a metropolitan area. There is a common economy. There's a common regional healthcare system and so on. And they all to some extent participate in that even though they are separate school districts, and in some cases, separate communities. And there are issues that affect all of them even though they're not issues...the issues are not the same in a single district. For example, if you look at the distribution of schools with low free and reduced...very low free and reduced price lunch counts, parents that are a little better off or a lot better off, and you look at schools with very, very high percentages of free and reduced price lunch across the state of Nebraska there's kind of a normal distribution as you might expect. Within a Learning Community, the distribution looks like this. There are families with considerable wealth and schools with very low free and reduced price lunch counts and schools with very, very high free and reduced price lunch counts; more free lunch, more families in much dire poverty. So the bottom line in all of this is a shared pool of resources was a really good idea, a really innovative idea at the time. It's not had much attention since 2007. So you're providing some of that attention today. It will take more than the testimony this afternoon to come up with solutions. But I think the position of the Learning Community Coordinating Council on why they're opposed to the abolition of the common levy is it can be fixed. There are ways of looking at it now that are different than conditions were in 2007. Property values were different. It's still going to be a combination of needs and resources that are treated a little differently within the common levy than they are in TEEOSA, but I think further examination of that is well warranted. This is a lot of money. It's a lot of kids. It deserves more attention than just looking at it every five or six years. Thank you. Be happy to answer any questions you might have. [LB865]

SENATOR SULLIVAN: Any questions for Mr. Stilwill? Senator Haar. [LB865]

SENATOR HAAR: Yes, as I listen to all of this, isn't the real problem that the people of the 11 districts don't see themselves as a community? I mean, it's saying, this is ours, this is ours, that's...we and they come in. And ideally in a Learning Community it'd all be we. [LB865]

TED STILWILL: Well, Senator, you've had enough...certainly enough experience with school districts to know about pride and individual school pride and athletic teams and all those kinds of things. You also have pride in their professional development systems and in many aspects of their community school district. So their day job if you will, the superintendent's day job certainly is to look out for the best interests of their district. But are they part of a larger whole, and do they have some responsibility? I think you heard several superintendents say they would be willing to contribute. They'd be willing to be part of it. This mechanism just isn't working for them. Now moving to a degree...a much higher degree of collaboration which takes time away from your day job sort of, your responsibilities to the folks that hired you and the folks that you're serving, not just the superintendents but as central office folks and all the way through. I think that spirit is there, and I think it could be tapped into. It's easily damaged in the face of resource distribution that people have a difficult time explaining. And then you have other issues, boundaries are wandering in. You'll find other issues, you know, open enrollment. Personally, I don't find that the competition for students in the Learning Community is unhealthy at all. It's a fairly collegial conversation. And it's fairly advanced. It's because...not because the Learning Community. It was there with option enrollment. And kids were moving around. Parents were moving around. The subsidy for parents without means that's in place now I think is a safety valve for that so not just parents with means can move their children if they want to. So that's a nice safety valve to have in place. But for the most part, while it's not a dramatically collaborative environment that I think would be ideal, it's not mean and nasty competitive. It's just people going about their business. And with different levels of understanding frankly, about the conditions of families in deep poverty. That's another I think very human factor that the conditions we're seeing in some parts of the Metro area are much more severe than most people realize. You know, I talked to Kiwanis Club this morning. And I think someone who might have been related to you was there actually. And he said to say, hello. And we talked a lot, and they have a partnership with the school in north Omaha. And so they had a deeper understanding and a better understanding of what's necessary to serve those families. But that's somewhat unusual among people of a larger community, and it's not always well understood by folks in school districts who have a whole different population that they're serving. [LB865]

SENATOR HAAR: Thank you. [LB865]

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SENATOR SULLIVAN: Okay. Senator Scheer. [LB865]

SENATOR SCHEER: Thanks for your comments, Ted. Just out of curiosity because Omaha was the only one to oppose this legislation and there were two, three, or whatever that were supportive, you had said the council voted to oppose it, can you tell me what your vote was on the council from the vantage point...? [LB865]

TED STILWILL: It was a pretty split vote. I don't recall the exact numbers. But when it comes to fundamental Learning Community issues including whether we should be there or not, we don't have a unanimous vote on that. So it's not surprising we didn't have a unanimous vote on this one. I don't exactly remember the vote count. But there were a substantial number of people who were not in favor of the common levy. And it stands to reason we have folks on the council representing districts in Sarpy County and so on. So... [LB865]

SENATOR SCHEER: Right. Okay. If you don't know, you don't know. That's fair enough. [LB865]

TED STILWILL: No, I'm sorry. And I don't want to guess. [LB865]

SENATOR SCHEER: Okay, thank you. [LB865]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LB865]

TED STILWILL: Thank you. [LB865]

SENATOR SULLIVAN: Any further testimony in opposition to LB865? Anyone wishing to speak in a neutral capacity? Senator Smith for closing. [LB865]

SENATOR SMITH: Thank you, Senators, for your patience, your engagement on this topic. And I know it's been a long day. And I'm not going to waive closing but I will try to be short and brief in my responses. Senator Cook, you said that it's a long way to travel to Shadow Lake, but I wanted to let you know we do have a new hotel in Papillion, our first ever. So come and stay. [LB865]

SENATOR COOK: Why not? A mini vacation. Thank you. [LB865]

SENATOR SMITH: Pardon my plug there. Senators, please don't buy into the thought that to eliminate the common levy, to address the funding deficiencies, that you have to get rid of the Learning Community. There's more to the Learning Community than the common levy. And I'm going to go back and I'm going to repeat Ted Stilwill's words. And I think this is the best response to what his testimony was here. Again, quote...this is November 27, in the Papillion Times of this last year. "By far the most frequent

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complaint about the Learning Community is the common levy. A lot of people who want to get rid of the Learning Community really just want to get rid of the common levy, which neither I nor the Coordinating Council nor anyone at the Learning Community have anything to do with. It's entirely a legislative issue. But because of the frustrations over it," he acknowledges the frustrations, "people are failing to see some of the pretty good things the Learning Community has nevertheless been able to do." The common levy is not working with the funding, and it's divisive. It's pitting district against district, county against county. If I go back to articles back to 2006 and I look at some of the conversations that's being had about the purposes of the common levy, it's acknowledged in here that they want the districts in the two counties to share resources. I suggest to you that that's the means because there's also discussion in the same article that there's an interest in increasing school integration and bolstering school funding. To me, that's the end. You have a means to an end. Sharing resources is not the end in and of itself. It's a means. If you look at the dollars, 2013-2014 school year, Omaha lost just under \$400,000 that they would have otherwise have received without the Learning Community. Elkhorn lost \$600,000. DC West lost \$1.6 million. Millard gained just under \$700,000. Westside gained \$1.5 million. Bellevue lost \$700,000, a little bit more than \$700,000; Papillion-La Vista, just under \$500,000. Gretna lost just under \$700,000. South Sarpy, struggling terribly, lost \$1.8 million. Again, OPS that we heard testimony from lost just under \$400,000. We can fix that funding by eliminating the common levy and keeping the Learning Community intact. We heard about other fixes, the fixes suggested in LB1068. To artificially inject \$3.5 million into the common levy, OPS may be made whole and they may become a winner but those other issues remain, those that are affecting resolution of boundaries. The unintended winners in Millard and District 66, the pressures on the remaining school districts to optimize their taxes. You know, Senator Sullivan, Burwell Public Schools is at 99 cents. If it were part of the Learning Community and was a loser in the distribution formula, would it be able to cover its existing costs with the 4 remaining cents or would the school board have to raise property taxes? Senator Avery, Senator Haar, Lincoln Public Schools is already at its \$1.05 levy limit I believe. If 95 cents of that were redistributed, would your voters approve another tax hike? And Senator Scheer, Senator Seiler, I know Senator Davis is absent here, but they have districts within a cent or two of their limit. Could they afford to lose some of those funds or would their taxpayers see property tax increases as well? This again...this is not about the Learning Community. This is about trying to make these school districts whole. And so if you artificially inject under LB1068, more money into it, and you make OPS whole we still have the same underlying problem. So let's say we make everyone whole, that we hold everyone harmless and pull everyone up to the line. Now we're chasing good money after bad. And I appreciate Mr. Stilwill's comments. I've had a conversation with him. I've had great conversation with him. And I believe that he is working hard, striving to do the best for the community he represents. We have a difference of opinion as to how we address the funding problems. I appreciate the leaders from our school districts that came and testified today. We have a great group of people and I appreciate the commonsense comments made by the

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developers in Sarpy County and also in the area. You know, we really appreciate the risk that they take every day in investing in our communities because it's because of them and their invests that we're able to build our schools. So let me see...I think with that, I'll close my comments. And again, I appreciate your attentiveness. [LB865]

SENATOR SULLIVAN: Any questions for Senator Smith? Thank you. [LB865]

SENATOR SMITH: Thank you. [LB865]

SENATOR SULLIVAN: All right, that closes the hearing on LB865. We'll now move on to... [LB865]

SENATOR SEILER: Madam Chairman. [LB865]

SENATOR SULLIVAN: Yes. [LB865]

SENATOR SEILER: I would like to make a motion that the testimony and record of LB865 be ancillary to and part of the record as relevant for LB1101, LB1068, and LB1070 so that the parties do not have to repeat everything to bolster their record. They can still testify as to other items but won't have to bolster the record. [LB865]

SENATOR SULLIVAN: Okay, is that agreeable to members of the committee? [LB865]

SENATOR SCHEER: I'd second it. [LB865]

SENATOR AVERY: May I ask a question? [LB865]

SENATOR SULLIVAN: Yeah, okay. It's been moved and seconded. So I guess, yes. [LB865]

SENATOR AVERY: Okay, is one way to see this, if they've already said it, don't say it again? (Laughter) [LB865]

SENATOR SEILER: So they don't have to. [LB865]

SENATOR HAAR: They don't have to. [LB865]

SENATOR SULLIVAN: All right, well...so is it fair to then leave it that we can handle it either as Senator Seiler indicated or as Senator Avery, or should we vote...? [LB865]

SENATOR SCHEER: I think...from my perspective, I think it should be part of the record. And it wouldn't technically be part of the record of those other hearings without his motion. [LB865]

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SENATOR SULLIVAN: Okay. [LB865]

SENATOR SCHEER: Otherwise it would just be before. So I really think technically Les's motion is in order. [LB865]

SENATOR SULLIVAN: Okay, very good. Well, we've had a motion. As Senator Seiler indicated that that previous testimony would be entered...on LB865 would be entered into the testimony for LB1101. We've had a second from Senator Scheer. [LB865]

SENATOR COOK: Not just LB1101, right? [LB865]

SENATOR SEILER: LB1068 and LB1070. [LB865]

SENATOR SULLIVAN: Oh, okay. For LB1101, LB1068, and LB1070. Very good. And any more discussion? If not, can I just take a voice vote? All in favor? Aye. Opposed? All right, very good. Never been done before. All right we'll move on to then the hearing on LB1101 that will be introduced by Senator Crawford that changes and eliminates provisions related to state aid and Learning Communities. Welcome, Senator Crawford. [LB865]

SENATOR CRAWFORD: (Exhibit 1) Thank you. Good afternoon, Chairwoman Sullivan and members of the Education Committee. My name is Sue Crawford, C-r-a-w-f-o-r-d, and I represent the 45th Legislative District in Bellevue, Offutt, and eastern Sarpy County. And I think it's important to note for this bill that my district includes Omaha Public Schools, Bellevue Public Schools, and Springfield Platteview. Those are all parts of my district and important to me and important to me as I was thinking about how to craft this bill to make sure that we were trying to do something that works for different types of schools. LB1101 deals with two issues related to the Learning Community: the common levy and school district boundaries. Both of these are key issues that challenge Sarpy County's cities and schools. It is important that if we as a Legislature talk about the common levy and eliminating the common levy, we also talk about boundaries. As the fastest growing county in Nebraska, Sarpy County needs flexibility as it grows and develops. Furthermore, as a senator with both Omaha Public Schools and Bellevue Public Schools in my district, I am concerned that the common levy has not worked as intended to direct more resources to landlocked, property-tax-poor districts. The Learning Community was a frequent conversation when I went door-to-door as a candidate and still is one of the most frequent issues that's raised by constituents at meetings and in e-mails. Many of these people care about Bellevue Public Schools and Omaha Public Schools and are willing to step up to support the Learning Community, but they are frustrated when they see the money is not going to the schools and districts that they perceive most in need. They often ask me, why doesn't the state tax equalization fund aid address these questions? That's a very hard

question for me to answer because I think that that's a very fair question. And I understand at the time there were concerns about the sustainability of that state aid as part of what fed all into this creation. But again, they ask why don't we address those inequalities through our state fund that deals with equalization? In addition to eliminating the common levy, LB1101 also creates a process if negotiations over boundaries break down...over land transfers break down. My hope is that school districts are able to work out transfers without the process created in LB1101. However, I feel it is important to create a process to ensure that these disputes do not drag out indefinitely. The pages are now circulating an amendment that clarifies this process. Under LB1101 as amended, any of the affected districts in a dispute over negotiations over land transfer may petition the district court after 90 days of negotiation. At that time, the district court judge decides whether or not one or more of the parties have negotiated in good faith. The judge can make one of two determinations following the hearing. One, both parties have acted in good faith, no transfer, process ends. Two, one or both parties have not acted in good faith, return to negotiation. If the parties are ordered to return to negotiations and these further negotiations also fail after the additional 90 days, the court shall issue an order transferring the property in question to the school district. The court shall also determine an amount of fair consideration to be paid by the receiving school district to the transferring school district. Despite my concerns about the common levy and the boundary rules, I am a strong supporter of the early learning initiatives of the Learning Community. These remain intact under LB1101. I have friends whose children attend Jumpstart and speak very highly of the program. The early learning outcome results have been promising. I have also had a chance to visit and see firsthand how well these programs work for our families with young children. One outcome I was particularly impressed with was that parents involved in the program in south Omaha reported 100 percent participation in parent-teacher conferences in that quarter. Eighty-eight percent of these parents participated in four or more school events. These are impressive gains in the early childhood learning components of the Learning Community. The Learning Community's family liaison program has been shown to improve students' academic achievement and reduce families' stress, improvements that were statistically significant. It has also received positive reviews from families who participated in the program. The early childhood learning component has brought people together across the schools to target improvements for early learning and parental involvement with results. These are positive initiatives we need to continue. There are several city and school officials here to testify in support of LB1101. And I believe you've already heard many hours of testimony related to the common levy component. And I believe, from what I have heard in the back and seen from notes, they've done a great job of outlining some of those concerns. Their testimony, hopefully here for LB1101, will also help you understand some of the issues that exist with the boundary rules that exist currently. I thank you for your attention this late afternoon. And I'm happy to try to answer any questions now or at closing. [LB1101]

SENATOR SULLIVAN: Thank you, Senator Crawford. Senator Cook. [LB1101]

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SENATOR COOK: Thank you, Madam Chair, and thank you, Senator Crawford. I apologize for stepping out for a couple of minutes. But from my cursory reading of the bill proposal, it also eliminates the 2 cents. And so... [LB1101]

SENATOR CRAWFORD: The building levy that hasn't been used, yes. [LB1101]

SENATOR COOK: Okay, so not the 2 cents of which we get...from which we get the early childhood money. [LB1101]

SENATOR CRAWFORD: No, no. [LB1101]

SENATOR COOK: All right. [LB1101]

SENATOR CRAWFORD: It was important...I believe that is a program where we have statistically significant results. That is a program that brings people across the Metro community together to focus on early childhood learning in our community. I think that's a part of the Learning Community that has been very positive. [LB1101]

SENATOR COOK: All right, thank you. [LB1101]

SENATOR SULLIVAN: Senator Avery. [LB1101]

SENATOR AVERY: Thank you, Madam Chair. Senator, I don't know if you were here when I asked the question about the deal breaker. We made a deal in '07 with school districts that were concerned about boundaries. [LB1101]

SENATOR CRAWFORD: I wasn't here, so you'll have to repeat the scenario. [LB1101]

SENATOR AVERY: Okay, all right. They didn't...it's mostly South Sarpy. They didn't like the idea of the common levy. But they saw it coming and they...I'm sure they thought of it as a locomotive and they couldn't get out of the way in time. But we seem to buy some support from the opposing school districts by offering them a compromise that included primarily freezing the boundaries. Now you want to blow up the whole deal it looks like to me. You want the common levy to be repealed. You want to ease up on the frozen boundaries. What's left? I mean, how do you protect the Learning Community if the pillars of the common levy and frozen boundaries are taken out? [LB1101]

SENATOR CRAWFORD: Good question. Again, the common levy for early childhood learning, that small levy that we all chip into remains. I think when you're talking about the deal of the common levy for frozen boundaries, that's...the fact that both of those components were part of that deal is a major reason why I think it's important that we talk about both of those. And so I'm concerned when we have discussions about either

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one without the other because I think that was part of the deal. But I also think if you look back, which we did earlier, you look back at how senators from Sarpy County have voted every time they had a chance to vote on this, I wouldn't say that they agreed to some deal. I think they've consistently voted against the Learning Community from my understanding. [LB1101]

SENATOR AVERY: Well, we...the deal was made with the school districts. And I was in on a lot of those negotiations with the senators that were not happy. But South Sarpy has never been happy with the Learning Community, never. But they are in the community. And the whole idea of trying to create a functional equivalent of one city, one school district really doesn't work without the whole community being together. And what I fear you will do here... [LB1101]

SENATOR CRAWFORD: Right, well...and I think that the... [LB1101]

SENATOR AVERY: ...with this bill is blow it up. [LB1101]

SENATOR CRAWFORD: Well, this does...this blows up the common levy component of it which I believe is the part that is not working, and I believe it's the part that really...and when I talk to people in Sarpy County, they equate Learning Community with common levy. And they hate the common levy. And you have to talk to them for five minutes or more before you get them back to, oh yeah, but there are some great early learning childhood pieces that we're doing. And that's only about \$15 for each homeowner, and look at all the benefits we're getting because in their mind the Learning Community equals the common levy. And again, it's harder and harder for me to answer those questions about the value of the common levy when they see in the newspaper who wins and who loses. And they see that it's not OPS and Bellevue Public Schools that win. [LB1101]

SENATOR AVERY: Well, this might make some of your constituents happy, but is it good policy? [LB1101]

SENATOR CRAWFORD: Is what good policy? [LB1101]

SENATOR AVERY: What you're proposing. [LB1101]

SENATOR CRAWFORD: I believe so because I believe it is an example of making a policy decision based on evaluating how a policy has performed. I think we put the policy in place. I believe we had assumptions at that time about how property tax values would change. We had assumptions at the time about what would happen with state aid in the future and also assumptions perhaps about how the formulas would work. And we have put it in place and it has not worked as expected. And so I think a good public policy choice is to eliminate something that is not working, especially when you have

another policy already in place, tax equalization aid, to deal with that very problem. If the problem is the concern about the sustainability of landlocked schools like OPS and Bellevue Public Schools, let's use the state aid formula to address those problems. We already have something that we all contribute to, and we have something that exists, that deals with equalization. We still then have the benefit in the Metro area of these Learning Community centers that bring parents and kids from multiple schools together and really focus our energy on early childhood learning, that provide some people outside of just the people who are in the education...get more engagement in the community on these issues of...let's make sure we as the Omaha Metro community pay attention to early childhood learning and do everything we can together to improve the situation for those kids who most need our help. That's the part of the Learning Community that I will stand up and defend over and over again. And I do stand up and defend it over and over again because I have to in Sarpy County. But that's the part that works well. That's the part that brings us together. The common levy part, the boundary rules part, that's the part that creates all kinds of tension and I think creates and makes it more difficult to build support and encouragement for the parts of the Learning Community that are working. So I do think it is good public policy. Long answer to that question. [LB1101]

SENATOR SULLIVAN: Senator Cook. [LB1101]

SENATOR COOK: So you don't think the money brings people together? [LB1101]

SENATOR CRAWFORD: I think the early childhood learning money helps to bring people together because they have to come together and decide...applying for those grants, it creates opportunities for people from different school buildings, different school districts to talk about how to come up with ideas to address early childhood learning and to then implement those together. The common levy money does not bring people together except in opposing it in Sarpy County. But the common levy money just gets pooled together and distributed. There's no common discussion about that. The learning councils don't discuss the common levy. It's all just a formula. It comes in. It goes out. And the people in Sarpy County see, you know, in their property tax statements...and this...not in just Sarpy County but in Douglas County as well. I don't know if you get these same complaints. In their property tax statements, they see Learning Community. And it includes all of...not just the early childhood learning piece, but it includes the entire levy. And so they think that all of that 90-plus cents is going to these early childhood learning centers. And they don't understand that. So I think that common levy creates... [LB1101]

SENATOR COOK: So is that a problem with the statement or the problem with the policy? The statement says this, and they misunderstand it... [LB1101]

SENATOR CRAWFORD: That is a problem with the statement. [LB1101]

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SENATOR COOK: ...and they misunderstand what the common levy is, and they misunderstand. So now it's incumbent upon us to change the policy. [LB1101]

SENATOR CRAWFORD: Well, that is not the only problem with the common levy. If that was the only problem, we could solve that pretty easily by changing the statement. That just exacerbates the existing problem with the way the common levy works. [LB1101]

SENATOR SULLIVAN: Senator Scheer. [LB1101]

SENATOR SCHEER: Thank you, Senator Sullivan. Well, Senator Crawford, using Senator Avery's analogy that they saw the train coming so they sort of agreed. To me, that's sort of like saying bad breath is better than no breath at all. So I'm not sure that that was negotiations. But having said that, getting back to your part of blowing up the district part, you're not really blowing up the whole process... [LB1101]

SENATOR CRAWFORD: No. [LB1101]

SENATOR SCHEER: ...because yours is exclusive to just the agricultural ground which is more exclusive to that south border. My question to you is you have developed a process of settling disputes that would be different than the rest of the world, the rest of the state. Is this something that you are tied very closely to, or would you be amenable to something that would resemble what the rest of the state is using to settle their disputes in relationship to like instances? [LB1101]

SENATOR CRAWFORD: Right. Thank you for that question. Part of the Learning Community creation was to create a different kind of boundary set of rules for those schools and so we were...the initial thought of the bill was to create a mechanism for when there is a stalemate in those existing rules that exist in the Learning Community, so trying to fix that in a way that did not open it up in a way so that every single boundary out there now becomes a dispute. That was our intention with the way we crafted it, to craft it so that it worked well in the areas that are newly growing and developing where I think you need the most flexibility. I think it would be a policy discussion and perhaps people after me from different school districts could answer that question of how they would feel about instead the policy choice was to allow something that already exists for other schools. My initial impression is that that takes us back to where we were before, but on the other hand we've moved since then. So I don't know if we need something this tight or of it has to be something else that I'm... [LB1101]

SENATOR SCHEER: But essentially, Senator Crawford, you are going back where you were before because if you're removing the common levy then that was...as you talked to Senator Avery, that was the trade-off, was the common levy and the district portion

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and where there's... [LB1101]

SENATOR CRAWFORD: So that's a fair question. [LB1101]

SENATOR SCHEER: So consequently, if we're going to take part of...this half of the equation and remove it then we ought maybe to take the other half of the equation. And again, your bill is exclusive to the agricultural ground. It's not districtwide. [LB1101]

SENATOR CRAWFORD: Right. [LB1101]

SENATOR SCHEER: So we're not really talking about other areas other than this in allowing it to be freestanding based on the rest of the standard mechanism used by the rest of the state. [LB1101]

SENATOR CRAWFORD: Right. That's fair. That's fair. I was just trying to...from a policy perspective of taking the smaller step. But it's a fair question to ask the people behind me what they think of that question. [LB1101]

SENATOR SCHEER: Okay. Thank you, Senator. [LB1101]

SENATOR CRAWFORD: Sure. [LB1101]

SENATOR SCHEER: Thank you, Senator Sullivan. [LB1101]

SENATOR SULLIVAN: Okay, any other questions for Senator Crawford? Will you be here for closing? [LB1101]

SENATOR CRAWFORD: I will. [LB1101]

SENATOR SULLIVAN: Okay, very good. Thank you. We'll now hear proponent testimony. [LB1101]

DAVID BLACK: (Exhibit 2) You get me again. I apologize. Senator Sullivan, members of the Education Committee, my name is David, D-a-v-i-d, Black, B-l-a-c-k, mayor of the city of Papillion. Thanks again for letting me testify. And I do recognize previous testimony carries over so I won't talk as much about money and funding and levies as opposed to the piece about boundary disputes. My purpose again is to show how the restricted boundary is jeopardizing our future growth. And again, I believe the Legislature had good intentions, but I'm not sure anyone could have predicted the unintended consequences to the economic development and my city's future unless the long-term goal was actually to force Papillion and Springfield...I mean the Platteview Springfield School District into extinction. Let me talk a little more about future growth. And I gave another map in this one. Land within the Platteview Springfield School

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District boundary contains almost all of the contiguous growth area for Papillion, and with the historic facts that I shared earlier and the actual development patterns, I feel very strongly that Papillion's growth is impeded if not going to be stopped. In my previous testimony, I referenced a newer 112-lot development in Papillion where a small portion was in the Springfield Platteview School District. Those specific lots are not selling. And the developer himself, Mr. Torczon who was here, tried unsuccessfully to facilitate a transfer of them into the other school district so they could sell. That's the market telling us the boundaries are an issue, not the city. Our hope is that through the common levy, aid formulas, some of these other money discussions, Springfield Platteview would be made whole and we would know...they wouldn't have to hold on to that one remaining asset which is the undeveloped land. But no matter the outcome of that other legislation, we do believe that LB1110 or LB1011--I forget the number...the one I'm talking about. (Laughter)...believe that that issue on how to resolve boundaries is an absolute necessity this year. And it is the final step for failed negotiations. In Papillion, we are seen as a leader in the area for economic development at the local level. And I can assure you with a very high degree of certainty that with the restricted school district boundaries and the inability for schools to negotiate boundary agreements which are allowed under the current law that there will be a slowdown. We understand and appreciate that some believe this is not a big issue. There is an excellent school district already serving that southern area. However, facts are hard to deny. More than 1,600 homes were built in the last few years in Papillion-La Vista, and that will come to a standstill as the land in Papillion-La Vista School District is built out. Unless it was purposely engineered in 2007, none of us could guess what the impact of restricted school district boundaries would be. We no longer have to guess. Whatever the arguments someone wants to make, you can't deny the facts. Papillion's future growth area in the Papillion-La Vista School District is building out, and the land south is not even though both have access to the same infrastructure, same zoning, same planning, same elected officials. What we think is not nearly as important as what we know. The market is telling us that the restricted boundaries are an issue. I believe Senator Crawford's bill is one solution that stops a rural school district from having veto power over the primary school that serves the growing first-class city. I honestly believe that we can all work together at the local level in Sarpy County to address the boundary lines if the Legislature will put in place a mechanism for relief if there is no agreement amongst the impacted school districts. I'm not taking any position on the Learning Community. I mentioned that before. I'm not an advocate of eliminating anything. I don't believe that this invalidates the original boundary restriction with the original Learning Community bill. This bill does not open up Pandora's box regarding all boundaries. It is very specific in how it was crafted to the urban...to the growing areas where the first-class cities that are growing are up against agricultural areas. It does not open up the door to the urbanized metro core. It enables economic development without affecting those already urbanized areas. I encourage you to support Senator Crawford's bill. [LB1101]

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SENATOR SULLIVAN: Thank you, Mr. Black. You mention in your testimony that this is the one remaining asset for future development. What other assets were you including in that? [LB1101]

DAVID BLACK: When I think of a school's balance sheet, it's basically cash and land. I mean, land is where the valuation comes in from which it drives the revenue. And again, and I think I mentioned it before, if Springfield Platteview is losing dollars on their balance sheet, revenue is going down because they're doing assessments but then it's driven elsewhere in the Metro because of common levy or other foreign funding, the only asset they have is the undeveloped land in hopes that it will develop. They can't give it up without being compensated and being made whole. So I understand why they hold on to those boundaries. But we need to have the ability for the market to decide whether some of those boundaries go in those urban...in those growing areas which is the first-class city to the agricultural. And I think this bill allows for that mechanism. [LB1101]

SENATOR SULLIVAN: And I know you're speaking for the city and you're not on the school board nor are you a superintendent... [LB1101]

DAVID BLACK: Correct, correct. [LB1101]

SENATOR SULLIVAN: ...but do you have any idea why the Papillion-La Vista School District located the school building so close to the boundary lines? [LB1101]

DAVID BLACK: That's where the growth was as far as the rooftops and the number of households. I don't know the science behind where they put them. But when you think about the neighborhood schools and where the rooftops are and the populations are, that's exactly where they were going. Ten years ago, they built the Papillion-La Vista South High School over in that area. The rooftops started coming. Then they had to put in elementary schools to serve that I'm assuming. [LB1101]

SENATOR SULLIVAN: Okay, thank you. Let's see. Senator Davis. [LB1101]

SENATOR DAVIS: I guess I missed out on a lot of the testimony from earlier so I'm confused and I'm perplexed as to the issue of these boundaries. You represent the city of Papillion which is the north side of this. [LB1101]

DAVID BLACK: There's actually five cities in the north of that. [LB1101]

SENATOR DAVIS: Five cities. [LB1101]

DAVID BLACK: Well, I'm kind of in the...right in the central, just above the north of yellow. [LB1101]

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SENATOR DAVIS: And so what you want to do is annex some property from Springfield Platteview? [LB1101]

DAVID BLACK: Not as far as the city itself. What we want is when a developer of private industry like Mr. Torczon who is here...when a developer determines that in order to develop a piece of ground it makes more sense to be in the alternate school district, the one of the first-class city, that the developer can approach the school districts, allow the school districts to negotiate with that developer which I think is what used to happen. And then if they agree to the transfer it all occurred and the city was never involved, but we saw the economic development occur. What this then allows and what I'm advocating is if those negotiations fall apart then there is a mechanism to resolve that dispute. And in this the city plays no role. I'm advocating for it because it allows economic development to continue. But if this is put in place, I have no role. It is school districts and developers. [LB1101]

SENATOR DAVIS: But you're saying that there were lots that were developed in the Springfield Platteview district that are not saleable. [LB1101]

DAVID BLACK: That's correct. [LB1101]

SENATOR DAVIS: And how far are they from the school in that district? [LB1101]

DAVID BLACK: The one example which I gave previously and there's a map on it, I won't repeat it too much, but the example I gave in my previous testimony there was a map...and the example I used were two 80-acre plots that are literally contiguous at 72nd and Schramm. One of those was developed in residential and it's in the Papillion-La Vista School District. And there is a school literally on that line, on the blue line in that map. The 80 south of that is in the Platteview School District. A house developed in there, if it would develop, could see the school but without optioning in, if they stayed in their school district I'm going to guess they'd probably have to travel three miles to an elementary. [LB1101]

SENATOR DAVIS: And you think that's a hardship for them. [LB1101]

DAVID BLACK: I'm not saying it's a hardship. It's the development community and the people that are buying the lots that are saying they won't do it. [LB1101]

SENATOR DAVIS: Well, you know what, I would think that the developer probably knew that he was buying property in that school district when he did so. [LB1101]

DAVID BLACK: No, the developer is not buying the land which is why the blue lot in that example, the developer did buy and did develop and people bought it and it has a \$45

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million valuation. The lot south of that nobody has bought. It's been on the market, and developers will not buy it. And it has a \$300,000 valuation. So the market is driving this, not the city. [LB1101]

SENATOR DAVIS: Has the price been driven down on that piece of property because of that? [LB1101]

DAVID BLACK: Not low enough. [LB1101]

SENATOR DAVIS: Maybe that's the issue. [LB1101]

SENATOR SULLIVAN: Senator Seiler. [LB1101]

SENATOR SEILER: Just a clarification, on your plat, exhibit 1... [LB1101]

DAVID BLACK: Yes. [LB1101]

SENATOR SEILER: ...you talk about the 80 acres, but there's a little 15 or 20 acres to the west of there. [LB1101]

DAVID BLACK: That one would be in the same boat. I just... [LB1101]

SENATOR SEILER: You're calling it all one...the problems you relayed are... [LB1101]

DAVID BLACK: Everything in the red is in the Platteview Springfield School District. [LB1101]

SENATOR SEILER: Right. [LB1101]

DAVID BLACK: So they would all encounter that same dynamic. I was just using those two 80s for example purposes. [LB1101]

SENATOR SEILER: Okay, thank you. [LB1101]

SENATOR SULLIVAN: Senator Kolowski. [LB1101]

SENATOR KOLOWSKI: Thank you, Madam Chair. Mayor Black, on the building out of your city boundaries as well school district boundaries, is the Werner Park future development...will that all be...as that develops into housing and some commercial, how many homes would be in that subdivision area? [LB1101]

DAVID BLACK: Some of that has already been through the platting process. There are about 400 lots that are in platted. That is in Papillion's zoning jurisdiction, right on the

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edge of it. And that is also in the Papillion-La Vista School District... [LB1101]

SENATOR KOLOWSKI: It is both. [LB1101]

DAVID BLACK: ...which is why those 500 house have developed. [LB1101]

SENATOR KOLOWSKI: Yes, okay. That helps. Thank you. [LB1101]

SENATOR SULLIVAN: Senator Haar. [LB1101]

SENATOR HAAR: Well, I'm trying to really grasp...while it seems that OPS is in a position of being landlocked. They can't expand. Now you're landlocked, and you can't expand. So isn't that what the Learning Community is all about? [LB1101]

DAVID BLACK: I would say there's a slight difference between the Omaha scenario and the Papillion scenario. In the Omaha scenario, Douglas County itself for the most part is landlocked from a development perspective. I mean there's a little bit west down towards the river. But for the most part it's built out. Omaha is landlocked because it has all those other school districts in Douglas that are kind of blocking it in. In Papillion's case, Sarpy has almost all of the developable land for the Metro area. So we're very different from Omaha from a development perspective. But that land that is developable is what we're finding that the developers are not buying because of this issue. So very, very different issues. [LB1101]

SENATOR SULLIVAN: Okay, any other questions? Thank you, Mr. Black, for your testimony. [LB1101]

DAVID BLACK: Thank you. [LB1101]

SENATOR SULLIVAN: Welcome. [LB1101]

KATHY SANIUK: Hi, I'm Kathy Saniuk, K-a-t-h-y S-a-n-i-u-k. I'm the president of the Bellevue City Council, and I'm here speaking on behalf of the city of Bellevue in support of LB1101. As a Bellevue City Councilperson, one of the main jobs that I am tasked with is to grow our city. And Bellevue is landlocked on three sides by Papillion, by Omaha, by the river. The only possible direction we can grow is to the south. Bellevue also being one of the oldest cities in the state is in need of larger newer homes to accommodate families. But once again, the large tracts of land available and that would be conducive to these kinds of subdivisions lie to our south in the Springfield Platteview School District. Springfield Platteview is an excellent school system. They do a wonderful job of educating kids. And my testimony is in no way a reflection upon the quality of their schools. But rather, I'd like to make a statement about human nature and convenience or inconvenience. Families who move into this area to the south of us would need their

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children to make approximately a 13-mile bus trip or car trip to the nearest elementary school. And it is oftentimes when they can see their neighborhood school, as Mayor Black said, out the front door. It's human nature, I think, to want what is most convenient for one's self and one's family. And I think to even attract families to this area, in other words, to be able to even market or sell those lots we need to be able to afford them the convenience of attending their neighborhood schools. Otherwise, I think growth for Bellevue will not be likely to happen. And if we...the city of Bellevue is willing to be a part of the solution to make this happen. And we would support Senator Crawford's bill so that it can outline a process of what to do when discussion stagnates. I thank you for the opportunity to speak. [LB1101]

SENATOR SULLIVAN: Thank you, Mrs. Saniuk. Any questions? Thank you for your testimony. Welcome. [LB1101]

FRANK HARWOOD: Thank you. My name is Frank Harwood, F-r-a-n-k H-a-r-w-o-o-d. I'm the superintendent of Bellevue Public Schools. Senator Sullivan and members of the committee, thank you for taking the time to get input on this legislation. I'd also like to thank Senator Crawford for introducing LB1101. The Learning Community was created during a turbulent time in Douglas and Sarpy County. The idea of one city, one school district which Bellevue was a part of caused a great deal of strife, and that strife made its way to the Legislature. As a compromise, the current school district boundaries of 11 out of 249 school districts were set--didn't say frozen, but they were set--and the structure for the common levy was put in place. Since that time, there have been many challenges to the common levy. This year is no exception. In the Learning Community law...if the Learning Community laws would be changed, both sides of the compromise need to be considered. Bellevue Public Schools is not interested in rekindling the idea of one city, one school district, but we do want to be a good partner with the city of Bellevue. The boundary provisions in LB1101 would set up a mechanism that can promote growth in the Bellevue area by allowing Bellevue Public Schools to grow into the previously undeveloped, redeveloped areas. This growth is very important to the continued economic health of the city of Bellevue. If the committee is considering any changes to Learning Community laws, it is important to consider how all the parts fit together and consider any compromises that were made as the Learning Community was put in place. Thank you for your time, and I would be happy to try to answer any questions. [LB1101]

SENATOR SULLIVAN: Thank you, Mr. Harwood. Any questions for him? Senator Scheer. [LB1101]

SENATOR SCHEER: Senator Davis didn't pop his hand up because he came up with a great idea. So I'll ask it anyway. We've talked a lot, and it even goes back to Papillion's problem. We have open enrollment. So if you have open enrollment, what is to stop a developer from developing the piece of ground that Mayor Black talked about in

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Papillion when you're selling the house knowing that you're going to have to option in? If you indeed want your student to go to that school that you can see, you will have to have an option enrollment for that student to go there. And we've heard before that option enrollment is working in the Learning Community centers, so they're...you know, the money follows the child. So why would that not work for both Bellevue or in Papillion's case as far as the economic development because those people could have the option to option in? [LB1101]

FRANK HARWOOD: Bellevue currently has about 1,500 option and open enrollment students as part of our enrollment which brings our enrollment to about 10,000. We've recently had a...done an enrollment study which would show that when the city...when the property within the city or the district of Bellevue fully develops, we'll be at about 10,000 which is right at our capacity. We're at about 92 percent capacity right now which is pretty full for a school district. What would then happen is that when the development that can occur within the district is complete, we won't have room for any other students. So if there are...if people move in to the south which could be in the city of Bellevue but not at Bellevue Public Schools, they would not be able to come to Bellevue because we wouldn't have capacity and Bellevue hasn't had a bond issue for 30 years. And I don't think we could pass one if we were building capacity for people that wouldn't be paying the tax on the bond because none of the bond proceeds are part of the common levy. [LB1101]

SENATOR SCHEER: Fair enough. Thanks. [LB1101]

SENATOR SULLIVAN: Any other questions? Thank you, Mr. Harwood. Welcome. [LB1101]

BILL MUELLER: Thank you. Senator Sullivan, members of the committee, my name is Bill Mueller, M-u-e-l-l-e-r. I appear here today on behalf of the Eastern Nebraska Development Council and the Nebraska Association of Commercial Property Owners. You heard from Mr. Torczon and you heard from Mr. Dickerson and Mr. Van Moorlegem who are developers in the Douglas/Sarpy County area. I'm certainly not going to repeat what they testify to. I appreciate the committee putting the testimony from the last bill into this one. I did want to go on record. Senator Davis, I know you were in another hearing but this issue really has been brought to the city and to the school districts by developers. And developers first contacted me and described the problem with the school boundary lines. And candidly, they just thought that we could come in and introduce a bill and we could work it all out. And I explained very quickly that there was a little thing called the Learning Community involved in this issue and that made it very complicated. But again to be clear, this really is developer-driven. My developer clients tell me that they will not develop the real estate that we're talking about today because it is in a school district that their potential buyers don't want to be in. I asked the very question that Senator Scheer and Senator Davis asked. What about

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option enrollment? I asked that very question. My developer clients just said, we're not going to develop a subdivision and tell people, you can probably go to school in this district, but you are in another district. And I'm...I guess people couldn't believe whether this is a real issue or not, but every developer I've talked to just says that absolutely that school district line...and again, it is no reflection on the school districts involved. It truly is location. The area that we're looking at apparently...and I don't know this firsthand. I've been told it by many people. You can literally look out your door and see the school building, but that's not the district that your lot is in. That's a problem. Somehow we have to resolve this. We thank Senator Crawford for bringing LB1101. Is it perfect? I don't think it's perfect, but it does set up a procedure where we can try and negotiate to move school district boundaries. I said more than I was going to. I'd be happy to answer questions. [LB1101]

SENATOR SULLIVAN: Thank you, Mr. Mueller. Senator Scheer. [LB1101]

SENATOR SCHEER: Thank you, Senator Sullivan. And just more of a point of clarification because someone had talked about why did Papillion put a school so close to the boundary area, and in fairness to Papillion, most developers, when they have a large hunk of ground, will dedicate a piece of ground for usually an elementary school. And then will provide it to the school district at a very, very cheap value just so that then the developer can say, you buy the house, the school is not there. But as soon as we get enough houses in here then they will build the school. They've already got the ground. And so it's not...it wasn't I don't think, from my perspective, a ploy on the part of Papillion to try to usurp some of South Sarpy's ground. [LB1101]

BILL MUELLER: Not at all. [LB1101]

SENATOR SCHEER: I think it was probably the opportunity given to Papillion school district by a developer because he wanted to sell lots, and you sell lots if you've got a school close. So I just wanted to, you know, bring that in. [LB1101]

BILL MUELLER: And I don't know firsthand what the background is on that. I am aware that it is common that a developer will set aside land for a school and sell that to the school district presumably at a favorable cost. When I heard that comment come up about why that building would be located where it was, a school administrator who's not in the Bellevue district commented to me, because that's where the kids are. And that's where the kids are. [LB1101]

SENATOR SULLIVAN: Senator Davis. [LB1101]

SENATOR DAVIS: A little bit of a statement probably, Bill, and then a couple questions. You know, I've got constituents in my district who live 107 miles from the resident school district. [LB1101]

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BILL MUELLER: I knew that that would not be a very good argument for you, Senator. [LB1101]

SENATOR DAVIS: So they...their only option, because there's no way for their land to be moved out of their district, is to use the option enrollment program. That's not uncommon in rural Nebraska. [LB1101]

BILL MUELLER: I'm sure that's right. [LB1101]

SENATOR DAVIS: Some years ago, and I don't want to raise the issue of the Class I schools, but we had Class I schools that were located out within the country. And the Legislature in its wisdom decided we needed to eliminate those. And it put a lot of hardship on a lot of people who have to make long commutes to school. So I don't have a lot of sympathy for this argument. But I'm going to ask you this, are these entities trying to work together in terms of an interlocal agreement between the two districts that would say, yes, you can educate your kids here in this building for ten years until your population is built up over here in this 80 acres south? And then South Sarpy could put a school there. [LB1101]

BILL MUELLER: There certainly are discussions taking place. What complicates it, and you heard this on the last bill, the common levy complicates it because a district like--keep calling it South Sarpy--like Springfield Platteview is giving up a resource that they have no way of getting back. So there's just not a financial reason for them to agree to having some of their district taken over by an adjoining district. [LB1101]

SENATOR DAVIS: That's not my point though. I understand that and they wouldn't want to do that and I wouldn't either. But can't the two districts work together and develop an interlocal agreement that would say, for the next six years the kids can go this school that's right across the street from this 80 acres. And in five years, if things work out this 80 acres will be developed and there will be a need for a school here that this other district could construct. Rather than come to us to say, solve our problem, I think they need to try to work their problems out among themselves. [LB1101]

BILL MUELLER: Well, and again it's not so much Bellevue or Papillion. It's the real estate developers. It is Sarpy County. It's the city of Papillion wanting to grow its city and wanting to be responsive to where people want to live and where people want buy houses and get those put in the school districts that those purchasers want to be put in. But there certainly are discussions going on. And if there's some way that it can work and it can work for everybody concerned, I'm confident that that will happen. It's a challenge. [LB1101]

SENATOR DAVIS: Thank you. [LB1101]

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SENATOR SULLIVAN: Senator Haar. [LB1101]

SENATOR HAAR: Thank you. Does this become a negotiation then between...let's say that the bill passes and everything. Is the negotiation then between the school districts or is between developers or between the city and...who's doing the negotiating? [LB1101]

BILL MUELLER: Senator, I don't think that it would involve the city. I think that it would involve the school districts and it would involve the developer. [LB1101]

SENATOR HAAR: So now you've kind of shifted the problem to the...you've given the school boards one more problem to deal with. [LB1101]

BILL MUELLER: Well, but that's really their role now. That's not different than where we are currently. [LB1101]

SENATOR HAAR: Well, but it isn't because the boundaries are... [LB1101]

BILL MUELLER: Well, now you just... [LB1101]

SENATOR HAAR: Yeah. [LB1101]

BILL MUELLER: Yeah, I mean, they're frozen. You can't...unless there's agreement, you cannot change those boundaries. [LB1101]

SENATOR HAAR: Yeah, okay. [LB1101]

SENATOR SULLIVAN: Senator Scheer. [LB1101]

SENATOR SCHEER: I'm sorry. [LB1101]

SENATOR SULLIVAN: That's all right. [LB1101]

SENATOR SCHEER: One final comment, and I guess more for the record than a question to you, Bill. That, you know, part of all of this came from the one city, one school district. [LB1101]

BILL MUELLER: It did. [LB1101]

SENATOR SCHEER: And so what we're really looking at is a reverse of that because if that ground...say South Sarpy put a school in that south 80 that they're looking at trying to develop, okay, so there's a school there. You can now develop it. But what happens

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is it abuts Papillion. So Papillion now will annex that ground so you will now have a second school district within the boundaries of Papillion because the people that buy the house they may say, well, okay. We're going to go to school there. They've got a school there. But secondarily, when they're calling for their streets to be cleared or the ambulance to the police service, it's now going to be Papillion. So it's sort of a reversal of what the original component started with as a Learning Community problem. [LB1101]

BILL MUELLER: It's complicated. [LB1101]

SENATOR SULLIVAN: Okay. Thank you, Bill. [LB1101]

BILL MUELLER: Thank you. [LB1101]

SENATOR SULLIVAN: Any other testimony in support of LB1101? Any testimony in opposition? [LB1101]

MARK EVANS: Thank you, Madam Chair. Mark Evans, OPS superintendent, M-a-r-k E-v-a-n-s. And I won't repeat what all the testimony from LB865, but I stand for questions. [LB1101]

SENATOR SULLIVAN: Senator Cook. [LB1101]

SENATOR COOK: Thank you, Madam Chair, and thank you, Mr. Evans, for staying with us this evening. When you accepted your job as superintendent of the OPS School District, did you imagine that you would be so knowledgeable about commercial development in the county to the south? [LB1101]

MARK EVANS: I'm learning a lot... [LB1101]

SENATOR COOK: Yes. [LB1101]

MARK EVANS: ...about a lot of things. [LB1101]

SENATOR COOK: As I am. I'm revisiting my days on the Urban Affairs Committee. But this is kind of more of an observation and you're free to comment. But as we hear testifiers speaking in terms of the boundaries of their cities and the boundaries of their school districts and the boundaries of the county as a barrier to growth, I'm...have the image of our...the county of Douglas which save a little part of it is developed and at the top of its property tax levy. And recalling that that is why the Learning Community common levy benefits us is because we do not have Shadow-Lake-center space and we have a growing community. I don't think they're all...many of our children are not moving into \$300,000 homes in the suburbs. They're moving in with limited English

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proficiency from other countries, from other cities living in poverty. But I just felt obliged to remark upon that because it seems rather a hardship for business. And what you and I are observing is a hardship for limited English proficient children and children in poverty crowded out of a classroom. [LB1101]

MARK EVANS: Just one comment in reference to those numbers, these are pretty stark numbers, too, that I didn't know 12 months ago. In the last 10 years we've gone from 3,587 English language learners. Today it's over 15,000. In the last 4 years, we've gone from 887 refugees to approximately 2,000 which is bigger than most of the districts that we're talking about here. Those are young people who are joining us from Somalia, Sudan, Myanmar. Not only can they not speak the language, they don't know the culture of America let alone Omaha, Nebraska. And as I mentioned, that's the population that we're finding ways to work with. And I'm not complaining about that one iota. I'm glad to be here to serve them, and I'm glad to have great people that care about those young people. But it is a different challenge for those 2,000 young people. And as I mentioned, that's larger than most of the districts in the state and certainly in the LC as well. So it is a different population, but we're growing. And that is our biggest growth population. We're now approximately 50,000 students, and we're predicting to grow again next year. But those populations that are growing are typically ones with greater challenges like refugees. [LB1101]

SENATOR COOK: Thank you. [LB1101]

MARK EVANS: Yes. [LB1101]

SENATOR SULLIVAN: Any other questions? Thank you, Dr. Evans. [LB1101]

MARK EVANS: Thank you. [LB1101]

SENATOR SULLIVAN: Any other testimony in opposition to LB1101? Anyone wishing to speak in a neutral capacity? [LB1101]

TED STILWILL: (Exhibit 3) Good afternoon. Ted Stilwill, T-e-d S-t-i-l-w-i-l-l, CEO of the Learning Community. The Learning Community Coordinating Council...too bad Senator Scheer is gone because now I know the vote. By a 9 to 6 vote, voted to oppose the common levy previously discussed for the reasons previously discussed. They wanted to come out with a position of being neutral on this particular bill so as not to take a position on this interesting boundary question because they don't believe that the council should be the arbiter of that. Current legislation allows the council to forward a reorganization plan on the agreement of the districts. We understand that any role beyond that does not seem to be particularly desirable. Happy to answer any questions. [LB1101]

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SENATOR SULLIVAN: Senator Cook. [LB1101]

SENATOR COOK: You stated...and I want to clarify what you meant. When you said the vote was 9 to 6 for the common levy, you meant the vote was 9 to 6 on the Learning Community Council to support the proposal. [LB1101]

TED STILWILL: No. [LB1101]

SENATOR COOK: To vote against the proposal to eliminate the common levy. [LB1101]

TED STILWILL: That's correct. The council voted by a margin of 9 to 6 to oppose legislation that would eliminate the common levy. Thank you for the clarification. [LB1101]

SENATOR COOK: Okay, thank you. [LB1101]

SENATOR SULLIVAN: And Mr. Stilwill, I had that question that you just addressed that I was wondering to what extent the Learning Community can arbitrate or at least enter into discussions on boundaries. And what I heard you say was that you don't want get in...that they didn't want to get in the middle of it. Once the decision is made, you help with the reorganization. Is that correct? [LB1101]

TED STILWILL: I was contacted by a member of the Sarpy County Commissioner wanting to know why the Learning Community Council really had frozen the boundaries and what they could do about it. And I looked up the legislation at that point and found out there was a Learning Community Reorganization Act companion to the larger piece of legislation. And it would allow the same kinds of options for boundary changes, reorganization, what have you. What we seem to be missing from that legislation as I testified at the hearing on this subject this summer was the explicit direction to the council not to submit a plan to the state unless there was consensus by the boards of the school districts involved. So I made that recommendation to the council. They did not adopt a policy because of the pending legislation and potentially contributing to confusion, but I want to tell you they're very comfortable with that position. So if the law remains as it is and if it's left to the school districts to decide and if they agree, we'll be happy to forward an organization plan to state committee. If there are changes, there are changes. If that doesn't involve the Learning Community Coordinating Council, I'm not sure they would be in an excellent position to arbitrate those issues as well as the state committee given my background on that. [LB1101]

SENATOR SULLIVAN: Thank you. Senator Avery. [LB1101]

SENATOR AVERY: Thank you, Madam Chair. Since you're talking about the discussion

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in the council about these two bills, did the six people who voted "no" actually support eliminating the common levy? [LB1101]

TED STILWILL: Well, you can certainly imply that. They voted...the proposal before them, the recommendation from our legislative committee was that the council take a position to oppose the elimination of the common levy. [LB1101]

SENATOR AVERY: And you had six "no" votes. [LB1101]

TED STILWILL: Six "no" votes. [LB1101]

SENATOR AVERY: I'd like to talk to those six. (Laugh) [LB1101]

TED STILWILL: We have an interesting circumstance in that there are actually people sitting on the council that would vote to eliminate the Learning Community in its entirety. So... [LB1101]

SENATOR AVERY: I suppose, yeah. [LB1101]

TED STILWILL: And that's...you know, that's the sea on which we choose to sail. [LB1101]

SENATOR AVERY: Yeah. [LB1101]

SENATOR SULLIVAN: Any other questions for Mr. Stilwill? Thank you. [LB1101]

TED STILWILL: Sure. Senator, 9 to 6 was the... [LB1101]

SENATOR SCHEER: Oh, thank you. [LB1101]

SENATOR SULLIVAN: Any other testimony in a neutral capacity? Senator Crawford for closing. [LB1101]

SENATOR CRAWFORD: I really want to thank you, members of Education Committee. I know it's been a long afternoon. And I just really appreciate your attentive questions, very good questions to each of the people coming after me about how optional enrollment works and some of the other questions that you've asked and I think are very important for the public record and for talking about this issue. I want to first just reiterate and just clarify that this issue was not brought to me by developers. This issue, again, is one of the most consistent issues that I hear day by day from the people in my district who live in small houses and go to Title X schools. I live Olde Towne Bellevue. All right, so this is...that is not my intent with the bill. It was not crafted in discussions with developers. It was brought to me by my constituents and by the mayor and city

council and the city of Bellevue who are concerned about sustainability of the city and the quality of life in the city for all of the citizens, not just the people who might happen to move into new houses to the south of the city. It's an issue for the whole city in terms of sustainability and an issue for the whole city of Papillion also in terms of sustainability. And those were my discussions. I talked with people in the schools and talked with people in the cities and did not have to go out of my way at all to talk to people who live in my district who have concerns about the common levy component of the Learning Community. And I want to reiterate as Senator Smith did more eloquently than I will at this time of day, that getting rid of the learning...the common levy component is not getting rid of the Learning Community. We have the community learning councils that get new people engaged. We have grant programs. We have a lot of exciting activity that happens for the early learning component, and those are all positive and are...and have evidence and support of the difference that they make for those kids. And those can continue even if we make changes in the Learning Community and boundaries component of the...and changes in the common levy and boundaries component of the Learning Community. I also wanted to come back to Senator Davis' concern about, can't people work these problems out locally. That's exactly what we're trying to do with this bill. The way that we operate and the role of government in allowing people to work things out is to make sure that there's a structure within which negotiations can happen. And right now, the structure within negotiation happens is one that creates a structure that encourages holdout. So it's just that it's not an effective structure within local negotiations can happen to solve problems. And again, I tried to work hard to create a structure that didn't favor the big schools nor the small schools. The mediator can say, no, no sale. Or the mediator can say, continue negotiating. So the effort is to create that structure that can sit there and exist if negotiations break down. And there's no enforcement of a particular solution, but it sits there to help facilitate the process when negotiations break down. And also, I guess I do also want to come back to the point. I think that you have seen my votes in the Legislature. You have seen my commitments in other issues to our kids in poverty and our kids who need help in education. And so again, I want to emphasize while the common levy was designed to help those kids it is not doing that, right? That is the issue. There are...it is not directing the money to the high-need, non-English-speaking students. It just isn't. And so while that is a goal I would obviously laud and I think you know that, that is a concern of mine. But that's not what the common levy does. And that's what makes it so frustrating and hard to continue to...hard to defend because it doesn't accomplish that very important goal that we want which is helping our kids who are most in need of help. And again, I'll reiterate we do have a tool to do that. That's state aid. I know you have spent many hours trying to think about state aid, what do we need to do about state aid. I think that's that appropriate tool for us to do this and make sure we have a sound state aid formula that works and make sure that we're addressing the needs of our high-poverty, high-need, special needs students effectively. Thank you. [LB1101]

SENATOR SULLIVAN: Any questions for...Senator Cook. [LB1101]

SENATOR COOK: Thank you, Madam Chair, and thank you, Senator Crawford. I understand that there is a broadened belief that the common levy was invented to spin out money to districts in need. And there's nobody more than I that would think that's a great thing to do. From my understanding in asking more than once, verbally and in paper the common levy is the thing that it represents the policy of one city, one school district which is in the constitution. So it's easy for the paper guy to wait around to get the report so he can write the story that shows: Ha-ha-ha, OPS is the loser. That's an easy conversation to have with our constituents in Harold's Koffee shop or in the grocery store. But the fact of the matter is as hard as it is to communicate, the common levy represents the bargain for, okay, this means one city, one school district and not how it currently spins out in terms of the money to the districts whether they have limited English proficiency, poverty, etcetera, very high or very low. So that's what the common levy is. [LB1101]

SENATOR CRAWFORD: It's my understanding...the one city, one school district was the fight that led to the common levy and the current boundary rules because one city, one school district would be...OPS can have all the school districts in OPS boundary. And Bellevue can have all the schools in the Bellevue boundary. And that was a fight that was happening is my understanding. And this was an effort to stop that fight, and it was a compromise. And so the common levy was a tool to say, we will freeze...we will keep you landlocked, but we will allow you to still gain from property value gains that happen outside of your district. So you don't have to gobble up other districts because we will take care of that in this Learning Community process. And so again, that's only one piece of the Learning Community. As I've said, there were other components to it. And in the early childhood learning component to it, I believe we have evidence it works well. I believe that the common levy component actually prevents us. It reduces our amount of state aid to our schools which you can see in the fiscal note. See the fiscal note for getting rid of the common levy, you see it means about \$3 million of state aid. And I think over and over again, it may be about taking care of the kids in that pool. But the money goes to districts, and districts spend the money. And the money is not going to the districts that most need...the additional money is not going to the districts that most need that money to spend in their district on their students. So I appreciate your point that it's trying to create a community. But the common levy does just come in and go right back out. So...and the common levy part does. It does not create a shared community to decide how to spend that money across the whole component. The early childhood learning piece does. That does create a community discussion about how to spend money, that little part of the levy. The 95 cents comes in, cranks through the formula once, cranks through the formula twice, and goes back and the schools boards are deciding how to spend it. So it does become, here's how much Elkhorn won; here's how much Bellevue lost because it is. It's money that goes back to the school districts. And I really feel that OPS has not benefited from the way it works now. It is not pushing

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the extra money their way. And I understand from their perspective that they still see there is some stability there if state aid tanks. If you had to bet state aid versus property values, they're still betting property values despite the fact they may be losing right now. But I just don't feel that it's...I feel that it's not accomplishing what it was expected to accomplish in that sense. And more than anything else if we're having that discussion it's important we discuss both pieces. And so when Senator Smith, you know, proposed a bill looking at one piece, I thought it was very important that we as a body make sure we're talking about both pieces. [LB1101]

SENATOR COOK: And you mentioned community dialogue. And I think when you talk about community dialogue, it's about specific programming and allocations. As I am recalling the fight, it was about white flight. It was so that white people didn't think that they could just move away and be done with poor children of color. So you're talking about a dialogue, in fact, that's how your mind probably works, very scientifically. I'm... [LB1101]

SENATOR CRAWFORD: I see what you're saying. [LB1101]

SENATOR COOK: Rather, I'm relaying this...a specific experience that is real. It's hard to document, but it's very real. You can look around and see who lives where and where they used to live--where they act like they didn't used to live--but where they used to live. And so when you say the Learning Community is about the money and spending it out and ensuring a community, I am thinking of the Detroit doughnut model, and you are thinking perhaps more specifically about programmatic matters. [LB1101]

SENATOR CRAWFORD: I think we both are concerned about the kids in all of those communities. [LB1101]

SENATOR COOK: Absolutely. [LB1101]

SENATOR CRAWFORD: Yeah, yeah. Thank you. [LB1101]

SENATOR SULLIVAN: Senator Haar. [LB1101]

SENATOR HAAR: Well, irrespective of what happens with this bill, two or three times this thing has come up showing on the property tax statement. Why can't that be done? [LB1101]

SENATOR CRAWFORD: That's a good question. I don't know. [LB1101]

SENATOR HAAR: Is that something we have to do in this committee or...? [LB1101]

SENATOR CRAWFORD: I don't know if that's Revenue or... [LB1101]

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SENATOR COOK: Government. [LB1101]

SENATOR SEILER: County government publishes those. [LB1101]

SENATOR HAAR: Okay. [LB1101]

SENATOR SULLIVAN: Senator Avery. [LB1101]

SENATOR AVERY: Thank you, Madam Chair. I suspect that a lot of taxpayers when they look at that and see the Learning Community they think that's a new tax, separate tax. They... [LB1101]

SENATOR CRAWFORD: Yes, that's the problem. [LB1101]

SENATOR AVERY: And that...it's not that. [LB1101]

SENATOR CRAWFORD: I know. [LB1101]

SENATOR AVERY: And that's the danger or the problem of separately listing it on the property tax report. I wish that you could just bring all of those tax assessors together and talk to them and say, let's take this off or call it something else, early childhood education levy. [LB1101]

SENATOR SULLIVAN: Any other questions for Senator Crawford? Thank you so much. [LB1101]

SENATOR CRAWFORD: Thank you. Thank you again for your patience. I appreciate it. [LB1101]

SENATOR SULLIVAN: Okay that closes the testimony on LB1101. [LB1101]

SENATOR SCHEER: Okay, I will open the hearing for LB1068. And having done so, I would remind everyone that if you have testified under LB865 that is automatically entered into this hearing. So I'm not trying to discourage people to come up that have not been...that have already been here, but you simply can be very brief because your testimony will already be in the testimonies and the records thereof. So having said that, Senator Sullivan for opening. [LB1068]

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, representing District 41 in the Nebraska Legislature. I know it's been a very long afternoon, and I thank you for bearing with me because in the spirit of what I always like to think of as compromise, I'm bringing you

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some ideas that don't throw out the common levy, that perhaps even address some of the concerns that have been expressed today. So I'm here to open on LB1068 which I'm bringing to you on behalf of the Learning Community superintendents and business managers. Last fall when I met with that group, I offered that if the superintendents could come forward with a unified effort I would be happy to bring their ideas forward to you. Well, here they are. The measure would do two things. It would change the way that aid is calculated for Learning Community districts, and it would clarify the advisory responsibilities for the superintendents in the Learning Community and direct them to study Learning Community issues and report back to us, the Education Committee. First, for the aid change; currently, as you've heard aid for Learning Community districts is based on calculating the formula needs individually for each district then combining the need and treating the entire Learning Community as a single system for the rest of the calculation. At least two of the districts would have more resources than needs if calculated individually which allows those extra resources to offset some of the needs of other districts in the Learning Community. The result is less unmet need for Learning Community districts than if the same districts were not in a Learning Community, and as such about a \$3.5 million loss in aid which you have heard. LB1068 would change that. LB1068...with that bill, aid would be calculated individually for Learning Community districts just like most other districts except those in unified systems. The combined aid would continue to be distributed based on the proportionate share of formula need. The changes would take place for 2015-16. Now for the study portion of LB1068. The Learning Community superintendents would be assigned responsibility for studying and reporting to us, the Education Committee, regarding the statutory provisions for the following: governance, the common levy, district boundaries, open enrollment, and focus schools and programs. The study and recommendations would be submitted to us by December 31 of this year. Because the committee of superintendents would be reporting to the Legislature in addition to their other assigned responsibilities, the group would be renamed. Currently, Learning Community Coordinating Councils have advisory committees composed of superintendents. Under the new provisions, each Learning Community would have a superintendents committee. In addition, the committee's responsibilities would be clarified by adding a duty to provide recommendations on issues where the committee is already going through a review process. Those issues include open enrollment, focus and magnet schools and programs, improving academic achievement, and diversity plans. I think it's fair to say that there are issues that need to be addressed in the Learning Community. I think this gives us a constructive way to address those. Dr. Kevin Riley will be testifying next, and I'm sure he's going to be happy to answer all of your questions as to how this might work with the superintendents. [LB1068]

SENATOR SCHEER: Questions of the committee? [LB1068]

SENATOR AVERY: No pressure on you. [LB1068]

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SENATOR SCHEER: Senator Sullivan, in your redistribution program, changing it, does that hold districts harmless or will those numbers still reflect a loss and...of money in, money out? I mean... [LB1068]

SENATOR SULLIVAN: Potentially, potentially. Yes. [LB1068]

SENATOR SCHEER: Potentially. So there will still be some districts that will not receive the full complement of what is brought into those, and others will receive more dollars so... [LB1068]

SENATOR SULLIVAN: Stay tuned for my next bill. [LB1068]

SENATOR SCHEER: Okay, so...but...and since on this bill you will still have...if we're going to call them winners and losers, we still will have a few losers, but we'll have more neutrals and maybe more winners. [LB1068]

SENATOR SULLIVAN: Well, I wouldn't call it winners and losers. We're restoring what collectively they think they have lost in the recalculation. So, I wouldn't...I guess I wouldn't call it winners and losers. [LB1068]

SENATOR SCHEER: Fund receivers and fund not (inaudible) (laughter). [LB1068]

SENATOR AVERY: Takers and givers. [LB1068]

SENATOR SCHEER: Thank you, Senator Sullivan. [LB1068]

SENATOR SULLIVAN: Okay, very good. [LB1068]

SENATOR SCHEER: Any other questions for Senator Sullivan? If not, the first proponent, please. [LB1068]

KEVIN RILEY: (Exhibit 1) My name is Kevin Riley, K-e-v-i-n R-i-l-e-y. I'm the superintendent of the Gretna Public Schools, and I'm testifying on behalf of the superintendents of Douglas and Sarpy Counties in support of LB1068. An unintended consequence of the Learning Community law is an equalization certification aid that financially penalizes each Learning Community school district. In short, LC schools would receive more equalization aid as an individual school district than they do when pooled together under present statute. Since the common levy went into effect in 2010-11, this has cost member districts \$10 million. For the current school year as you've heard, the amount is over \$3.5 million. The yearly results are attached to my written statement. LB1068 returns equalization aid to the districts by calculating the aid differently and redistributing the aid equal to the district's proportional share so all boats rise. The superintendents are grateful to Senator Sullivan and to Tammy Barry for

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assisting us in the development of this concept. LB1068 goes on to require the superintendents to study and analyze the statutory provisions for Learning Community schools regarding governance, common levy, school district boundaries, etcetera, etcetera, and submit the recommendations by December 31, to you. As is evident with the number of bills and the testimony you have heard today, there are still issues regarding the Learning Community law and some of its provisions. The superintendents believe that the only long-lasting solution to these issues lies within the effective collaboration and work of 11 school districts. We would be grateful for the chance to try. One of the things that I've heard today is that this all started over a common levy and boundaries. It didn't. This started because the state aid formula was not keeping up with a phenomenon that happened quickly in our state. It's not just in Omaha. It's in Lexington. It's in Grand Island. It's in South Sioux City. It's in Madison, etcetera, etcetera. It started because those districts did not believe that the state aid formula was keeping up with that quickly changing demographic. And so if a lawsuit was filed...at about the same time a senator tried to do some cleanup language to remove a Class V school district's ability, which Omaha is the only one, to be able to extend their boundaries as a school district as the city did. And when the Omaha board found that out, they said, oh, no you don't. We're going to use that law now. And that's...the whole one city, one school district exploded. In 2008, you changed the state aid law to better reflect this changing demographic. School districts that have kids on their doorstep all of sudden...that speak many different...numerous languages. OPS has over 100 I believe. They have to find a way to educate those children because that's the law. We cannot allow Omaha to become Detroit. We can't allow Lexington to struggle with these issues. And so I think it's a bigger issue than just common levy and boundaries. It's bigger than that. I think we can handle those issues. I think the bigger is whether we all have that common belief that it's our responsibility to recognize what those districts are going through. Thank you. [LB1068]

SENATOR SCHEER: Any questions? Senator Avery. [LB1068]

SENATOR AVERY: Thank you, Senator Scheer. You're right. The origins of the Learning Community do not just involve the common levy and the boundary issue. What I was talking about was that in order to get the common levy we made a deal on the boundaries. That was just a part of a much larger program that we were putting together. [LB1068]

KEVIN RILEY: Exactly. [LB1068]

SENATOR AVERY: But the Learning Community itself was designed to be the functional equivalent of one city, one school district. Okay. [LB1068]

KEVIN RILEY: You're right, Senator. And we see it as, okay, we have four years of experience with this thing. Is there a better way to do that? Is there a better way to deal

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with the boundary issue? Is there a better way to deal with the finances? Is there a better way to deal with open enrollment, the transportation, focus schools, etcetera? And I believe that superintendents and school board members can develop that recommendation for you. We have no power to pass any law, only you do. I think it's up to us to convince you that there is a better way to do this. And I think we can do that. [LB1068]

SENATOR SCHEER: Senator Kolowski. [LB1068]

SENATOR KOLOWSKI: Thank you very much. Dr. Riley, thank you for your comments. And I think those comments are even more powerful today due to the turnover in superintendents and enrollment gained as far as working relationships--superintendent to superintendent, district to district--and grasping a bigger, clearer picture of what we're trying to do because, to use that term again, these are all our kids. And we must all have the opportunity to make a difference in their lives. And I thank you for the leadership you've provided as well as everyone stepping up to the plate as all superintendents have. Thank you. [LB1068]

SENATOR SCHEER: Senator Haar. [LB1068]

SENATOR HAAR: Okay. Well, thank you. Could you look at the comparison chart you handed out? Millard Public Schools for example, if I'm understanding this, Pooled State Aid, \$80.7 million; Individual State Aid, \$72 million. And in the second column though in each case, General Fund Common Levy, \$78.8 million, \$86.5 million. Does that mean that for Millard that the property tax collected would go up? [LB1068]

KEVIN RILEY: I'm sorry. Say that again. [LB1068]

SENATOR HAAR: Okay, if you...Millard Public Schools... [LB1068]

KEVIN RILEY: Right. [LB1068]

SENATOR HAAR: Okay. The General Fund Common Levy versus... [LB1068]

KEVIN RILEY: The Pooled State Aid. [LB1068]

SENATOR HAAR: ...the Individual Levy. [LB1068]

KEVIN RILEY: Oh. [LB1068]

SENATOR HAAR: The Individual Levy is \$86.5 million. The other is \$78.9 million. Does that mean then that the taxpayers in Millard would be paying \$86 million versus \$78 million. [LB1068]

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KEVIN RILEY: Yes. [LB1068]

SENATOR HAAR: So for them, they're actually paying more in taxes. [LB1068]

KEVIN RILEY: Correct, and OPS would be spending less. Elkhorn would be spending more. DC West would be spending more, etcetera, all the way down the line. [LB1068]

SENATOR HAAR: Okay, and I'm trying to understand this. So a lot of this had been...the negative feedback has been perception of taxpayers as they look at their property tax bill and so on. So we would be saying actually...it would just say for the Millard Public Schools or whatever versus the Learning Community, they get a higher tax bill. [LB1068]

KEVIN RILEY: No, they wouldn't because everybody is basically at \$1.04 or \$1.05 already. [LB1068]

SENATOR HAAR: Already. [LB1068]

KEVIN RILEY: Yeah, everybody is already there. Right. So what happens is that all the money goes in, okay. That whole 95-cent common levy goes into the pool along with state aid, okay. And then you have your own 10 cents to get you to the \$1.05... [LB1068]

SENATOR HAAR: Okay. [LB1068]

KEVIN RILEY: ...to spend any way you want, okay. But the 95 goes into the pool. Then it is distributed out by your percentage of need within the Learning Community. So our school district has 2.9 percent of the need. That's what the Learning Community has to pay out to us, and that's how that works. So they're still going to be at \$1.05. You're not going to be asking them. It's just that they're getting it from a different source. [LB1068]

SENATOR HAAR: So they're getting the same amount of money. And actually they're being taxed the same amount of money. [LB1068]

KEVIN RILEY: Yes, that is correct. [LB1068]

SENATOR HAAR: So when we've heard here today that the school district is losing a lot of money or something, I mean, that's confusing to me. It's a perception. [LB1068]

KEVIN RILEY: Sure. No, it's a reality. If there was no common levy I think a district like Springfield Platteview, they're not going to be at \$1.05. [LB1068]

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SENATOR HAAR: Okay. [LB1068]

KEVIN RILEY: They don't need to be because they have about 98 square miles of land and 1,000 kids, okay. And so they don't...they typically did not levy to that level. Their taxpayers did see quite an increase...went to the common levy because they had to access all 10 cents because they're already losing money, yeah. So those are the real issues of all of this, and we've talked about it as superintendents again. And I'd like to have a shot. We'd like to have a shot at this. We can recommend to you something that works because you hear the same things year after year after year. Get rid of the common levy, keep the common levy, get rid of the boundaries, keep the boundaries, all that sort of thing, and it just wears you out. And we live this every day. And we're held together right now by a number of things. We have an attendance plan that's required in statute where we have what's called a GOALS Center. We have a staff and within the Learning Community if we have a kid that's having attendance problems, we want to get those kids help to attend schools to remove the barriers before they ever get to the county attorney's office. And so together as 11 school districts we've developed this plan. We have the GOALS Center. It has a staff of four soon to be five where these child advocates and family advocates are out working with families. We now have to develop an early childhood education plan with Sam Meisels from the Buffett Institute. Those are the things that are keeping us together. Those are the great things that we've been able to accomplish. Senator Raikes at the back door of our administrative building after this was all passed, the smoke had cleared said, Kevin, remember this, make this work. But when the law needs to be improved, improve it. And that's where we're at. That's what he believed. And you'll have to take my word on that. But that's what he said to me. [LB1068]

SENATOR HAAR: So some people are...some taxpayers are paying less in property taxes but yet all of these good things are going to be supported. Does that come then from increased state aid or where does that money come from? [LB1068]

KEVIN RILEY: The money for the early childhood comes from the levy that you worked on last year as a group, okay. That's where that comes from. It increases the money that the Learning Community has from a 1-cent levy to 1.5 cents. That half cent, which we figure is around \$2.5 million, is a start in helping our plan to work. It is for children in high-need areas, not in Gretna, high-need areas. And we believe that with public and private money that we can have an effect. We can make a difference together as 11 school districts. That money doesn't come to my district. I don't need it, don't want it. But I know my colleagues that do. And they need it. [LB1068]

SENATOR HAAR: Okay, but in the introduction talking about more money coming in yet some taxpayers are paying less. So where is coming from? [LB1068]

KEVIN RILEY: They're all paying the same, Senator. They're all at \$1.03, \$1.04, or

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\$1.05. They're all about the same. [LB1068]

SENATOR HAAR: But I thought you said that some could come in at a dollar perhaps, or whatever. [LB1068]

KEVIN RILEY: If you didn't have the common levy. [LB1068]

SENATOR HAAR: Right, right. [LB1068]

KEVIN RILEY: Yeah, they would be less. But the money coming from all 11 school districts for the early learning centers and early childhood comes from all of us. See, that's a separate levy that the Learning Community Council levies. And that's where that money comes from. The money that we use for our GOALS Center, the attendance model that we have that's working very well...and it's kids all over the Learning Community. It's not just poor kids. In fact, demographically it reflects the demographics of the Learning Community, okay. That money has come from the Sherwood Foundation, the Kiewit Foundation, the Hawks Foundation, juvenile justice, and the Learning Community, you see, because they see when 11 school districts in the Learning Community are working together to solve problems they're behind us. They are with us. And that is the momentum we have going right now. It has nothing to do with a common levy or boundaries. So that's what holds us together. [LB1068]

SENATOR HAAR: So basically separate out each district and pick projects that make sense to everybody. [LB1068]

KEVIN RILEY: Correct, and it's a good group of people. The 11 superintendents, they all know. Heck, like Brett said from Sarpy, Gretna, Elkhorn, Bennington, we don't need any of that stuff. We can do it all on our own. But our friends need it. And that's been the spirit of our conversations. [LB1068]

SENATOR SCHEER: Senator Avery. [LB1068]

SENATOR AVERY: Thank you, Senator Scheer. I just want to thank you for the clarity you bring to this issue. And this reminds me of how pleased I was back in '08 when you were helping us on the Learning Community. You are a lonely troubadour of cooperation. [LB1068]

KEVIN RILEY: Thank you, Senator. [LB1068]

SENATOR SCHEER: Just a second. Senator, I just wanted to comment. I think for me personally part of the problem I have...and I don't dispute the Learning Community's ability to help you. That's not what I'm talking about because what you are trying to accomplish...what I'm looking at is the funding mechanism of such because I truly

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believe that if we have a problem in north Omaha or south Omaha or Lexington or Grand Island or South Sioux City, those students are Nebraska students. [LB1068]

KEVIN RILEY: Exactly. [LB1068]

SENATOR SCHEER: But you say we shouldn't penalize, but we do penalize some districts because of proximity. You have South Sarpy that is losing, I mean truly losing financial dollars. [LB1068]

KEVIN RILEY: Yes, so are we. [LB1068]

SENATOR SCHEER: And you. And conversely you have Fort Calhoun or Blair that is equally as close to the Metropolitan area, but for some reason they're not responsible. [LB1068]

KEVIN RILEY: Exactly. [LB1068]

SENATOR SCHEER: And so I think that is the difficulty if there are things that we need to do to help educationally with youth regardless where they're at... [LB1068]

KEVIN RILEY: Exactly, yeah. [LB1068]

SENATOR SCHEER: ...then we ought to be doing them. But I really have a hard time doing it at the expense of certain districts and not other districts. You know, education should be equal throughout the state of Nebraska. We should demand and expect high expectations of every school district in their children and make sure the kids are ready to either go into the work force or go into a higher education level, whatever it might be. But we have such an isolated spot here and although the common levy is part of it, but it's a very, very contentious part of it. And I just wonder sometimes if we didn't have that, found a different funding mechanism, if that's what it took so that you all could be, as Tanya said, Kumbaya every week when you meet and come up with some positive things that everybody truly does agree with because I've got to tell you, I'm not sure everybody shares as much enthusiasm as you in some of those districts. And I think it's because it's a pocketbook. It is a checkbook issue for some districts. And it shouldn't be a checkbook issue. It should be an educational issue. And that's what I would like to see us move towards rather than trying to manipulate something to make sure that it might work a little bit better when it really is not the responsibility of any individual district. They're kids. [LB1068]

KEVIN RILEY: Senator, you couldn't be any more accurate. We...talking personally now, the issue of poverty and ELL is statewide. It's not just in the Learning Community. So we have talked as superintendents about the fact that we're not talking about resolving the issue in the Learning Community. We're talking about resolving the issue

and putting us on a better path statewide. We can't think about it just as 11 districts, okay. We have about 112 or 114 out of 275,000 students in the state. But here nor there it doesn't matter because the 100 that are out in Bruning are just as important as my 3,500, every one of them. So if we look at it from that perspective, what's good policy, that you always say, what's good policy? We've talked about things such as is the current percentage in the state aid formula for poverty and ELL reflective of what districts really need, not ideally need because we could tell you we need a billion more dollars. What's realistic? When you have high numbers of ELL, those are small class sizes, you need personnel. And if your district has those and you have a big influx of those because this company opened or this industry opened. Then you're out there on your own. What should that percentage be? And I think statewide we can develop policy. I think that's something that Senator Sullivan has seen and has in mind as she starts on her studies regarding state aid. And the same is true in poverty, okay. What do we mean...what does it cost to educate children of poverty? Senator I think there should be two levels of poverty. Poverty like there is in Gretna where there's 10 percent, and poverty in a district like OPS where it's 70 and it's generational historic poverty. That's totally different than my ten, okay. I think those conversations have to happen. And I think they can happen with the right people, with the right leadership, that we can develop that statewide because that's really what started this whole thing. Are we reacting to this changing demographic? And I saw data from a national demographic specialist that said, Midwest is where all this is coming. The Midwest is where it's all coming. We've got to get out ahead of it. It happens so fast. It wasn't like the state was saying, we don't care about those kids. It just happened so fast. People didn't have time to react. [LB1068]

SENATOR SCHEER: Fair enough. And it's getting late, so... [LB1068]

KEVIN RILEY: I'm sorry. [LB1068]

SENATOR SCHEER: ...I didn't mean to get into... [LB1068]

SENATOR KOLOWSKI: Thank you. Just what you said, Kevin. The replication of programs, as you get better at what's happening, will be a very powerful tool for the Learning Community to share with everyone because it's going to happen to every district. The change is happening. And you've lived to see it. I have also. And we're going to see it happen more and more. [LB1068]

KEVIN RILEY: Yeah. [LB1068]

SENATOR KOLOWSKI: Thank you. [LB1068]

SENATOR SCHEER: Thank you, Dr. Riley. [LB1068]

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KEVIN RILEY: Thank you. [LB1068]

SENATOR SCHEER: Next proponent. And thank you for being so patient. And I got to tell you, I love the hat. I really do. [LB1068]

VICTORIA PARKS: Well, you know I will introduce myself. My name is Victoria Parks. I'm a member of the African American Achievement Council. [LB1068]

SENATOR SCHEER: Could you spell your name for the record, too, for us? [LB1068]

VICTORIA PARKS: V-i-c-t-o-r-i-a P-a-r-k-s, Victoria Parks. If you said that in north Omaha, people would say, who are you talking about because everybody calls me Vickey. I am here representing a group of the Omaha Public Schools which is the African American Achievement Council. This is a volunteer group. And what we found out was the issues that face African-American students in terms of poverty and what kinds of cost are needed to educate poverty radiate throughout the district but certainly, as long as there is an achievement gap between African-American students and non-African-American students, we have concerns. That gap still exists. And so I remember Senator Avery and many of the other senators coming down here during the battle. I was around when we had the Learning Community battle. And one of our concerns was...with this common levy was will there be unintended consequences because OPS was one district with the additional districts. Would there be unintended consequences and OPS would not continue to get its fair share of Learning Community money to speak to educating poverty students, most of whom in the Omaha Public Schools happen to be African-American? And so I am in support. I can tell you that I had...some of the things that were said today about this common levy, we were always concerned about that. As a matter of fact, when we came down to talk about the boundaries, we said, if the city of Omaha could move the boundaries for both sides of 72nd where we saw that economic development, that...both sides of 72nd and further west, if we had access to those funds we would solve many of our problems. And so we were there for that fight about why the boundaries got frozen because what we in Omaha were looking at is, well, if the boundaries don't get frozen that means that we can look at the tax revenues coming in the Millard district, the tax revenues coming in District 66. And when we look at our poor district...and I live in neighborhoods where there are blocks of vacant houses, abandoned houses, houses that have been repossessed because of this economic climate of 2008. Our community is not recovering, not getting the kinds of property tax revenue that a Millard or some of these other outlying districts are because I don't know what they're collecting (inaudible) but I can tell you there are a lot of folks in my community who are not and cannot pay their taxes. I am support of LB1068 for this reason. I believe that if you put the onus on paid superintendents to come up with some strategies to help educate low-income students who are of the greatest need, you will get results. I'm not so sure about a bunch of volunteers having that responsibility. I haven't been sold on the Learning Community in

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terms of what gets...what are the outcomes when paid staff are responsible for fixing a problem versus volunteers? And I can tell you I'm a volunteer. I pay to volunteer. I spend a lot of gas. I spend a lot of time because I can walk out my door in north Omaha and see African-American children who are still not closing the achievement gap, who still need tutors, who still need after school programs, who still need support systems to close the achievement gap. And so I want you to know that the African American Achievement Council...and believe me, we don't always have a Kumbaya relationship with the Omaha Public School District. As a matter of fact, we have had very adversarial relationships with the Omaha Public School system because our bottom line is, close the achievement gap. We want the resources spent to close that gap so that all of our African-American kids are really on the equal level that we say in this state we want all of our students to be on when they graduate. So I am in support of the bill. I hope that this committee can work with the Learning Community to tweak and fix the formula so that OPS is not getting less money to do the job of educating these poor poverty students with high needs. And districts like District 66 and Millard are getting more. I just have a philosophical...when I saw that in the paper, I just have a philosophical problem with that. So yeah, I think the formula and the law needs to be tweaked. It was a big voluminous law, had a lot of idiosyncrasies that need to be ironed out. And so people like me aren't going to go away. We're going to stick around until those idiosyncrasies and those kinks are worked out. [LB1068]

SENATOR SCHEER: Thank you, Vickey. Questions? Again, thank you so much for being so patient and waiting. [LB1068]

VICTORIA PARKS: We're used to it. We live in a big city. You know, you got a lot of politicians. You got to wait to talk to them. (Laughter) [LB1068]

SENATOR SCHEER: Next proponent. Welcome back again, Ted. [LB1068]

TED STILWILL: (Exhibit 2) Thank you, Senator. Ted Stilwill, T-e-d S-t-i-l-w-i-l-l. I agree with everything the previous speakers have said. The Learning Community Coordinating Council did vote to support this particularly on the realization that this was the combined superintendents' recommendation to the Education Committee. And they definitely wanted to support that for all the reasons you just heard. I'll just make one other...two other points. Senator Avery, a clarification of what I said earlier; you asked about that vote and whether six folks voted one way could be interpreted as voting against the common levy. Actually, when I looked back and talked to my colleagues their choice would have been to be neutral or to vote to oppose the bill. So it wasn't...I believe I mischaracterized it. The other thing I'd mention is with regard to the common levy we have requested the county treasurers to take a look at labeling that line differently on the property tax bill. And we've tried to work pretty much...pretty aggressively on our Web site to try and clarify for taxpayers what is really happening. But it is a point of confusion. But we definitely support LB1068, all that it accomplishes.

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It does...when I asked earlier if you were willing to move towards adjustments or fixes in the common levy, this clearly does that. And it's certainly a step in the right direction. Thank you. [LB1068]

SENATOR SCHEER: Any...Senator Haar. [LB1068]

SENATOR HAAR: So...and thank you again for waiting for us. We get paid the big money to stay here. [LB1068]

TED STILWILL: Yeah. [LB1068]

SENATOR HAAR: So the extra money, as you say, all districts would receive more funds from this legislation. And that's basically through state funding, right? [LB1068]

TED STILWILL: That's correct. That's my understanding. [LB1068]

SENATOR HAAR: Okay. [LB1068]

SENATOR SCHEER: Senator Kolowski. [LB1068]

SENATOR KOLOWSKI: Thank you, sir. Ted, on the...just one comment on the vote count that you mentioned. Nine and six is fifteen; so you had three that were not there night... [LB1068]

TED STILWILL: Yes. Right, right. [LB1068]

SENATOR KOLOWSKI: ...wherever they might have been as well just to point that out from the 18. [LB1068]

TED STILWILL: Yep. [LB1068]

SENATOR KOLOWSKI: Thank you. I always count my votes. [LB1068]

SENATOR SCHEER: Any other questions? Senator Davis has one. [LB1068]

SENATOR DAVIS: You say with the reduction in local effort rate the amount of funds retained might be different. Any stab in the dark at what that might be? [LB1068]

TED STILWILL: I'm sorry, what? [LB1068]

SENATOR DAVIS: In your second bullet point you talk about a reduction in the local effort rate which might change the \$3.5 million. Any idea what that might amount to? [LB1068]

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TED STILWILL: No, not at all. We just...you know, our ability to actually model all this in our rather small office the...we have an excellent finance director who came with me today. But I guess I would leave it to your committee and to the department to model that more completely. And anything that's going to happen at this point is going to be an estimate. I think the fiscal note you received on these bills was about \$3.8 million. Three point five is the number that's been discussed here, but the actual number will I think depend on some things that happen between now and then. [LB1068]

SENATOR DAVIS: Thank you. [LB1068]

SENATOR SCHEER: Anyone else? Thank you, Ted. [LB1068]

TED STILWILL: Thanks. [LB1068]

SENATOR SCHEER: Any other proponents? Good afternoon. [LB1068]

BOBBIE DAVIS: Good afternoon. And we saved the best for last. [LB1068]

SENATOR SCHEER: Well, good, we're ready. [LB1068]

BOBBIE DAVIS: My name is Dr. Bobbie, B-o-b-b-i-e, A. Davis, and I am native Omahan, a native Nebraskan, and a member of the African American Achievement Council. Being born and raised in the Omaha Public Schools, I know what the schools are and I know what they can do. Being born and raised poor, I know what they are and I know what they can do. But being in Omaha and being poor did not stop me from getting a doctorate degree. So what I'm saying to you is, fix it. Fix the problem. Do not allow money that should be spent for students in the Omaha area to go someplace else. There are special problems now that need to be resolved. We have millions of years of education between the Legislature and the council and the school board and the staff. You can fix the problem. It's not logical that the place that needs the money is the place that's losing the money. There are kids who have specific problems. I heard about a new program today that...where you're going to be working with families. That needs to be done. There are programs all over the country like in Minneapolis that has a whole new federal program. There's money available. The administration now, the Obama administration is making money and funds and things available. So what I'm saying to you is, I'm wondering if the...if there's a will...I think we need a will to fix the problem. We must take care of our next generation for several reasons. We don't take care of the next generations, someone is not going to be there to pay your Social Security. You know that. So we need to make it all kinds of problems that are happening. The problem with poverty and with the money coming to the Omaha Public Schools can be fixed. You can do it, and I have confidence in you that you can fix problem. And that is by fixing the formula. Fix the formula so that the money is paid where it needs to be paid. And

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I'm...you've been told by everyone else. And I sort of waited to see what everyone else was going to say so I wouldn't have to repeat it. But they've said it already and you've heard it. So what I'm saying to you is, we need to fix the formula so that the Omaha Public Schools is not losing money. When it comes to boundaries, it seems a little strange if you have open enrollment. And the kids live here and the school is over there. If you have open enrollment then they can go to that school. But I'm sure there's a way that you can figure that out also. And that's all I have to say. Thank you very much. [LB1068]

SENATOR SCHEER: Thank you, Dr. Davis. Any questions? Seeing none, again, thank you for your patience. [LB1068]

BOBBIE DAVIS: All right, thank you. [LB1068]

SENATOR SCHEER: Any additional proponents? I'm not waiting long. So any opponents? Not going to wait long on that either. Any neutral position? No one is jumping up. Senator Sullivan. [LB1068]

SENATOR SULLIVAN: Thank you for your time and effort. And as I said at the onset, you know, you heard a lot of testimony to get rid of the common levy. This offers an alternative that I think is reasonable. It...if you notice the fiscal note of \$3.8 million that, an answer to your previous question, Senator Scheer, helps out all the members of the Learning Community. Does it help them all out the same way? No, not necessarily. But I think the important thing also about this legislation is that it puts the onus on the member of the Learning Community, the superintendents, to study all of those issues relative to the Learning Community and to come back with some recommendations to us. I hope you'll support it. Thank you. [LB1068]

SENATOR SCHEER: (Exhibits 3, 4, and 5) Thank you, Senator Sullivan. And before we close, we have a letter in support from Dr. Terry Haack of Bennington Public Schools and from the Millard Public Schools as well. And with that, I will close the hearing on LB1068. And we will now open the hearing on LB1070. [LB1068]

SENATOR SULLIVAN: Okay, here I am again, Kate Sullivan, K-a-t-e S-u-l-l-i-v-a-n. I'm introducing LB1070 which in some ways can be viewed as a variation of the bill you just heard, LB1068. This measure was introduced to allow discussion of issues that are particular to just a couple of districts in the Learning Community. Without naming them, I'll go into details of how it might help. The state aid changes are the same as in LB1068 except the hold harmless for new Learning Communities would be eliminated. The hold harmless is designed to recognize that districts with higher valuations per student may have been accustomed to higher levels of spending coming into the Learning Community. The hold harmless eases these districts into a spending level more consistent with other members of the Learning Community. Differences in size are

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already accounted for in the needs calculation. The main difference between LB1068 and LB1070 is the distribution of common levy proceeds. General fund common levy proceeds are distributed based on the proportionate share of formula need after aid and other formula resources are subtracted out. The process...that process would stay the same except that every district would receive at least a minimum based on the amount raised from the district's valuation. That minimum would be 99 percent of an amount equal to the actual levy minus 40 cents applied to the assessed valuation for the prior year. The 99 percent reflects the fact that the county keeps 1 percent of all property taxes levied. The current Learning Community has been levying the maximum 95 cents, so the rate that would be used to calculate the minimum would be 55 cents unless the Learning Community chooses to levy at a different rate for the general fund common levy--which, by the way, they could choose to do. This change would not increase the amount levied but would shift who gets how much. So the districts with higher valuations per students would benefit referencing the two that I mentioned earlier, not naming them but that are particularly concerned about this legislation. But rough calculations do not show significant losses for the other districts. The changes would be proposed to take effect for the 2015-16 school year. That's what LB1070 does. [LB1070]

SENATOR SCHEER: Thank you, Senator Sullivan. Any questions? Awfully late in the day, I don't see any. [LB1070]

SENATOR AVERY: I have one. [LB1070]

SENATOR SCHEER: Oh, Senator Avery. [LB1070]

SENATOR AVERY: I'm sorry. I have to. Comparing this one with the previous bill that we heard, LB1068, which is better? [LB1070]

SENATOR SULLIVAN: Well, LB1068 helps all of the districts in the Learning Community. If you'll look at the LB1070, it has the same net effect in terms of fiscal impact from the state. [LB1070]

SENATOR AVERY: I'm looking at that. [LB1070]

SENATOR SULLIVAN: But because of the additional calculation in LB1070, it expressly helps two districts that feel that they are being expressly negatively impacted. So at the expense of the other member communities, but what I said in my final comment, it doesn't really significantly represent a loss to the other nine members of the Learning Community. But it helps those two a little bit more to restore them. So I guess one could say, if you combine both of them then you help everybody. [LB1070]

SENATOR SCHEER: Senator Davis. [LB1070]

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SENATOR DAVIS: It seems to me that we are trying to put a patch here and we'll put a patch here and we'll put a patch here on this sort of boiling cauldron. Why don't we just eliminate the common levy and let them levy as they want to? [LB1070]

SENATOR SULLIVAN: Well, you heard that that is something that somebody would like to do. I guess even though I wasn't here when the Learning Community came about, I still--based on what people have told me, the transcripts that I've read, and even some of the testimony represented today--is that there is value and the philosophy behind how...why the Learning Community was created. I think it was created knowing full well that there would be changes. I think the changes, in spite of the just minor ones that I'm recommending here, should be heard from the member superintendents that are living that and breathing it every day. And I would like to give them a chance to come forward with some constructive changes. Now if they don't or if we don't seem to like those because they will come to us, then that's another ball game. But I'm not quite ready to throw it out. I think I'm past the point of saying, let it work. We don't need to do that. We need to start chipping away at it, making some incremental changes and seeing if that helps the situation. I think it's too early just... [LB1070]

SENATOR DAVIS: And I appreciate your enthusiasm for that, but you know, this is only my second year on the committee. But we've heard this discussion before. And some years ago the rural schools were in common levy situation and with our Class I schools that was a very unsatisfactory arrangement for everyone. It doesn't work very well. Common levy is not really a very good process I don't think. So you know, the discussion I've heard today...Omaha is the school district that we were supposed to be helping with common levy. They ended up taking hits from it. Some school districts that were perceived to be wealthy are benefiting from it. So now we're going to try to patch this up here and shore it up here and, you know, deal with this side over here. And then we'll deal with this side over here because dissimilar districts. Senator Scheer made a point earlier about schools that are north of Omaha but are actually closer than some of these southern ones that aren't dealing with this. Maybe it's time to chalk it up and say, we gave it a grand try but it's not solving the problem. [LB1070]

SENATOR SULLIVAN: The other part of me that says, well, if you're going to do that let's have some better alternatives to deal with what you've also heard today are some very unique challenges in a metropolitan area, whether you think about it in terms of flight away from the urban districts and the disparities that that creates. We'd better have an answer that's perhaps even better than what we've got now to deal with those. [LB1070]

SENATOR DAVIS: Thank you. [LB1070]

SENATOR SCHEER: Senator Avery. [LB1070]

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SENATOR AVERY: Just one comment, let's not let perfect be the enemy of good.
[LB1070]

SENATOR SCHEER: Any others? Thank you, Senator Sullivan. And I would remind everyone again that all the testimony from LB865 was entered into the records for this hearing. So you're more than welcome to come testify again, but bear in mind what you said the first time around is there for this time. Good evening. [LB1070]

DAN SCHNOES: (Exhibit 1) Good evening. Thank you. It's been a long day. Dan Schnoes, D-a-n S-c-h-n-o-e-s, superintendent of Douglas County West Schools. Had a little handout for you. I'm not going to read through it. I think the middle paragraph kind of states...and we've said that a little bit in the past of financially how the Learning Community, especially the common levy, has an impact on us. I think that's pretty common knowledge. We're one of the schools that Senator Sullivan talked about in her opening. We appreciate your time. We also appreciate Senator Sullivan and her staff working with us and Springfield in coming up with a plan. And if I just step back in a little bit, we've testified in a couple of hearings. And during those hearings...and shared our story. It was commented by several of the senators that...bring to us some ideas of some things that we can do to help you so you don't get hurt so bad. Percentagewise we are the biggest loser, and Springfield Platteview is standing right next to me. We're the biggest losers percentagewise. It's a big hit for our school district. So Brett and I, superintendent of Springfield, went around and met either individually or in some small groups with every one of the Learning Community superintendents. And every one was in agreement that no school district should get hurt that hard. We did not have time as a Learning Community group to come up with a solution. We urge you in support of LB1068. We were in support of removing the common levy because that would solve many of these problems. We could not sit on the sideline and wait to see if something happened in order to provide some protection for our school districts. So in working together, Springfield and us and with Senator Sullivan helping and taking our charge which we extremely appreciate, we would be in support of looking at LB1070. Again, it's just a Band-Aid to solve a much bigger problem. But for ours looking down the road, we have to have something in there to help us out in the long picture. And so we appreciate their help and support. [LB1070]

SENATOR SCHEER: Thank you, Dan. Any questions? Seeing none, thank you very much. [LB1070]

DAN SCHNOES: Thank you. [LB1070]

SENATOR SCHEER: Still on proponents. [LB1070]

BRETT RICHARDS: (Exhibit 2) My name is Brett Richards. I'm the superintendent of Springfield Platteview Community Schools, B-r-e-t-t R-i-c-h-a-r-d-s. Yeah, this...we

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really appreciate...I won't read through all this either. I think that, you know, if we're looking at making the Learning Community common levy as a whole again from the money that we've lost, we'd just appreciate you guys looking at our situation...amount of...percentage of loss of revenue that we have compared to the other school districts from what they normally have in their pot of money as well. We're...DC West was at 21 percent. And I had a chart in the earlier testimony of potential revenue loss where it's 16 percent. And then the next one is right around three-point-something percent. This would help that. I think it would give us back control over the future of our district. It really would. It would allow us to grow a little bit with our expenses. And it would be a nice short-term solution to LB1068. We still are in support of LB1068. But you know, with putting it off another year before DC West and us get help, this is '15-16 we're talking about now. It's going to be a long road for us, you know, with the superintendents' recommendations to get some relief. And we appreciate your consideration and you asking us to come back with some solutions because we do want to be a part of the solution. We always have. And we are a big proponent of education in Omaha out at Springfield Platteview. It's the amount that we are getting hurt proportionately to what our taxes are. So thank you again. [LB1070]

SENATOR SCHEER: Thank you, Brett. Questions? I guess not. Any other proponents? Seeing none, any opponents? Seeing none, any on a neutral position? Still seeing none. Senator Sullivan waives, and I have nothing else to enter. This hearing is closed. [LB1070]