

Transcript Prepared by Clerk of the Legislature Transcribers Office
Education Committee February 2, 2021
Rough Draft

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WALZ: Good morning, everybody. We're going to start out with the COVID-19 hearing procedures. For the safety of our committee members, staff, pages, and the public, we ask those attending our hearings to abide by the following procedures. Due to social-distancing requirements, seating in the hearing room is limited. We ask that you only enter the hearing room when it is necessary for you to attend the bill hearing in progress. These bills will be taken up in the order posted outside the hearing room. The list will be updated after each hearing to identify which bill is currently being heard. The committee will pause between each bill to allow time for the public to move in and out of the hearing room. We request that everyone utilize the identified entrance and exit doors to the hearing room. We request that you wear a face covering while in the hearing room. Testifiers may remove their face covering during testimony to assist committee members and transcribers in clearly hearing and understanding the testimony. Pages will sanitize the front table and the chair between testifiers. Public hearings for which attendance reaches seating capacity or near capacity, the entrance door will be monitored by a sergeant at arms who will allow people to enter the hearing room based upon seating availability. Persons waiting to enter the hearing room I-- are asked to observe social distancing and wear a face covering while waiting in the hallway or outside the building. The Legislature does not have the ability-- availability, due to the HVAC project, of an overflow hearing room for hearings which attract several testifiers and observers. For hearings with a large attendance, we request only testifiers enter the hearing room. We ask that you limit or eliminate handouts. So with that, welcome to the Education Committee public hearing. My name is Lynne Walz from the District-- Legislative District 15 and I serve as Chair of the committee. The committee will take up the bills in the posted agenda. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. To better facilitate today's proceeding, I ask that you abide by the following procedures. Please turn off or silence cell phones or other electronic devices. The order of testimony is introducer, proponents, opponents, neutral, and closing remarks. If you will be testifying, please complete the green testifier sheet and hand to the committee clerk when you come up to testify. If you have written materials that you would like distributed to the committee, please hand them to the

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page to, to distribute. We need 12 copies for all committee members and staff. If you need additional copies, please ask a page to make you the copies now. When you begin to testify, state your name-- state and spell your name for the record. If you would like your position known, but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. If you are not testifying in person and would like to submit a written position letter to be included in the official hearing record as an exhibit, the letter must be delivered or emailed to the office of the committee chair of the committee conducting the hearing or the bill or LR by 12:00 p.m. on the last work day prior to the public hearing. Additionally, the letter must include your name and address, state a position for, against, or neutral on the bill or LR in question, and include a request for the letter to be included as part of a public hearing record. Please speak directly to the microphone so our transcribers are able to hear your testimony clearly. And finally, please be concise. Testimony will, will be limited to five minutes. We will, we will be using a light system. Green, five minutes remaining. Yellow, you have one minute remaining, and you'll wrap up your comments when you see the red light. The committee members with us today will introduce themselves beginning at my far right.

McKINNEY: Good morning. My name is Terrell McKinney. I represent District 11, which is north Omaha.

MURMAN: Hello. I'm Senator Dave Murman from District 38 and that is Clay, Webster, Nuckolls, Franklin, Kearney, Phelps, and southwest Buffalo County.

PANSING BROOKS: Hello. Patty Pansing Brooks, Legislative District 28, right here in the heart of Lincoln.

LINEHAN: Good morning. I'm Senator Lou Ann Linehan. I represent Elkhorn, Valley, and Waterloo, District 39.

SANDERS: Good morning. Rita Sanders, District 45, which is the Bellevue-Offutt community.

WALZ: And Senator Day, Senator Day is participating remotely due to COVID quarantine procedures. I'd like to introduce our committee staff. To my immediate right is research analyst Nicole Barrett. To

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the right, end of the table, is committee clerk Kristina Konecko-- I can't-- I always mess that name up-- McGovern. And our pages today are Brytany and Ryan. Please remember that senators may come and go during our hearing, as they may have bills to introduce in other committees. I'd also like to remind our committee members to speak directly into the microphone and limit side conversations and making noise on personal devices. We are in a lot-- an electronics-equipped committee and information is provided electronically as well as in paper form. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and crucial to our state government. Lastly, a reminder to please allow the pages to sanitize between testifiers. And with that, we will open on LB132. Senator, Senator DeBoer.

DeBOER: Good morning, Chairwoman Walz and members of the Education Committee. My name is Wendy DeBoer, W-e-n-d-y D-e-B-o-e-r, and I'm a senator representing District 10 and-- which is in Bennington and parts of north-- northwest Omaha, but today I'm introducing LB132, which would create the School Finance Review Commission. Veteran members of this committee may recall that I have introduced this bill or one similar every year I've been in the Legislature. I made a promise to my constituents when I was running for this seat that I would work to lower our state reliance on property taxes to fund our public schools, while still protecting the quality of our public schools. It is an adage universally acknowledged in this Legislature that when we are overly-- that we are overly reliant on property taxes for our public schools. And the best way to remedy that is to use more state funds to support our local communities and our schools. We have often heard that we are 49th out of 50 states in our state portion of school funding. The problem is that school funding is an incredibly complex area of our law and beyond, beyond knowing that we should be doing better in our state funding for schools, the rest is not always clear. You may recall that I testified in the past that Nebraska's TEEOSA law, which is our state school-- our school's state-- our state school funding distribution formula, was created in 1990 in response to pressure from a pending lawsuit, in addition to similar political pressures to the ones that you and I feel right now to get this right and to make positive changes for our constituents. In 2019, I suggested that the TEEOSA formula could be compared to the thought

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experiment about Theseus' boat. How many planks can be, can be replaced in the boat Theseus built until it is no longer a boat he built? How many changes can be made to our funding formula before we need to sit down again and look at it as a whole? We have replaced, tweaked, changed, capped, added so much that perhaps TEEOSA no longer performs its original function, to fund education in Nebraska through a tax equity structure. On the other hand, maybe it does. Maybe it does perform that function, but we have not had a comprehensive study performed by the state to test that question. Now I recognize that the word "study" and possibly the word "commission" might make some members break out in hives and I understand why. I call it "Hamlet Syndrome." The Prince of Denmark spends that play thinking about what to do, planning, agonizing, but not doing until he's waited too long to tragic effect. That is not what I am proposing with this bill, with this commission. We've just passed a historic property tax relief bill last year and you all know that I was working behind the scenes on that bill to make sure it do-- did what the negotiators wanted it to do and was able to get money back into the pockets of our constituents. But we all know it is still not enough because we still have structural problems with school finance. There are a number of bills this year, which would seek to replace one more plank of the TEEOSA formula to try to get at the problem. But none of them, I would argue, can solve the fundamental Theseus pro-- problem of having a formula that has been tweaked and changed beyond recognition. TEEOSA needs to be comprehensively examined. A commission has more time and arguably more expertise than our legislative, legislative body does to focus on the issue of school finance alone, to bring stakeholders of all types to the table. A commission of the type imagined in LB132 can comprehensively balance the stakeholder concerns and bring recommendations and findings to the Legislature. We know there's a need to change, not because TEEOSA wasn't good when it was written and not because any one of those changes wasn't good and needed at the time. Simply, we are in very different times. This plexiglass here is testament to the changes we have seen just in this last year. And make no mistake, when the population gets vaccinated and we go back to normal, that normal won't be the same as it was in January of last year. We have been altered. We have learned more about the opportunities and challenges of remote learning in the last ten months than we could have in ten years of pilot programs and studies. After the pandemic, we should take advantage of the things we learned about

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onlearning [SIC] to see if there is a permanent place for it in our education mix. Can equalized and unequalized schools work together more in the future? Who knows? I certainly won't claim to be able to make that decision just by myself. Now is exactly the right time to take a moment to be reflexive about what education finance should look like for the next 30 years in Nebraska. Let's task this commission with building on the successes of school finance in Nebraska from the last 30 years, but then really putting everything on the table and building the boat from scratch, armed with the knowledge we have gained in these last years. Let's develop a long-term strategy for education finance in Nebraska, recognizing the exigencies of postpandemic life, the demographic changes of the twenty-first century, the technological changes, and our financial reality, not the finances we aspire to. There's another aspect of this commission I want to draw your attention to and that is that it doesn't go away in a year. Dr. Dulaney will follow me to talk about the history of this commission in the 1990s, or a similar one, and why it was helpful then. But I want you to note that this commission, which will stay in place-- will stay in place to monitor TEEOSA or whatever new thing comes in its place. This is because having a dedicated monitoring group will probably help prevent us from getting into the kind of situation we're in right now, where property taxes have had to take up the slack as the Legislature repeatedly cut a little bit here and a little bit there on TEEOSA and have pushed financing responsibility onto the locals. No formula we could write can anticipate externalities. TEEOSA isn't broken, by the way. It is operating materially how it was intended to, despite all its patches and amendments. But no formula could have reacted to the precipitous rise in ag land valuation that happened a few years ago and pushed so many rural schools out of equalization. We can't write a formula that will deal with unexpected things. Will the pandemic and its ex-- economic fallout affect the way education finance operates in the state? I can't tell you and I spend a considerable bit of my legislative time on school finance. Having a commission, commission in place means we have a group of dedicated experts whose tenure is long enough to give them institutional memory, who can respond and make recommendations to this body when something, to use the technical term, "wonky" happens in our world. Importantly, they do not take away the function of legislative discretion at all, which some opponents in the body fear understandably. Rather, they make recommendations based

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on expertise to us and can take a longer view. We can ignore the recommendations we do not agree with for policy reasons, which brings me to the next point, because schools are financed through two differently elected sources. There is always and there's always going to be pressure in the system to push it off onto the other one. We need an arbiter who will at least advise this body on how to think long term about our financing choices. With term limits in place, there is no incentive for senators to keep us from getting into this mess again. And to be honest, people are clever. We can make all kinds of formulas, put in draconian caps, whatever-- and the future legislatures can probably wiggle out of it. I don't believe anyone who tells me they're going to solve the property tax problem forever. School finance, particularly because it is double-sourced, is the sort of thing we need to have a long view of and the commission will help us to do that. Senator Sanders, Senator Day, and Senator McKinney, if you happen to feel overwhelmed right now as you begin your service here, I will say you would not be alone in that feeling. And to be honest, it only got a little bit better for me because I learned better what I could ignore-- personally, what I could ignore in order to focus on other things. No one can master every subject area that we cover in this body, at least not within eight years. Because of term limits, we need help from the experts more. And if we're serious in Nebraska that we do not want professional legislatures, that we want citizen legislatures, that we expect them to do this as a part-time job for a short time, time, then we need to have trusted, dedicated advisors like this commission that aren't paid to have an opinion, but can help educate this body. You'll notice people complain that the-- this lobby or that lobby has become too powerful. But when we need information, those are the only people we can turn to. They have institutional knowledge, they have expertise, they have research, and thank goodness that they do. But the way to counter a fear that the lobby is getting too powerful isn't to just disparage them on general principle. It is to put into place a source of information, advice, and research that is not paid to have an opinion. Yes, people on the commission will have opinions. Some of them will have jobs that influence that opinion, just like in the Legislature, just like any one of us. But they aren't paid to have specific opinions and I have tried to balance the committee to counteract any biases there might be. I'm reminded of a story that the historian Jon Meacham told once at a conference I attended. He said that during the Cuban Missile

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Crisis, Kennedy needed advice so he called Eisenhower, who you'll remember, he disagreed with politically. And he said to Ike something like, look, I got folks telling me one thing and then another group comes in and they tell me another thing and another and another. How do you get to the bottom of it? And Ike said, you get them all in the same room. The idea is that they vet each other's arguments in real time. They hold each other accountable for their facts and arguments. This commission is intended to get everyone in the same room. In the past, we've had competing spreadsheets and competing numbers flying around. We need everyone in the same room. To close, there are two things that you're being asked to consider today. First is whether or not to have a school finance commission that studies Nebraska to figure out recommendations for the best way for Nebraska to finance its school-- schools. I fail to see any possible reason not to get more and better advice on such a critical piece of what we do here and on such a huge piece of what we spend our budget on. But the second question is the makeup of that commission. And here I think there can be arguments made and likely there will be. I'm handing out an amendment or you should have gotten it already-- and I apologize, I just got this back from Bill Drafters this morning, but I want to personally thank them because they did this-- they over-- they-- I gave it to them at 4:00 last, last night, so they really came through. So I would have given it to you before, but I just got it. In the amendment, I've remind-- refined the committee membership and added one more member. I will work with whoever wants to, stakeholders, other senators, this committee, if folks see that I have missed putting someone on or think the balance is off or something like that. Do not let an imperfect roster be what stops you from putting this important piece of legislation out onto the floor. I'm confident that even if this committee refines the membership, there will still be opinions on the floor. I will work to make sure every senator feels heard on its composition, but I will note for all of you that I'm against just expanding it and expanding it. Right now, there are 17 members listed and I think that is already approaching being too big. We have all been on large committees and we know that the larger they get, the more disenfranchise-- they disenfranchise folks in their membership. The quiet voices, often with the most thoughtful things to say, are drowned out by the louder ones and I say that as one of the louder ones. A small handful of people take-- end up taking all the time. I do not think, under any circumstances, the membership should

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get larger than 20 and even that is too large to be effective in my mind. I get that this is a scary proposition, to take what we have and make the tiniest step towards disrupting the status quo. And I know that some of the stakeholder groups are nervous, particularly because-- particularly if they feel the status quo is working for them and they, with good reason, distrust a legislative body which has continued to lower its portion of school funding. But things aren't working for everyone or at least many people are doing a good job of convincing the public that they aren't working. Without a study, how do we really know which it is? And continuing to put Band-Aids on our problems doesn't solve them. We're going to have to be bold. We're going to have to be leaders. We keep having the same fights in this body year after year. The people want us to do more than just argue with one another. Changes are coming because eventually there will be enough public outcry to demand a change. I think we ought to make those changes with as many stakeholders in the room with as much expertise and variety of opinions together as we can. I think we need to stop playing chicken with the future and lean into it. With that, I will say I'm sorry I've taken so much time on my intro and I will answer any questions if you have them.

WALZ: Thank you, Senator DeBoer. Any questions from the committee? Thank you. At this time, we'll take our first proponent. Good morning.

MIKE DULANEY: Good morning. My name is Mike Dulaney. I am the executive director for the Nebraska Council of School Administrators. Last name is D-u-l-a-n-e-y, and I'm very privileged this morning to also represent NASB, NSEA, and STANCE. I have a handout and I hope that you have that copy. I wanted to show you this because I think it really illustrates-- if you turn to page 3 of this document-- by the way, what you're looking at is the 1967 School Foundation and Equalization Act that Senator Jerry Warner, the late, great Jerry Warner, had pushed through. He was his-- in his fourth year at that time and served, as you know, over 20 years in the Legislature before term limits. But if you look at page 3, you'll see something remarkable by today's standards. The foundation piece of this act was the only part of it that was fully funded. And if you can see there, a kindergarten student received for-- on behalf of the student, \$12.50, all the way up to high school student, up to \$35. Can you imagine such a small amount of money from the state? And in fact, what happened was this act, as passed by the Legislature in 1967, was not funded to the

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level that Senator Warner needed. He asked for \$60 million, which would have funded not only the foundation piece, but also the equalization piece. It was never funded to the extent that Senator Warner had in mind. And by the time we hit 1989, the year before TEEOSA, the state formula was only supplying about 13 percent of the funding for a child's education, very, very low. And so that gave a great impetus for Senator Ron Withem, at the time, who held Senator Wallace's [SIC] position as Chair of the Education Committee, a very forward-thinking man, and he had-- he decided it was time to do something. There was several catalysts at the time, just like in 1967. The catalyst was that the state was going through a rebuild on its revenue system. The great 1967 Tax Reform Act was going on and so Senator Warner used that as an opportunity to also build school finance. The same thing was going on in 1990. I think a lot of you might remember the famous Gould Brothers case that alleged-- and this was two brothers in Raymond Central High School-- Raymond Central Community School and they, they had two daughters-- I believe it was two daughters-- and they alleged that their daughters were not getting the same education as a child in Omaha or a child in Lincoln. And so there was that inequity and so they sued the state of Nebraska. Ultimately, they dispensed the case and, and the Supreme Court in Nebraska, said, you know, you're absolutely right, but our constitution doesn't require anything more than a free public education and so they turned, they turned away from the suit. They dispensed and said, you're right, but you're wrong. So that was the catalyst going in to 1990. And so Senator Withem knew this was coming and I think he did some very, very smart things. He started working on a commission even before the commission was established. He did an interim study in 1987 and he kind of set things up, hoping that he could get a bill through the following year, in 1988, to establish this commission, much-- very similar to what Senator DeBoer is showing you today. And so he did all the legwork by getting the interim study done and then had the commission. All told, it was three years-- a three-year process to come up with TEEOSA and, and a remarkable piece of legislation it was. It not only survived a gubernatorial veto, but it also survived a referendum to repeal it and so I think that is remarkable. Property tax relief has been the common theme in every major change in our system of financing public schools from 1967 through 1990 to now. So in a period of 54 years, we've only had one state-sponsored commission to study the formula. I think that, I think

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that's too few. I think we need to get back to it and study and learn and come up with something new and provide that property tax relief that is so necessary by funding our schools adequately. I see my time's up. Thank you.

WALZ: Thank you so much. Do we have questions from the committee? Senator Linehan.

LINEHAN: Thank you, Chairwoman Walz. So Senator Warner did do this and this is still effective today, right, to pay for--

MIKE DULANEY: No, the foundation act was repealed in 1990.

LINEHAN: Then what is the Appropriations money-- or I'm saying the wrong word-- from the school funds? It's about \$50 million a year that goes to the schools per student in their, in their census.

MIKE DULANEY: One that--

LINEHAN: Yeah, for every child in their census, in their school district, they get, I think it's \$125.

MIKE DULANEY: Are you referring to the, the--

LINEHAN: Apportionment.

MIKE DULANEY: Right, yes. And I, I'm sorry I couldn't answer that for you. I bet somebody from the department could, Senator.

LINEHAN: OK, I always-- I've been told that that was Warner, but maybe not--

MIKE DULANEY: Yeah, it could very well have been.

LINEHAN: OK and then you mentioned Ron Withem.

MIKE DULANEY: Um-hum.

LINEHAN: So do you know, it's my understanding that not only Ron Withem--

MIKE DULANEY: Scott Moore.

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LINEHAN: --yes-- were on the commission--

MIKE DULANEY: Yes.

LINEHAN: --and they-- do you find it odd that we would have school board members, a--

MIKE DULANEY: And lawmakers--

LINEHAN: --people appointed by the Governor, and no state senators on the commission?

MIKE DULANEY: Well, it is, it is and that's how they structured it at that time. And, and I had many discussions with Senator DeBoer and Taylor about this topic about, you know, how could-- well, what is the best comp-- composition? I think that's up to you and your committee and, and how you think is best. Senator Warner-- or Senator Withem really was a part of things all the way through, from the interim studies, the commission, and then after. And I wasn't able to, to finish my testimony, but the other piece of Senator DeBoer's bill is a monitoring committee. Now I sat back in this audience in 9-- in 2002, when Senator Raikes had to jettison our monitoring committee because of budget cuts. And I always thought that was a bad move because now we have the largest appropriation in our budget going for education, yet we have no ongoing monitoring piece. And Senator DeBoer accounts for that in her bill as well.

LINEHAN: Well, we do have the Education Committee to monitor it.

MIKE DULANEY: Pardon?

LINEHAN: I would, I would--

MIKE DULANEY: Oh, yeah.

LINEHAN: --state that the Education Committee does a fairly good job of monitoring.

MIKE DULANEY: And they do, and they do.

LINEHAN: So one more question here before I got interrupted because nobody could hear me-- I'm sorry, transcribers-- do you find it odd

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that there's nobody on the commission-- who, who's the expert on tax policy on this?

MIKE DULANEY: Well, I would let Senator DeBoer address that in her, in her closing. But, you know, I, I can see a need for that, absolutely. In today's world, I think that would be important.

LINEHAN: OK.

MIKE DULANEY: And again, I, I think what Senator DeBoer did was to try to assemble, in her bill, a functional group that would produce the information necessary. And then if this panel believes that other voices are necessary, then I think--

LINEHAN: But you would agree somebody with deep knowledge on taxation should be part of the committee?

MIKE DULANEY: I personally would agree with that--

LINEHAN: Thank you.

MIKE DULANEY: --yes.

LINEHAN: Thank you.

MIKE DULANEY: At least on the statistical side, absolutely.

LINEHAN: Thank you.

WALZ: Thank you, Senator Linehan. Other questions from the committee? I have one quick question. I could probably look it up someplace, but do you have information on how many members sat on the original committee and what-- how that committee was made?

MIKE DULANEY: I do. I have the entire composition. I'd be happy to email that to you.

WALZ: That would be great.

MIKE DULANEY: It's sad to say, but many of those people are no longer with us, including Senator Withem. And so it is an interesting group and, and they didn't always agree. It was, you know, a very complicated process, but what they came out with worked at the time.

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WALZ: All right. Thank you. Senator McKinney.

McKINNEY: My, my one question: how diverse was the original committee?

MIKE DULANEY: I'm sorry, Senator McKinney.

McKINNEY: How diverse was the original committee?

MIKE DULANEY: I would say they were-- it was not-- gender equity probably could have been worked on a little bit. There-- it was majority male. I think we need to work on that and I also think we need to have people of color on this commission as well, absolutely.

McKINNEY: All right, thank you.

MIKE DULANEY: The original one didn't-- I don't think that was, you know-- I don't think that was considered maybe as much as it should. It had-- they, they really tried to adjust towards the farm community. I think that was a big, big piece for them because they knew that this was going to impact, you know, farm economy in one way or another, so that's what they focused on. But I think-- and I think Senator DeBoer would agree that, that there has to be that, that balance.

McKINNEY: All right, thank you.

WALZ: Senator Pansing Brooks.

PANSING BROOKS: Thank you. So back to Senator Linehan's question-- I'll take this off-- were there people from both branches on the commission previously? Because--

MIKE DULANEY: Yes, they had-- they invited a number of-- well, they invited a representative from the Governor. They had senators on this commission, obviously, to run it and then they had laypeople. Now, I don't understand exactly where we are in terms of having a commission comprised of both senators and laypeople. I've heard mixed reports about that, but that-- I don't know, that could be an issue that has to be addressed.

PANSING BROOKS: Yeah, because protocol recently has been that if there were a member from the executive branch and from the legislative branch, that one of them had to be ex officio--

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MIKE DULANEY: Yes.

PANSING BROOKS: --nonvoting.

MIKE DULANEY: Right.

PANSING BROOKS: So--

MIKE DULANEY: In the original commission, the Governor did appoint these members.

PANSING BROOKS: All of the members--

MIKE DULANEY: Um-hum.

PANSING BROOKS: --including legislative?

MIKE DULANEY: I think that was done through the Executive Board, as, as is now the practice.

PANSING BROOKS: OK, thank you very much.

MIKE DULANEY: Absolutely.

WALZ: Other questions from the committee? I see none, thank you--

MIKE DULANEY: Thank you.

WALZ: --so much for coming today.

MIKE DULANEY: Thank you.

WALZ: Other proponents?

AL JUHNKE: All right. Madam Chair, members of the committee, good morning. My name is Al Juhnke, A-l J-u-h-n-k-e, and I'm the executive director of the Nebraska Pork Producers Association and I'm also here representing the Nebraska Dairy Association, Nebraska Farm Bureau, and the Nebraska Soybean Association. So Madam Chair and committee, we think, all of us, that this is a very good bill and we think this is a piece of legislation that should move quickly out of this committee to the floor so we can get to work. As you know, agriculture, and you just heard it back in '67 and beyond, has always had a vested interest

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in property tax relief. And we all recognize 60 percent of that money that goes to schools is from educate-- or 60 percent of our property tax is from education. And outstate, obviously we pay a big share of that, whether it's on our lands or on our barns or on our grain bin sites, so we have an interest in it. We have talked about this for the last few years. We've met with Senator DeBoer. She's met with groups in the interim. We told her we liked her idea then. We still like her idea. We think this is one of those tools you need in the toolbox to move property tax relief and reform forward in a positive way, in a productive way in the future. Now again, we're not just here to say rah-rah, pass it. I think there's a couple suggest-- while this is a good bill, we think it can be even better. And so the couple of things I have or we have to add, actually looking at the bill-- and, and I appreciate Senator DeBoer willing to work with folks. On line 22 of page 2, it talks about experience in an agriculture-related businesses being on the committee. I would suggest-- we would suggest you change that to experience in farming. Ag businesses are no different than businesses here in Lincoln. They pay the same rate of taxes. We-- as you know, we have two rates based on our constitution right now, bare ag land and everybody else. So by adding someone who's learned in property taxes from the agriculture side, the farming production side, we think would be a positive step. And we have a lot of our farmers and others that sit on school boards out there and we can find someone working with you and our other groups who would, who would be fantastic in one of those roles. So that would be one of them. The second one, I think Senator Linehan and Pansing Brooks alluded to and I would agree, you are missing a legislator or legislators on this group. Now I've had many, many, many years of experience with commissions and studies and legislative groups like this. And what I have found over my years of experience, if you do not have a legislator or more sitting on that committee, there is no ownership when that report comes back. It's a piece of paper or a report that lands on your desk and none of you were part of it. None of you have ownership. None of you had discussions with this group and brought a legislative perspective from it. And so I think you've set up-- more set up for failure if you do not include legislators on that committee. And again, my recommendation, since this is a ten-year committee, things will change every couple of years, is to say, for example, I would-- if I was waving my wand and doing it, I would put the Chair of the Education Committee, who may or may not be the same

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person, two years, four years, six years from now, but they obviously are experts here, and/or the Chair of the Finance Committee [SIC] who funds these things, and/or the Chair of the Revenue Committee who has an expertise in tax policy. The last thing that we would suggest, I think November of 2022 is way too late. I've worked with a lot of these people in the room. They are talented people. They know their education. They know their formulas. They know that TEEOSA needs to be modernized and redone. They know how to roll up their sleeves and get to work. If we wait till November '22, we are going almost two years down the line. We've missed an election cycle where we're electing a new administrator in the Governor's seat. A lot of you and your colleagues will be up. These discussions need to happen in the legislative session next year, as well as forward as we talk about future public policy and future leaders of this state. So we would suggest January 1, February 1, March 1, I don't care, but it should be fast-forwarded a little more. We-- a year from now is a long time. I think we can get this done then. So with that again, we think it's, it's way past time for this and we appreciate all of your work. Please pass it out of committee, get it to the floor, and let's get going on this as quick as we can. Thank you, Madam Chair and members.

WALZ: Thank you so much. We appreciate your testimony. Are there any questions from the committee? Senator Linehan.

LINEHAN: Just one quick one: does it concern the ag community at all-- Farm Bureau, Pork Producers-- that out of the 17 people who have already been mentioned to be on here, the ongoing, you've only got one farm person and that's not even a farm person, one agriculture?

AL JUHNKE: Well, Madam Chair and Senator Linehan, obviously, we'd love to load it up with farm people, but that's not going to happen. We do have the small schools, the rural schools, the, the regional center schools are on there. They certainly under-- and our school boards. They all answer to our farmers and understand ag property taxes. I do think, though, we have to at least have one-- I'd love to have more-- someone who is learned in property taxes and is a farmer or rancher in this state and I know there's plenty of them out there. And again, we would assist you, the committee, or Senator DeBoer. Yeah, obviously we'd all like more. I'm sure if you talk to the educators, they'd like more people from their group, too. But, you know, you're at 17, 18, 19, 20, or, or do you replace some of them, but then who do you

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replace? I mean, that's a debate and a discussion for this committee to have. But at this point, if we could replace the ag business with a farmer, I think you would leave the size the same and we'd feel better that we have some expertise at least sitting in the group. And I assume that these commission's meetings will be open. There is no reason our groups and us can't monitor those meetings, hopefully have input during them. I'm assuming they're not going to close the doors and say you people stay away, we don't want to hear from you. So I think there will be opportunities, I would hope, to weigh in, just like there is today.

LINEHAN: So-- then one more follow-up question: the way the bill is written right now, I do believe that every school represented-- I'm sure we would not do this, but every school represented could be from Douglas County because it's on size of schools--

AL JUHNKE: Should be from where?

LINEHAN: --so we have-- could be in Douglas County because it's on the size of the school district. So you've got only four districts, I think, that are above whatever the numbers are and then there's, like, 14 and there's the-- below. They could all be clustered in probably Lincoln or in Omaha or Grand Island. Shouldn't there be some language that spreads them across the state?

AL JUHNKE: Madam Chair and Senator Linehan, you have a good rural eye, I appreciate that-- even though you're from a suburban area. That is important. I had not realized that. I didn't look at that or consider that. I think geographically, you have to make a point to make-- yes. When you say different legislative districts in this state, they all kind of come up in a bud right around Lincoln and Omaha, right? That's true with the Public Service Commission too. There's bills this session introduced that I think would spread, geographically, that representation out. Yeah, you can have a farm person from Lancaster County or Douglas County, but does that mean they're rural and does that mean they represent rural constituencies? So I think the committee-- yeah, that's an excellent point and I, I would add that to Senator DeBoer's list. I know she's taking copious notes to make sure that geographic spread is there too. Thank you for that.

LINEHAN: Thank you for being here today. Thank you.

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WALZ: All right, thank you. Other questions from the committee? I see none, thank you so much for your testimony.

AL JUHNKE: Madam Chair and members, thank you for the opportunity to testify.

WALZ: Next proponent.

CONNIE KNOCHE: Good morning, Chairwoman Walz and members of the Education Committee. My name is Connie Knoche, K-n-o-c-h-e, and I'm the education policy director at OpenSky Policy Institute. We're here to testify in favor of LB132 because we think it's a commonsense solution to a complicated and long-standing problem. We strongly believe that the path to a meaningful and sustainable property tax reform will come through a thorough and comprehensive review of the way we fund public education in our state. We believe that the issues to be evaluated are very complex and are difficult to address in the context of any legislative session. There will be no silver bullet to updating our school funding system and any real change will require significant expertise brought to bear through in an open, transparent process. We believe the Department of Education, if given the sufficient resources to do this work, could provide such a process. The school funding review would serve as-- a similar purpose to the school finance review commission created, created in the late 1980s to examine the state's school funding system and our reliance on property taxes to fund K-12 education. Our education system, our economy, and our state have all changed significantly in the past 30 years since the original School Finance Review Commission came together to form the school funding in Nebraska. One thing that has not changed, however, is our state's relatively low commitment to funding for education of our students. At the time of the commission's recommendations, Nebraska ranked 49th nationally for the percentage of K-12 education funded by state sources in 1990. Nebraska was again ranked 49th in 2018, according to the U.S. Census Bureau. Our state's education system is the second most reliant on local sources of revenue to fund K-12 education and I've included a chart with my testimony. It is our belief that to meaningfully address our heavy reliance on property taxes, we will need to evaluate the definition of local resources and the role of state aid within the education funding formula. Nebraskans deeply value our public education system. We know that a strong K-12 education system expands economic opportunities for

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all and is foundational to the strength of our economy today and into the future. We support LB132 because we believe that it is time for an opportunity to reevaluate our state's system of school finance in a comprehensive way. Thank you for your time and I'm happy to answer any questions.

WALZ: Thank you so much. Questions from the committee? Senator Linehan.

LINEHAN: Thank you, Chairman Walz. I think-- I have-- and it's nothing to write home about, but the census data and we're 45th now, not 49th.

CONNIE KNOCHE: I can double-check that for you, but we, we looked at the census information and we showed--

LINEHAN: Well, they've got new-- that's just out. You're-- I think you're going back to 2016, but-- I just-- so if, if the committee would come up with a plan that didn't-- I mean, we had several things in front of the Legislature last year that failed because-- the concern voiced again and again is we weren't raising any new revenue to pay for it. So do you think if this committee comes up with a plan that doesn't raise new revenue that people would support it? Would OpenSky support it?

CONNIE KNOCHE: We think that the formula should be reevaluated and I think it does need new funding. That comes into it as well.

LINEHAN: So it would be-- your position has always been, over the last four years, that-- Opensky's-- that we can't do anything more about state school funding unless we raise revenue and that would still be your position. I just want to make sure I'm understanding you.

CONNIE KNOCHE: We-- you know, we do believe there should be more funding for K-12 education and that we need to look at how we're distributing it to schools because right now, there's not as many schools receiving equalization as they should. So there is an overreliance on property tax, so there should be additional funding going with a review of the finance system.

LINEHAN: OK, thank you very much for being here today.

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WALZ: Thank you. Other questions from the committee? I see none, thank you so much for coming today. Next proponent.

NATHAN BEACOM: Good morning, Chairwoman Walz, members of the committee. My name is Nathan Beacom, N-a-t-h-a-n B-e-a-c-o-m. I am a senior policy associate with the Center for Rural Affairs and we are supporting LB132. I'm going to be echoing a lot of points, I think, that Mr. Juhnke made earlier because we have sort of a similar constituency that we're representing, but I think it's good to emphasize some of those points. The Center for Rural Affairs is a private nonprofit organization established in 1973 and based in Lyons, Nebraska. The center works to promote economic opportunity, environmental stewardship, and strengthen rural communities. A significant part of this work is engaging with people about the decisions that affect the future of their communities and the quality of their lives. These communities are directly affected by taxation, local government services, and consequences, economically, that follow. We want to commend Senator DeBoer for introducing this bill and I think the point is well made that rather than take a piecemeal approach, some of which may be effective and important, it's good to have a comprehensive, a comprehensive look at this problem that's been, you know, an ongoing debate for the last however many years. Property tax has still disproportionately burdened agricultural landowners. Ag land prices have shot up over the past several years, but the liquid assets of a farmer often do not reflect the wealth contained in the fixed asset of the land. In the last year alone, ag land prices rose by 3 percent, while commodity prices remain low and farm debt continues to soar to record highs. As a result, property taxes are one of the biggest costs a farmer faces each year and one that is extremely burdensome to me. There remain a number of complicated issues in the state school funding regime and there's many ideas about how to solve them. Forming the School Financing Review Commission would give an opportunity for all the relevant stakeholders and experts involved in a concerted and thoroughly researched effort into how to organize that system more effectively. And in that process, we do echo the recommendations that Mr. Juhnke made: to narrow that specification for a member with experience in ag-related business on the commission to somebody actively involved in agriculture so that we're getting that directly relevant and current experience about what it's like to actually be on the agriculture end

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of this question. And I think Senator Linehan's point is well taken as well in ensuring that there's a representative of the administration and a board member from a rural area. This bill will help to give organization and direction to our long-standing property tax debate, providing an opportunity to work together in identifying a common solution. We urge you to vote LB132 out of committee in the interest of moving our property tax debate forward and identifying a tax structure that better supports our school without squeezing our farmers. Thank you very much.

WALZ: Thank you so much for coming in today. Do we have any questions from the committee? Senator Murman.

MURMAN: Yes, thank you, Senator Walz, and thank you for coming in. I think, you know, the, the Legislature and our constituent-- constituency in general realize that our state is overreliant on property taxes to fund public schools and we need a broader-based system to fund schools. I assume the commission would come up with similar findings. What do you foresee that the commission might come up with that would be, you know, different than that or add to that?

NATHAN BEACOM: Sure, it's a great question. But at the same time, I sort of don't want to jump ahead and try to do the work of the commission. And I think the need for the commission is precisely because that complicated-- that is a complicated problem and there are so many different stakeholders to consider. And like Mr. Juhnke said, you know, it-- we can't have a, a commission of just rural perspective or farm perspective either. We need to have a very diverse set of groups from all over the state. And so I would say-- my point here is just to make sure that that perspective of rural is included so that in the process of that discussion, that's, you know, sort of a seat at the table. And how that's figured out will be the actual substance of the work of the commission and that's why I think it's so important.

MURMAN: Thank you.

WALZ: Thank you, Senator Murman. Any other questions from the committee? I see none, thanks for coming today.

NATHAN BEACOM: Thank you very much.

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WALZ: Next proponent.

JACK MOLES: Good morning, Senator Walz, members of the Education Committee. My name is Jack Moles, that's J-a-c-k M-o-l-e-s. I'm the executive director of the Nebraska Rural Community Schools Association, also known as NRCSA. And on behalf of NRCSA, I do wish to testify in favor of LB132 and we do thank Senator DeBoer for introducing the bill. I'm going to be really short on what I say here. When 160 out of 244 public school districts do not receive equalization aid, NRCSA does believe we have a broken system. Over 120 of those 160 districts were receiving equalization aid in 2008-2009. This loss of equalization aid has placed the bulk of the burden on-- of supporting public schools on the back of the local taxpayers and property taxes have risen because of this. This has been used by some that claim that high property taxes are caused by overaggressive school spending. In our mind, though, higher property taxes in most cases were comp-- caused by the compounded loss of equalization aid over a period of years. NRCSA believes that we do not have a school spending issue in the state, but instead a school funding issue. And it is our contention that, that we do need to work to figure out a better system. This may involve new, new sources of revenue and in our thought, thoughts, establishing the School Financing Review Commission can help solve those issues or help answer those questions. And it is our belief that for quite some time now, we've needed this and again, we do thank Senator DeBoer and we do encourage you to advance LB132 out of committee.

WALZ: Thank you so much for your testimony today. Do we have questions from the committee? Senator Linehan.

LINEHAN: Thank you, Chairwoman Walz-- so-- thank you, Mr. Moles, for being here. So I'm going to ask you the same question-- OpenSky, which you've already jumped ahead of me-- because last year, last two years, I think it was NRCSA's position and all the schools' position, unless we had new revenue, we could not fix the school formula. Would that still be your position on this?

JACK MOLES: I would tell you that's my personal opinion, but I'd like to see a commission make a statement on that.

LINEHAN: But it has been the NRCSA's position--

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JACK MOLES: It has been.

LINEHAN: --unless we have new revenue, there's no way to fix the school formula.

JACK MOLES: That has been our, our contention, yes.

LINEHAN: OK, thank you very much for being here.

WALZ: Other questions from the committee? I do have a question. When it comes to education and our students, you know, we look to the future. They really are our economic driver in the future and we should all be somewhat invested in, in their future, including, you know, people who pay sales tax, people who, who pay property tax, and people who pay income tax. Can you comment anything about the three-legged stool and what it looks like today when it comes to everybody be invested in the future of our students?

JACK MOLES: Of course, it's not balanced. And there's two ways of balancing, I guess. One is to cut off some legs, which I don't think is a good way to go. The other is to extend some legs. I'd, I'd rather see that route myself--

WALZ: OK.

JACK MOLES: --but it's-- like I said, the, the, the loss of state aid or equalization aid over a period of years, the compounding effect of that is, is amazing if you, if you study that. And by-- what I mean by compounding is if a school district loses \$100,000 in, in equalization aid one year, their taxpayers have to make up for that. If they lose \$100,000 the next year, to me, it's not \$200,000, it's \$300,000 because they have to make up for that \$100-- first \$100,000 two years in a row and then add in the next year's \$100,000 and then you keep compounding that. So a district that was making maybe \$2 million in equalization aid 2008-2009 that doesn't receive it now, I don't think they lost \$2 million in equalization aid. It's much more than that because their taxpayers had to make up for all that loss compounded each year.

WALZ: Got it, thank you. Any other questions? Senator Murman.

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MURMAN: Thank you, Senator Walz, and thank you for testifying, Mr. Moles. A problem I see in greater Nebraska, especially in rural school districts, is that a very small number of patrons of the district provide so much of the funding for many of the schools and quite often, they are the families that have lived in the district for a long time. Their parents probably went to school, grandparents, and, and now the grandkids. There is, you know, some-- not a lot-- I mean, these are good people, not a lot of animosity, but some, you know, disappointment that they have to provide so much of the funding and, and so many don't provide a lot of the funding. Could you address that? I mean, I, I think schools are losing some support, unfortunately, because of those kinds of issues.

JACK MOLES: I-- we see that as being an issue, yes. You know, we recognize the, the problem. I, I think for the most part, even though it's been very, very hard on, on especially our farmers and ranchers, I think they recognize they still want to have a good school.

MURMAN: Sure.

JACK MOLES: The other thing I look at is, is in our rural districts-- and I did a study on this a year or two ago. In our rural districts, about 60 percent of the school boards, the members on school boards in Class C and D size schools, the smaller districts, are made up of people from the ag sector. They're the ones who are having to make those decisions, so they know it better than, than anybody. Not only do they have to live with what they-- the decision they make, but they actually have to make the decision and that's, that's very tough.

MURMAN: Excuse me. And quite often they don't really have a choice because if you don't get the funding from the state, you know, they need to keep the, the support in the schools so they, they have to increase property tax.

JACK MOLES: Exactly--

MURMAN: Thank you.

JACK MOLES: --I totally agree with you.

MURMAN: Thank you.

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WALZ: Thank you. Other questions from the committee? I see none--

JACK MOLES: Thank you.

WALZ: --thanks for coming in today. Next proponent. Good morning.

KYLE FAIRBAIRN: Good morning. Chairwoman Walz, members of the Education Committee, my name is Kyle Fairbairn, K-y-l-e F-a-i-r-b-a-i-r-n. I represent the Greater Nebraska Schools Association, GNSA. The organization that I represent is 24 of the largest school districts in the state and our, our schools educate about 75 percent of all the children in the state. GNSA stands in support of LB132, but with a couple of reservations. This bill would create a commission to look at the effectiveness of the current funding formula in the state. There has been a commission in place in the past and this would give legislators a chance to hear an independent group on the stability and effectiveness of the current financing system. With this group, there may be many issues on the table, including new state revenue sources, to take away some of the reliance on property taxes. In the past few years, there have been several bills brought forward to the body by different legislators in attempt to change the current funding system. With no commission to look at the ideas before becoming drafted bills, it has been exceedingly difficult to get school organizations on board with major changes to the current policy. GNSA does have some concerns about the makeup of the commission in the current form of LB132. It is our organization's belief that all classes of school districts should be represented on the commission. It makes little sense to put a commission in place that has extremely limited numbers of schools that receive state aid currently or possibly no schools in the current funding formula that need the current funding, funding formula to survive. GNSA schools currently depend on state aid to function, as they did not have the local property tax values to support all their children's needs. The commission should have a mix of school districts, include the largest schools in the state and-- so all the voices of all the children in the state are heard. If there are not changes to the commission make up, it will be very difficult for GNSA to support the language. GNSA would like to thank Senator DeBoer in her efforts to bring the commission over the past few years. We do hope that there is an opportunity to include all classes of schools in the makeup of the commission. Bringing a wide range of ideas about

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school funding can do nothing but help the overall ability of the commission. I'd love to take any questions if you have any.

WALZ: Thank you. Do we have any questions from the committee? Senator Pansing Brooks.

PANSING BROOKS: So could you-- thank you for coming--

KYLE FAIRBAIRN: You betcha, Senator.

PANSING BROOKS: --appreciate it. Could you explain a little further what, what your concern is? You, you want the people listed by district size, rather than by community size?

KYLE FAIRBAIRN: Right now, the-- it doesn't include a Class IV or Class V school district, Senator. A Class III school district over 10,000, you could have a district like Papillion would qualify to have a representative and then all the other representatives could be outstate and they may be equalized school districts or may not be equalized school districts. Senator Linehan brought up that they all could be from Douglas County or there could be none from Douglas County and I think, and I think that could be a problem if there's nobody from the bigger school districts involved.

PANSING BROOKS: OK, so I have an amendment that talks about Class IV and Class V, so--

KYLE FAIRBAIRN: And we would support that amendment, yes. And it was drafted after I wrote my testimony, Senator. I'm sorry, but it came in late last night, so--

PANSING BROOKS: OK.

KYLE FAIRBAIRN: Yes, we would support that amendment to, to fulfill the needs of what we're looking for, Senator.

PANSING BROOKS: So then you would be more wholeheartedly supportive?

KYLE FAIRBAIRN: Absolutely wholeheartedly supportive, yes--

PANSING BROOKS: OK--

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KYLE FAIRBAIRN: --yes, ma'am.

PANSING BROOKS: --as long as this amendment passes--

KYLE FAIRBAIRN: Yes.

PANSING BROOKS: --we, we adopt that with it. OK, thank you very much.

KYLE FAIRBAIRN: Thank you.

PANSING BROOKS: Thank you for coming today.

WALZ: Senator Linehan.

LINEHAN: Thank you, Chairwoman Walz, and thank you for being here, sir. Do you think this commission would move the larger schools away from the idea that it should be based on what they can pay? I mean, I've always understood Omaha and Lincoln and other large schools that get equalization aid's argument being that the smaller schools can afford to pay their bills so they don't need equalization aid. Do you see the commission moving your opinion on that-- GNSA's opinion away, away from that?

KYLE FAIRBAIRN: It will have to be how the commission comes up, Senator, but I think we're willing to look at anything that the commission comes up with.

LINEHAN: So you, you think you would support that?

KYLE FAIRBAIRN: I-- without new revenue sources, as you talked before, Senator Linehan, that will be very difficult. But, but again, if you put the commission in place, at least we get some ideas put in front of us.

LINEHAN: So-- but it would have to include, I assume, new revenues?

KYLE FAIRBAIRN: Yeah, I-- again, I just don't see how, you know, how it can, how it can be effective without new revenue sources, Senator, yes.

LINEHAN: OK, thank you for being here.

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WALZ: Other questions from the committee? I see none, thank you so much.

KYLE FAIRBAIRN: Thank you.

WALZ: Next proponent. Do we have anybody who, who would like to speak as an opponent?

SPENCER HEAD: Hi. Good morning, Chairwoman Walz, members of the committee. My name is Spencer Head. I stand before you today as a member of the Omaha Public Schools Board of Education and our board's legislative committee chair. I'm appearing before you in opposition to LB132. As we testified last year, the school district generally believes that the concept of a school finance review commission is a good one. It may be helpful to provide a bit of historical context, though. So when the Legislature first introduced the idea of a school finance review commission in 1988, its membership included representatives from each of the class-- each class of school districts. It also provided funding to allow for the consultation with, with and the inclusion of information from some of the most respected school funding experts across the nation. Sorry. Unfortunately, LB132 falls far short. Across the population of the state of Nebraska, in a classroom of nearly 30 children, nearly six of those would come from the Omaha Public Schools. We cannot fathom a school financing review commission that does not specifically include representation for the largest school districts in the state. We cannot fathom a school financing review commission that does not specifically include representation for schools with a high concentration, concentration of poverty. And we cannot fathom a school finance review commission that does not specifically include large urban school districts, which are often more diverse and have high rates of students with disabilities. And yet, that's exactly what LB132 would do. We've spoken with Senator DeBoer regarding our concerns and we have asked representatives from Class III, IV, and V schools must be members on the commission. We have shared our belief that a comprehensive analysis of school financing would require participation of school districts that are both equalized and nonequalized, large and small, urban and rural, high and low poverty. If the intent of this body is to provide for a commission that will recommend school funding, funding policies to the whole Legislature which it can rely upon, the process must be inclusive. We are the

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largest district in Nebraska, serving a diverse population of more than 52,000 students who speak 119 different languages. We educate nearly one in five students in the state. In fact, just this morning, we're welcoming back over 26,000 K-8 students into our schools. We also have about 4,000 students who are participating in our remote learning option due to COVID. So put in another way, our 32,000 K-8 students alone would be the third-largest school district in the state of Nebraska. So to say that we do not merit a place at the table silences the voices of our students and the families we serve. The board of education and I believe it's vital that the state's largest, highest-need and most diverse school districts have a seat at the table for the School Financing Review Commission. As a board member, it is my job to advocate for our students. Our students must have a voice, which is why I'm sitting here today. Until Class III, IV, and V school districts are included in the membership of the commission, we'll continue to oppose LB132. So thank you for your time and I'll answer any questions you have.

WALZ: Thank you. Senator Pansing Brooks.

PANSING BROOKS: Thank you for coming today. I was just-- have, have you seen the amendment?

SPENCER HEAD: I have not seen the amendment yet.

PANSING BROOKS: OK, so it definitely includes Class IV and V school districts. I, I don't see Class-- oh, wait, yeah-- and Class III is inserted as well. So if, if, if that amendment passes, would that change your testimony so that Class III, Class IV, and Class V are included?

SPENCER HEAD: I, I haven't seen the amendment yet, so we'd have to read it and go over it with the legislative committee. But if, if it in fact addresses our concerns, we'd definitely be open to--

PANSING BROOKS: It says one representative of Class IV school district and one representative of Class V school district.

SPENCER HEAD: OK.

PANSING BROOKS: So--

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SPENCER HEAD: Yeah, so we'll, we'll take a look at it, but we're definitely open to, you know, reassessing our position and continuing to work with Senator DeBoer and the, and the committee on the bill.

PANSING BROOKS: OK, it seems like she's heard what you've said, so--

SPENCER HEAD: [INAUDIBLE]

PANSING BROOKS: --but OK, thank you very much for coming today.

SPENCER HEAD: Thank you, Senator.

WALZ: Thank you. Senator Linehan.

LINEHAN: Thank you, Chairman Walz. Are you the only class-- I'm sorry, I don't have the classes memorized. Is Omaha Public Schools its own class?

SPENCER HEAD: That's correct. We're the only Class V district.

LINEHAN: You're the only Class V district. Have you-- has anyone ever-- or have you ever thought about proposing to the Education Committee a, a change in the formula that would take into consideration students that-- you have, I think, most in the state-- where you have whole classrooms that are 80 percent free and reduced lunch? Because everything I've read, the higher your percentage goes, the more difficulties you have. If you're, if you're, like, around 50 percent free and reduced lunch, there's enough balance there that you don't have an issue. But when you get to where you are in most of your classrooms, it becomes a much tougher issue to address. So has anybody ever talked about bumping OPS's aid up to take into consideration that you're dealing with a population that you just described, that is much different than other larger school districts?

SPENCER HEAD: To my knowledge, we haven't had that conversation. But just understanding OPS's demographics and our significantly high, you know, free and reduced lunch population, I think that's something we might want to look into.

LINEHAN: Because other states do that, so thank you very much for being here.

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SPENCER HEAD: Thank you, Senator.

WALZ: Thank you. Any other questions from the committee? I see none, thanks for coming in today.

SPENCER HEAD: Thank you.

WALZ: Do we have any other opponents? Anybody that would like to speak in the neutral position? We did have written testimony in lieu of personal testimony. Proponents: Ann Hunter-Pirtle from Stand for Schools, Carina McCormick, John Skretta. I can't read this one, John Schwartz, Jason Hayes, and John Hansen from Nebraska Farmers Union. We also had a proponent write in a position letter, Dr. Terry Haack from Bennington Public Schools. Senator DeBoer, you're welcome to close.

DeBOER: Thank you very much. Thank you for this wonderful discussion about, amongst other things, the makeup of the committee and I think that this is a conversation that will be ongoing. A little bit of history, originally, when I introduced this bill in 2019, I had the Property Tax Administrator on it and I don't remember why that person left, so I would definitely be open to putting that back on. Senators, I was told that, Senator Linehan, that, that there was a problem with the branches of government if the senators were on there and I had to take them off and so I did. But I actually think that it's a really good idea to have senators, at least nonvoting senators on the, the commission. I take the point that I should reword how I have experience with agriculture to be an agricultural producer. I think that might get at what we're trying to get at there to make sure there's a farmer there. There are six at-large members from which the Governor can appoint. So actually all six of them-- well no, one of them has to be from business. So at least one of them has to be from business, the other five could be farmers. So I don't know exactly what that makeup will be. That would be up to the Governor and who the Governor appointed, what the make up of those professional people would be, but I wanted to make sure there was at least one farmer and at least one business person on there. But again, we can change that. And I'm happy to work on the date. If the date seems to be too late, we can work on that as well. The-- I caught the point about the geographic diversity, actually. So in the amendment, you'll see that the Class IV school district and Class IV school district are listed, but also of the Class III school districts, they have to be one from

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each congressional district so that you neither have the situation where no one's from Douglas County or you don't have the situation where everyone is from Douglas County. There has to be one from each congressional district from those Class III schools, so that is part of that. If there's another, you know, better way to do that, I'm happy to look at that as well. But I did want to make sure that there's not just one from, you know-- I mean, that there's one from every congressional district. I, I will address the question of the poverty allowance. Right now, we have a poverty allowance that if you have over a certain concentration, there's a certain kind of allowance, this would be exactly the kind of thing that the commission could look at is should there be a different way of structuring our poverty allowance? Should there be a specific recommendation made about how we treat OPS because of its poverty concentrations? So that's one of the reasons why I think it would be helpful to have a lot of people talking about that. Senator McKinney, I think you make a good point that we should probably include something about a diversity requirement on the commission as well, so we should probably add that in. So I'm happy to work with the committee on however they want to work on structuring this and adding and changing the membership to, to best fit what everyone's, you know, thinking is and I think this is was a productive conversation in thinking about how that would work. So I'm happy to answer any questions.

WALZ: Senator Patty Pansing Brooks.

PANSING BROOKS: Thank you and thank you for bringing us this, Senator DeBoer. So was I correct in trying to talk to the people that have objections about your amendment? Could you explain your amendment a little bit more?

DeBOER: Yeah, yeah, thank you for giving me the opportunity. I, I probably should have done that before, but I talked too much. So the amendment would change the six specifically dedicated school positions to being-- the first two, two of those specifically dedicated school positions would be one administrator and one school board member from Class IV and V schools, but they can't both be Class IV and they can't both be Class V. So that gives one-- so if you have an administrator from Lincoln, then you have a school board member from Omaha or vice versa, so that is that piece. The rest are Class III. Those other four are Class III and those are two members from a Class III under, under

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a certain size. But you can look at that, I'm sorry, I can't see that right now. Anyway, a, a small Class III and a, and a bigger Class III. So there's two members from the small Class III size and two members from the bigger Class III size and those must be geographically diverse by congressional district. That way we don't run into that problem where everybody's from one area of the state or another. So the-- that's how I restructured those six members. And again, if there's a better way to do this-- you know, yesterday I talked with OPS and they were saying, hey, you know, you forgot to put us in here. And I said, oh, crap. And we had a discussion about it and I didn't think I was going to have time to do it and I didn't know what to do and I didn't know how to write it. And then I thought of how to write it and so then I went to Bill Drafters and they miraculously got it done in time for this hearing, but certainly no one in this hearing other than me would have had time to review the amendment, so I apologize for that.

WALZ: Thank you. Other questions from the committee? Senator Linehan.

LINEHAN: Thank you, Chairwoman Walz. So on page 2 of the intent, the memo-- you've got Section 2. And I understand, I really do, the frustration of paying for what we already have in public education and being too reliant on property taxes, but this expands quite a bit what this commission would be doing. So if you go to (e) expand options for funding expanded public kindergarten services, "(f) examine options for funding college-readiness and career-readiness programs, including, but not limited to dual enrollment courses." And then--

PANSING BROOKS: Which page are you on?

LINEHAN: --(h)-- 2 of the intent.

DeBOER: OK.

LINEHAN: I think I'm right, right?

DeBOER: I think you're looking at page 3 of my-- on the green copy.

LINEHAN: No, I'm not looking at the bill. I'm looking at-- I'm sorry--

DeBOER: OK.

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LINEHAN: --[INAUDIBLE]. The memo, it says memo at the top, members of the Education-- that's for Nicole, I'm sorry, for Nicole.

DeBOER: OK.

LINEHAN: Summary, bill summary, I'm sorry. I thought it was-- OK, so now are we all on the same page? So and then on-- I'll go back, I'm sorry-- "(d) examine financing issues related to the quality and performance of K-12 schools," examine options for funding, expanded public kid-- prekindergarten services, examine options for funding college-readiness and career-readiness programs, including, but not limited to dual enrollment courses and career academies. Then if you skip down to h-- well, all of these really-- this would, like-- that part-- so we're looking-- this commission would look at expanding what we already have, not just paying for what we have, right? Is that-- am I reading that right?

DeBOER: So do you want me--

LINEHAN: Yes, go ahead, I'm sorry.

DeBOER: OK, not at all. Just didn't know if you wanted me to answer yet. No, I mean, the reason we included all of these things-- some of these things are already being undertaken by some school districts. So career-readiness and that sort of thing, those are things which are already being considered. So looking at how we finance those things and how to make them most efficient for financing and that sort of thing, I think would be within the purview of what the School Finance Commission should do. So looking at the various options for all these different types of things, including-- I mean, do we look at-- let's see, what was one of the ones you mentioned?

LINEHAN: It starts at (e), (f)--

DeBOER: Prekindergarten, is that something that's happening in some schools? Yeah, they're already starting to do some of that. So should we look at that and see what's happening and see, you know, are we funding it well? Are we funding it not well? Should we be doing it? Should we not be doing it? I think that all of those things should be on the table when we're thinking about a comprehensive look at education.

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LINEHAN: It says expanded, so it would be expanding it. I mean, the-- unless maybe-- "examine options for funding expanded public prekindergarten services." So you're looking at expanding services?

DeBOER: Well, I think-- I mean, I'll look at the bill itself because I think there's a difference between expanded and expanding.

LINEHAN: OK. OK, then when you're looking at that-- my only other question and then I'll be quiet is you have (b) and (c)-- "examine the options of using income as a component" and examining the option of using sales tax. So being Chairman of the Revenue Committee, I will go back to who on this commission is a tax expert?

DeBOER: Yeah, we should have someone. I mean, that's, that's-- you're right.

LINEHAN: Maybe more than one.

DeBOER: You're right.

LINEHAN: OK.

DeBOER: I don't have a problem with that.

LINEHAN: All right.

DeBOER: And I, and I don't even have a problem with saying ex officio, the Chair of Revenue should be on there.

LINEHAN: Well, I, I don't know who, but it seems like if we're going to talk about taxes, somebody from--

DeBOER: Yeah, no, I mean, I think you're right. As I say, I don't know why that got left-- like, I had it in my original version two years ago. I don't know where that got lost along the way.

LINEHAN: OK.

DeBOER: So it's a really good catch. So now I'm looking for expanding or expanded--

LINEHAN: That's OK, we-- we'll have time to talk. You don't have to--

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DeBOER: OK, all right.

LINEHAN: Thank you.

DeBOER: Yep.

WALZ: Other questions from the committee? I do have one final question--

DeBOER: Yeah.

WALZ: --Senator DeBoer. Thank you, first of all, for bringing this bill. You know, when we talk about policy, one of the things that we always need to keep in mind is, is it an intentional policy? And I think it really is this committee's job to ask that question, is it intentional? And I think this has got a lot of good intention, but I'm just curious, are there any downsides or have you heard of any downsides or maybe unintended consequences?

DeBOER: No, that's a really good question. So I have been pondering this for the last two years since I've been in here. And the objections that I most often hear is folks are concerned that if there is a report from these experts, that members in the body will be unduly influenced by those report-- that report of those experts and they might not use their-- the entirety of their legislative discretion themselves. So they might be, in some way, giving up some of their legislative discretion because they're going to be-- I'm, I'm trying to-- I really am trying to faithfully recreate this argument-- are going to be unduly influenced by the findings of this commission. And I think that gets helped, actually, if we do have other senators on there who can, you know, negotiate, navigate, lead, whatever-- the, the commission. So I think that that is a way to work on that. I, I recognize that concern. I do give the members of our body some credit for having the ability to sort of make their own decisions. That-- but that's me personally. Other than that, I can't think why we wouldn't want to have more information, why we wouldn't want to get people into the same room, why we wouldn't want to, you know, study what is such a huge part of our, our budget. And this is not to say that there have not been amazing-- there has not been amazing work done by this committee, by other committees. I-- you know, I don't, I don't want anyone to think that's the case. But you can see right here by the

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arguments that we've had today, that there are always folks who feel like they're left out of the room. There are, there are eight or seven-- one, two, three, four, five, six, seven, eight on this committee, right? You know, we're talking about 16 isn't enough because it doesn't adequately represent everyone and, you know, we keep expanding it. I mean, this this is the kind of situation where, you know, to get everyone involved is going to take, you know, quite a few voices, apparently, you know? I mean-- so it is not to disparage the work that's been done by others. It's to say that when we, when we do this, we have to be truly collaborative and we need a lot of voices at the table.

WALZ: All right. Thank you so much. Any other questions? All right, we appreciate you coming in. That closes our hearing on LB132. And at this time, we'll open on LB3, Senator Briese, as soon as things calm down.

BRIESE: Ready? Thank you and good morning, Chairman Walz and members of the Education Committee. I'm Tom Briese, T-o-m B-r-i-e-s-e, and I'm here today to present this bill for LB3, very short, very simple bill. The Department of Education maintains a website, the Nebraska Education Profile website, and in it they provide various data about all school districts across the state, including revenue, revenue sources, cost per pupil, performance data, things of that sort. All this bill does is requires school districts, when they publish notice of their annual hearing, to include in that notice a reference to this website, directing anyone who reads that notice to this website to find out-- for more information on statewide receipts and expenses and to compare cost per pupil and performance to other districts, go to this website. And I think it's really about transparency and making sure our citizens, our, our patrons, our taxpayers realize that this in-- information is out there and, and it helps them find that information and directs them to that information. And it's about engaging our taxpayers, our patrons in the process and their school districts and basically, that's all it does. That's why I say it's short and simple. You know, whenever anybody tells me their bill is very short, very simple, I, I listen a little closer because you never know, but that's the way I see this bill, truthfully. So thank you.

WALZ: All right. Thank you, Senator Briese. Do we have questions from the committee? I see none, thank you.

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BRIESE: Thank you.

WALZ: Do we have any proponents that would like to speak? Any opponents? Anybody in a neutral position that would like to speak? Senator Briese waives. Thank you, thank you. This closes our hearing on LB3. We did have a written testimony in lieu of person testimony. Proponent: Connie Knoche from OpenSky. We also had two proponent position letters from Sarah Curry of the Platte Institute and Doug Kagan from the Nebraska Taxpayers for Freedom.

LINEHAN: They're all in support of it? OK.

WALZ: We will open on LB529, Senator Walz's bill. Thanks, Nicole.

NICOLE BARRETT: Thank you, Chairwoman Walz and members of the Education Committee. My name is Nicole Barrett, N-i-c-o-l-e B-a-r-r-e-t-t, and I am a research analyst for this committee. I'm here today to open on LB529, which is the result of the lottery study we completed in December of 2019. It incorporates many of the adopted recommendations that were published in its statutorily required five-year report to the Legislature. The current lottery allocations and statutes sunset of June 30, 2021, this year and the changes in this begin-- bill begin after that date. The primary focus of LB529 is to set the distribution of education lottery dollars for the five-year period from 2021-22 through 2025-26 and outline the details of programs affiliated with the funding. The annual lottery amount, amount-- the annual lottery fund amount fluctuates, but in the most recent completed year, 2019-20, it was just shy of \$18.7 million. For those of you that served on this committee last year, this may seem like deja vu, deja vu. In fact, we did have a very similar bill in 2020, LB920, that came out of this committee unanimously and had overwhelming support on General File. Unfortunately, the unusual circumstances of last year intervened and the bill was never enacted, which brings us back here again today. This time the clock is ticking. Not only does this bill require an emergency clause to ensure that the lottery funds have designated allocations beginning on July 1, but this bill also eliminates the sunset of the Nebraska Opportunity Grants that sunsets this year, June 30. It is critical that the sunset be, be removed from statute, as NOG is Nebraska's only need-based financial aid program for postsecondary students. In addition to receiving the majority of the lottery allocation, it receives an

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annual General Fund appropriation. That amount for 2019-20 was \$6.5 million dollars and it is growing annually. In 2019-20, nearly 13,000 students received financial aid from NOG. Without timely action on this bill, that money is in jeopardy, which will create a hardship on many Nebraska students and families. For all of these reasons, I am asking the committee to take swift, but intentional action on this bill so that it is ready to be debated as soon as the Speaker is scheduling floor debate. LB529 used the E&R amendment from last year's bill as its framework, but there are a few tweaks and new provisions. Let me give you the highlights of the bill before us today. And I have provided a handout for you that shows these numbers. Most existing recipients are receiving some level of funding, including 58 percent to the Nebraska Opportunity Grant Fund, 4.5 percent to the Community College Gap Assistance Program Fund, 3 percent to the Expanded Learning Opportunity Grant Fund, 3 percent for distance education incentives, and 7.5 percent to the Excellence in Teaching Cash Fund. In addition, LB529 allocates money to some new recipients; 9.5 percent to the Behavioral Training Cash Fund, which funds a new program introduced by Senator Murman last year. There are two key differences in this year's bill. The funding is run through the Educational Service Unit Coordinating Council, which will allow the funds to be better leveraged for economy of scale. Each school district still retains local control on the training they wish to provide to their faculty and staff and nothing in the bill prevents the ESUCC from granting funds directly to school districts if they determine that it is a best course of action. In fact, language in the bill assures that if that happens, the funds will not be counted as a resource in the TEEOSA formula. Second, it creates a teacher support system to better help our teachers when problems are existing in their classrooms. You can say that it's extending their training to times when they need it most. There's 1.5 percent for the Career Connections website, which is currently being paid by NDE with federal dollars that will be expiring soon. There's 2.5 percent to Access College Early Scholarship Cash Fund to increase what is available from the General Fund appropriation for dual-credit courses taken by high school students; 2 percent to the Career-Readiness and Dual-Credit Education Cash Fund to provide grants to teachers to meet the dual-credit teaching requirements; 1 percent to the College Credit Testing Free Cash Fund to provide assistance for poverty students for AP testing fees. And these last four allocations were introduced by Senator Kolowski last year, you

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may recall. We have 1.5 percent to the Mental Health Training Cash Fund that was introduced by Senator Morfeld in a bill last year, 4.5 percent to the State Department-- the State Department of Education Leadership Cash Fund, which was new language added in the committee amendment last year, providing much needed funding for specified projects at NDE. We just renamed the fund this year. And then there's 0.5 percent to the State Department of Education Technology Upgrade Cash Fund, which is brand new this year and will initially fund the upgrade and automation of the option enrollment program. This is a result of the interim study conducted by this committee in the 2020 interim. And finally, there is 1 percent allocated to the Career Mentorship Grant Fund outlined in Senator McDonnell's LB587 that was heard by this committee yesterday. LB529 sunsets the Nebraska Innovative Grant program, which allows this committee to make specific and direct funding allocations to those programs it deems most beneficial without the need for competitive grant applications. This committee determined during its 2019 study that many smaller school districts did not have the staffing or resources to complete grant applications, let alone be competitive in them. LB529 also allows two provisions of current statute to sunset, a requirement that a 10 percent retainer of the education lottery dollars be held as a cash reserve, which then required all money funneled through one fund before being transferred to a designated location. Following the sunset of these provisions, the leftover retainer will be transferred to the Behavioral Training Cash Fund to kick-start this very important program. LB529 removes the permissive language from statute that allows education lottery dollars to be used to pay for the standard college admission testing for all eleventh grade public school students in Nebraska. LB529 makes the following adjustments to the Excellence in Teaching Act. It changes the distribution of funds in the Excellence in Teachers Program to 75 percent for attracting Excellence to Teaching Program, which is bachelor's degrees, and 25 percent to the Enhancing Excellence in Teaching Program, which is master's degrees. This change addresses the current teacher shortage, particularly as a result of the pandemic. It also adds eligibility for forgivable loans to cover both the Praxis exam and \$1,000 for students when they complete their student teaching. LB529 transfers responsibility for the Excellence in Teaching Program from NDE to the Coordinating Commission for Postsecondary Education. Related to the Expanded Learning Opportunity Grants effective July 1 of 2021, the

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funds available in the program, 5-- LB529 specifies that one-third shall be used for existing 21st Century community learning centers and the remaining two-thirds shall be used to support new programs. This change, along with a significant increase in funding, replaces what will be lost due to the sunseting of the innovative grants. LB529 makes the following adjustments to the Community College Gap Assistance Program. It changes the amount of money any community college may use from the fund to defray the cost of direct staff support services to 10 percent of any money received from the fund and removes the annual award restriction from the fund during any fiscal year of \$1.5 million. This bill adds new reporting requirements for education lottery dollar recipients, excluding individuals, to file an annual report with the Auditor's Office, which then will compile the data and report it to the Legislature. There are additional cleanup provisions included in the bill related to education lottery dollars and the programs they currently or have previously funded. Finally, LB529 requires this committee to submit another report with recommendations on how the education allocation of lottery should be used for the five-year period, beginning with fiscal year '26-27. That report will be due December 31, 2024. Thank you for your time. I'm happy to answer any technical questions, but would request that policy-based questions be directed to Chairman-- Chairwoman Walz after the hearing.

WALZ: Thank you, Nicole. Questions from the committee? Senator Linehan.

LINEHAN: This is more a question for Chairman Walz, could you provide what you just read to us? It's a little hard to--

NICOLE BARRETT: Yes.

LINEHAN: OK, that would be helpful. And then can you also-- on any of these programs that got a nick in their funding, the Opportunity Grant Fund, the Innovative Grant Fund, have there of-- been other bills introduced to increase that funding through approp-- new appropriations?

NICOLE BARRETT: So--

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LINEHAN: And I wouldn't-- I'd be startled if you knew the answer right off the top of your head--

NICOLE BARRETT: Yeah, so--

LINEHAN: --because we have a lot of bills.

NICOLE BARRETT: --not that I'm aware of. A few of them, though, I can point out that you pointed-- so the Community College Gap Assistance Program, when we did the lottery study, the committee's analysis was that that program had been overfunded and there, there are large cash reserves available for that funding. So I know Dr. Mike Baumgartner is sitting behind me and will be testifying and can speak to that, but this-- that was-- a big part of it was they just weren't able to use the funds. The Excellence in Teaching Cash Fund did receive a little nick and it-- in the bill last year, we were going to be funding what equated to the National Certified Board Teacher program and the NSEA recommended that we remove that for some reasons that I'm sure they would be able to explain better. But because we're not funding that and with the adjustments we did between bachelor's and master's degrees, they felt that this was still sufficiently funded. Let's see, NOG is one of them that received a reduction and that was consistent with decisions the committee made last year to just-- sort of, as they allocated the funds. Of course, they can always use and will-- would take more funding, I'm sure. But as you will hear from the list of testifiers and proponents on the bill, that this bill does have the support of our higher education commit-- community. Let me-- and I think that's all that lost funding last year except the Innovative Grant Program, which was that decision to go with more specific line item allocations instead of having a grant program.

LINEHAN: Last year, did we separate, separate out the behavioral training and teacher support system with mental health training? Were those two separate lines last year?

NICOLE BARRETT: Yes, they were.

LINEHAN: OK, so are, are both of those going-- those funds going to ESUs?

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NICOLE BARRETT: No, the mental health training-- I would have to look at the provisions of the bill. I don't remember where that goes, but that is separate from the behavioral training and I would need to look in the bill and my amendment to see--

LINEHAN: So the behavioral training goes to the ESUs?

NICOLE BARRETT: It goes to the ESUCC to determine the best way to disseminate that, whether it's to the ESUs or if-- to particular, you know, school districts, but it's-- it goes through the ESUCC.

LINEHAN: What-- why are we not just sending it to the school districts?

NICOLE BARRETT: So that would be a policy question and I think that you would, would be better served to discuss with Chairwoman Walz.

LINEHAN: But is that going to be part of the public record then?

WALZ: Is it going to be what? I'm sorry, I was looking--

LINEHAN: If, if we have a discussion with the Chairman on policy after the hearing, that won't be part of the record of the hearing.

NICOLE BARRETT: But as a policy of the--

LINEHAN: I understand why you can't. I just don't understand--

NICOLE BARRETT: Yes.

LINEHAN: --why we can't ask a policy question during a hearing.

NICOLE BARRETT: I'm going to direct that to the Chair.

WALZ: I'm fine with you asking a policy question--

LINEHAN: So--

WALZ: --unless--

NICOLE BARRETT: I don't have it, no.

WALZ: You don't have the information with you?

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NICOLE BARRETT: Can you, can you close on the bill and answer that question? Can we do that?

LINEHAN: Well, I'm just-- I, I don't-- it-- if it's a-- this is-- all our hearings are about policy, so how would we have a hearing about-- and then policy questions can't be part of the public record.

NICOLE BARRETT: My question to you is could-- would you be comfortable with Chairwoman Walz closing on the bill and asking--

LINEHAN: Yes--

NICOLE BARRETT: --her those questions on the record?

LINEHAN: --that's, that's fine. As long as it's part-- yes.

NICOLE BARRETT: Yes.

WALZ: Senator Pansing Brooks.

PANSING BROOKS: Thank you so much, Nicole. I appreciate this. I, I was wondering, can you explain about-- I, I think I forgot or I just didn't remember that we cut NOG last year and-- OK, so we did, but so-- and, and we're doing it again here?

NICOLE BARRETT: In the way the bill is written, it is at 58 percent.

PANSING BROOKS: OK, I guess I'm just-- I'll be interested to hear people talking after because I thought NOG is the way all these schools are getting these scholarships and it's based on the university and everybody's talking about how they need more NOG. And to continue cutting it, to me, just doesn't make sense, so I'd like to hear more about that from anybody behind-- unless you have something specific?

NICOLE BARRETT: I think that's going to be a policy discussion as well. And it may be addressed in the written testimony that was provided or we can make sure that you have the opportunity to talk to any testifiers that aren't here today that did written testimony.

PANSING BROOKS: Thank you.

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WALZ: Senator Murman.

MURMAN: Thank you, Chairman Walz. Has the amount of funding for the behavioral training teachers support system changed from the intent of LB998 from last year? Is that still the same amount?

NICOLE BARRETT: So the funding amount, the 9.5 percent into behavioral training, is the same as it was last year, as is the retainer money that's sitting in the cash fund to going to the-- to kick-start that is the same. The addition of the teacher support system as part of that would be part-- I mean, that's going to be funded out of it. There's no delineation on how much is spent on training versus the support system, so that would be at the discretion of the ESUCC and capitalizing on any economy of scale benefits for the training of having it done at that level. As far as the policy side of that, then maybe that could be discuss-- asked to Senator Walz on close.

MURMAN: OK, thank you.

LINEHAN: Senator Linehan.

LINEHAN: Oh, I think he was first.

WALZ: Oh, Senator McKinney.

McKINNEY: Oh, I'm not sure if this is a policy question, but I was just curious. What would the State Department of Education Leadership Cash Fund be used for?

NICOLE BARRETT: So it is-- let me find the exact language in my memo, if you give me just one second, because I want to make sure I read that properly. So it is for actual and necessary expenses incurred by NDE for leadership in research for school finance, data infrastructure capacities to support education, and Quality Education Accountability Act. So that last one is some testing requirements. And then this committee, over the last several years, has found that the capacity of NDE and their school finance division to be able to meet the research requests that we and other groups need. When we think about the prior bill that we heard of Senator DeBoer's, to be able to provide analysis to senators and other community groups to really robustly answer those and do the necessary analysis on school finance, so it provides some staffing capabilities there and additional data infrastructure to help

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with that. Beyond that, it's probably a policy discussion that we would even want to get NDE to weigh in on. I know they did-- I believe they did a letter of support for this hearing, so it might be outlined in there. I haven't read that yet.

McKINNEY: OK. One more: what would the Career-Readiness, Readiness and Dual-Credit Education Cash Fund be, Cash Fund be used for? Would that be disseminated amongst the school districts? How does that work?

NICOLE BARRETT: So it's set up-- like I said, that was introduced in a bill by Senator Kolowski last year. And when he worked on that bill, I believe what he discovered at that time was that we needed funding available for teachers to become qualified to teach a dual credit. So they have to have a requisite number of master's degree credits in order to teach a dual credit. And so Dr. Baumgartner, who will be testifying, will be able to speak, I think, a little bit better to that or those requirements. I believe he served on the committee that was reviewing Senator Kolowski's bill, so hopefully he can answer those.

McKINNEY: All right, thank you.

WALZ: Senator Linehan.

LINEHAN: Thank you, Chairman Walz. How much is in the-- you said the 10 percent retainer that's going to roll over to the behavioral training. How much is in there?

NICOLE BARRETT: So the retainer for '19-20 was \$1.8 million, just over that, and then that grows-- does earn interest, I think, if I recall, maybe 30-- around \$30,000 a year, so we'll have to see at the end of the fiscal year exactly where that balance is, but it should be--

LINEHAN: [INAUDIBLE]

NICOLE BARRETT: --close to about \$1.9 million, yeah.

LINEHAN: So that would go right now, as soon as this bill passes if we pass it?

NICOLE BARRETT: No, it will go-- July 26 is the date and the provision is written so that it will be whatever the balance in that fund is at

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that point, less what is received for fourth quarter of this current year's distance education incentives. Because right now, distance education incentives get paid for out of the Nebraska Education Improvement Fund, which will continue, but that's also where that retainer sits and it's earning interest. And so they start disseminating and calculating their distance education incentives in August, so we want to clear out that retainer before that, in July and ahead of the school year. But any money that they get from their fourth quarter of this year for distance education, we want to make sure we preserve for that purpose, so we do the transfer in July.

LINEHAN: So the first year of this program would be that \$2 million plus the line item here, \$1.7 million. So the first year--

NICOLE BARRETT: Of the behavioral?

LINEHAN: --'20-21-- of the behavioral-- they get both in '21.

NICOLE BARRETT: So yes, but the line item, that 9.5 percent, is going to come in in quarterly payments, so they won't get the first quarter payment until after September 30 and so--

LINEHAN: But the first-- this is what I'm trying to figure out.

NICOLE BARRETT: Yeah.

LINEHAN: The first full year that they have this program, how much money are they going to have? By this, it would be, like, almost \$4 million.

NICOLE BARRETT: Put-- yes, if the lottery revenues come in consistent with '19-20. So they do fluctuate. So, for example, in '18-19, it was \$20.5 million and so it dropped to \$18.6 million. The first half of this current fiscal year is up slightly over '19-20, but not as much as '18-19. We just had really large jackpots for Mega Millions and Powerball, so that's probably boost-- bumped it up a little bit. But we also pan-- passed expanded gambling and other states have found when there's expanded gambling, lottery tends to go down, at least for a few years until it sort of levels out. So it's unpredictable exactly what it will be. But yes, you're right, it would be the combination of the 9.5 percent line item plus the retainer.

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LINEHAN: OK, thank you very much.

WALZ: Other questions from the committee? Nicole, I was-- oh, I thought you had another question. I just wanted to ask if you could clarify the new, new, new, new, new, the current law, and what we, as a committee, decided on last year. Is that-- I don't know if there's a little confusion on, you know, are we making all these changes this year or were these changes all made last year in our committee--

NICOLE BARRETT: Right--

WALZ: --clarify--

NICOLE BARRETT: --so if you look at the chart that I handed out, which is just a more legible version of what I included in the memo to you yesterday, the first set of columns here is what is in current law right now. The second set of columns is what was the E&R amendment on LB920 last year. So after it came out of committee, there were a couple tweaks there and the bills that were amended into it. So then this is what was voted on and would have been on a Select File vote in the Legislature. And then the last columns are LB529, the bill we are hearing today. So that's where if you look and compare those two lines, they are very similar. The one distinct difference you will notice is that the way it was written last year, the provisions for Senator Kolowski's bill were itemized at 7 percent and then divided across four line items. And instead of having that subdivision, this year, we calculated them each directly. They are pretty comparable. The most significant change one is the Career-Readiness and Dual-Credit Education Cash Fund and that was actually made by a recommendation of the Coordinating Commission for Postsecondary Education. And so when Dr. Baumgartner testifies, I'm going to pass that on to him to sort of talk about why they felt like they needed-- they were a little overfunded last year in the bill.

WALZ: Thank you. Senator Pansing Brooks.

PANSING BROOKS: Thank you, thank you for this excellent chart. It's really helpful and I really appreciate being able to look at the various years. It's excellent. So I'm back to NOG because, of course, that's our only need-based financial aid program that, you know, provides direct grants and scholarships to students. So could you

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remind me why we, why we went from 62 to 58 percent last year? What was the whole--

NICOLE BARRETT: So I think that is a-- was a policy decision that was made in Executive Sessions that I don't think I'm privy to discuss on the record. I'm sorry.

PANSING BROOKS: Oh, that doesn't make sense to me. OK, so I may have missed the Executive Session. I don't know. And then you said-- I thought you said that it goes down again this year, but I don't see-- it's still at 58 percent. It's still the same total.

NICOLE BARRETT: Yeah, it stays the same as last year.

PANSING BROOKS: OK.

NICOLE BARRETT: Yeah, it just went-- it's still down, but it didn't go down further.

PANSING BROOKS: OK.

NICOLE BARRETT: It is what it was last year.

PANSING BROOKS: OK, and was there discussion about increasing it again, trying to increase it again, and that's why you're bringing it up? There must have been discussion about trying to increase it as revenue changes or something. All right. We're going to have to discuss that because I don't think that should be secret. That-- what happened in the Exec Committee, that should be available for us to discuss. So I don't know-- I've never had anything that we haven't been able to discuss before. So if previous discussions-- I, I don't know. I-- we'll talk about that after this, I guess. I don't know. I'm not frustrated at you, but I've never had anything that couldn't be discussed on-- in committee before.

WALZ: OK.

PANSING BROOKS: So I don't know if that's directed to the Chair if that's-- makes you more comfortable, but there should not be something that we can't discuss in committee and understand why something happened.

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WALZ: All right, we'll discuss that. Senator McKinney.

McKINNEY: One question: are, are we anticipating Senator McDonnell's LB57-- LB587 passing because it's added here or is it already part of something that happened last year?

NICOLE BARRETT: No, this, this was brand new this year. The bill as introduced has a line for that. That will be up to the committee, whether they want to cont-- keep that line item for that and then procedurally include that bill into this bill when it's advanced to the committee-- or advanced to General File. If the committee wants to do something else with that allocation and not include that bill, they would just need to reallocate that when voting on the bill.

McKINNEY: OK, thank you.

WALZ: Other questions from the committee? I see none, thank you, Nicole. Proponents for LB529? Good morning.

KRAIG J. LOFQUIST: Good morning. Honorable Senators Walz and honorable members of the Education Committee, my name is Kraig J. Lofquist, that's spelled K-r-a-i-g J L-o-f-q-u-i-s-t, and I'm the executive director of the Educational Service Unit Coordinating Council, commonly called the ESUCC. I work closely with each of Nebraska's 17 ESUs and it's on behalf of all of Nebraska's ESUs that I submit this testimony in support of LB529. To add some perspective, I'll share that I have been a speech-language pathologist, director of special education, and director of student services. I've been a, a MANDT trainer, been a trainer of trainers in restraints, seclusion, and deescalation techniques. I've worked in both small and large Nebraska school districts. It is in these positions that I learned that students have significant emotional needs and learning won't take place until these needs are met. Over the course of my career, I have fielded an abundance of phone calls from counselors and psychologists letting me know that certain students are on the precipice and have nowhere to turn. Additionally, I worked a student hotline where I personally fielded calls from students who needed serious mental health assistance. I've unfortunately dealt, dealt with the aftermath of seven student suicides, two staff member suicides, and I have even dealt with the fallout of a school shooting. I can assure you that all of these are haunting experiences. Each spring, the ESUs visit with

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their respective schools to plan for the upcoming school year. Superintendents and school leaders share their needs. Each and every year, the alarming numbers related to mental health is addressed. What is happening in our schools is backed up by current research. Dr. Jean Twenge, an expert on the subject, writes in her latest book, it-- mental health issues isn't just a wave, it's a tsunami. Better words couldn't be used because Nebraska schools are experiencing this tsunami on a daily basis. We have all heard of Maslow's hierarchy of needs. A student must have their physical and emotional needs met before they can be cognitively engaged. Yet as educators, we don't know how to exactly meet those emotional needs, let alone identify them. Dr. Bessel A. van der Kolk, a researcher and leader in the area of mental health, writes, quote, Sadly, our education system, as well as many of our methods that profess to treat trauma, tend to bypass the emotional engagement system and focus instead on recruiting the cognitive, cognitive capabilities of the mind. Despite the well-documented efforts of anger, fear, anxiety, depression, et cetera, on the ability to reason, many programs continue to ignore the need to engage the safety system of the brain before trying to promote new ways of thinking. LB529 creates the Behavioral Intervention Training and Teacher Support Act. While there are several bills that have been introduced during this legislative session that address mental health, LB529 offers education and training that will give educators the necessary skills to better understand and address student behavior and emotional needs. As the executive director of the ESUCC and as a former administrator of an ESU, I'm proud to say that ESUs have strong relationships with Nebraska schools and look forward to implementing the Behavioral Intervention Teacher-- Training and Teacher Support Act. In the final analysis, it will ben-- it will benefit our school leaders, schoolteachers, other professionals, our communities, and most importantly, our students. With that, I'd take questions.

WALZ: Thank you. Questions from the committee? Senator Murman.

MURMAN: Thank you, Chairman Walz, and thank you for coming in, Mr. Lofquist-- Dr. Lofquist. Is-- are there other training systems that school systems could use to, to do their part in the Behavioral Training and Teacher Act-- Support Act?

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KRAIG J. LOFQUIST: Not at scale, I would say, not at scale. With 23,000 teachers-- that doesn't include counselors [INAUDIBLE] or paraprofessionals or administrators. I don't-- I'm not aware of any.

MURMAN: I have a bill that would allow the school districts to decide, you know, on their own where they would get the-- where the school district would get the training. Are there advantages to allowing school districts to-- or, or I guess funding the school districts and then letting them decide where they're training, where they were they would acquire the training?

KRAIG J. LOFQUIST: One of the things they tried to allude to in my testimony is, is the gratitude that the subject of mental health is, is being brought forth in several bills. LB673 is the one that you're talking about. I know that Senator Morfeld has a bill and I think Senator Day has a bill. To get down to the specifics of your question, it's \$2,000 per-- for each school or school building and then there's a, a labyrinth that you go through if you have a certain number of teachers and the reimbursement would happen that way. So I will just-- to pick some small schools out of the, the air, Minatare, Crawford, Laurel-Concord, Osceola, what they will do with that \$2,000, I-- they'll tell you that it doesn't really go very far and the trainings are expensive. They will contact their ESU and they'll see about coalescing those dollars or putting them in a pot and, and try to create a win-win situation. What this bill does, LB529, which really works well, is it takes that money, gives it to the ESU. The ESUs work directly with the schools. They develop a plan at scale for those individual schools, so it's really a win-win situation. This is actually a perfect example of why educational service units were created by, by the Nebraska State Legislature, to implement an initiative like this.

MURMAN: If I could ask one more, so the ESUs, you're thinking, could provide just as good of training as outside sources with the same amount of funding? Is--

KRAIG J. LOFQUIST: Yes, I do. Actually, I think we do a better job. You save money through ESUs. We have the level of expertise. We have employed school psychologists, mental health experts for years. They would help develop the plan. It would all be research based. It says have it be evidence based in the bill and we can certainly do that.

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MURMAN: Thank you.

KRAIG J. LOFQUIST: Good questions, thank you.

WALZ: Other questions from the committee? Senator Linehan.

LINEHAN: Thank you, Chairman Walz. So are you saying instead of going out to people that already do this, that-- Boys Town, for instance, I know they have a training program that they have used all over the country. But the ESU, your-- you would develop your own training program? You would start from scratch?

KRAIG J. LOFQUIST: Yes, but it would be research based, yes.

LINEHAN: But you would start from scratch instead of using something that's already shelf ready?

KRAIG J. LOFQUIST: Well, shelf ready, one size doesn't fit all. We know our schools better than anybody else because we work with them. They come to us for issues like this for--

LINEHAN: So how much of the--

KRAIG J. LOFQUIST: --for assistance.

LINEHAN: --\$4 million that this is going to provide the first year would be used to develop it versus you-- services, develop the program?

KRAIG J. LOFQUIST: I actually filled out an, an estimate. I don't have it with me. I'd be happy to get that for you. The truth is I, I, I can't answer that question on the spot.

LINEHAN: Well, just a guess, I mean?

KRAIG J. LOFQUIST: Well, there's 23,000 teachers. I have no idea how many administrators there are.

LINEHAN: I'm, I'm not-- I'm just talking about how much do you plan on spending on developing the program? Just-- no service to the teachers, no training, just-- you're talking about building a program from

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scratch. How much do you think that will cost, building the program from scratch?

KRAIG J. LOFQUIST: I would-- I'm sorry. I'm not-- I don't want to be ambiguous. I don't want to look like I'm not answering your question. The truth is I don't know the exact amounts. We would-- the first thing we'd do is we pull the 17 ESUs together, the experts, talk about how we do this at scale and there's, there's going to be some cost involved. There, there is.

LINEHAN: OK, well, maybe you can get back to committee with a better estimate.

KRAIG J. LOFQUIST: I would be happy to do that.

LINEHAN: OK, thank you very much.

KRAIG J. LOFQUIST: These are good questions and thank you for asking me.

LINEHAN: Thank you. Thank you, Chairman-- Chairwoman.

WALZ: You're welcome. Other questions from the committee? I see none, thank you for coming in today.

KRAIG J. LOFQUIST: Thank you, everybody.

WALZ: Next proponent.

ALICIA LAUFENBERG: Chairwoman Walz and members of the Education Committee, my name is Alicia Laufenberg, A-l-i-c-i-a L-a-u-f-e-n-b-e-r-g, and I'm a first-year teacher speaking on my own behalf. In December, I graduated from the University of Nebraska at Omaha with a, bachelor of science in education. I am endorsed in elementary education, special education, and English as a second language education. Because I have these endorsements in high-needs areas, I was eligible for the Attracting Excellence to Teaching Program loan. My parents did not have the financial means to pay for my education because they are still paying off their own student loans. Therefore, my tuition was paid for mainly through loans. Last semester, I completed my full-time student teaching experience in a suburban Omaha school district. Here's the issue. While student

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teaching was my full-time job, I was paying nearly \$4,000 in tuition during that semester to go to work every day. My student teaching experience was truly invaluable. I learned so much, but it was the busiest and most stressful semester of my college career. When I was student teaching, it was not just an 8 to 4 commitment. I was teaching full time, planning and preparing lessons in the evenings, and working on a graduation requirement for my university, all during a pandemic. Like many other education majors, I saved pennies and cut corners my whole undergraduate career to be able to afford to student teach. Some of the-- my best and brightest peers changed their major from education to something else because they knew they would not be able to support themselves or their families during their student teaching semester. Others worked part-time jobs to try to cover their expenses on top of the 40 to 50 hours per week they were working as a student teacher. Because of the pandemic, I personally did not have another job during student teaching. I wanted to limit my own risk and my students' risk to exposure to COVID-19. This caused an even larger financial burden, burden than student teaching had already created. Nebraska needs high-quality teachers in our public schools, yet we are missing out on so many potential teachers and are losing some of the best and the brightest along the way because of the unbearable cost of student teaching. If LB529 is passed and \$1,000 or more can be forgiven from a student teacher's Attracting Excellence to Teaching Program loan, it will ease the huge financial burden student teaching places on college students. Hopefully, it will even attract more college students to major in education, leading to high-quality teachers in our public schools and very importantly, high-quality outcomes for our students. Thank you.

WALZ: Thank you so much for coming in today. Questions from the committee? I don't see any--

ALICIA LAUFENBERG: Thank you.

WALZ: --thank, thanks again. Next proponent. Good morning.

JEAN ANDERSON: Good morning. Senators and members of the Education Committee, my name is Jean Anderson, spelled J-e-a-n A-n-d-e-r-s-o-n. I'm the special education director at ESU 10 in Kearney and I am speaking today on behalf of Region 4, the central part of the state, of the Nebraska Association of Special Education Supervisors. I'm here

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today in support of LB529, specifically the training and-- for teachers in mental health and behavioral intervention. You guys have probably heard for years that behavioral intervention and mental health well-being for students is a really critical issue in Nebraska's schools. I've supported students with disabilities through public education for the past 26 years and prior to that, I spent four years supporting adults with disabilities in group homes and community settings. While mental health needs are certainly not reserved for people with disabilities, they do sometimes go hand in hand. In my years as an educator and now as special education director, I've had many opportunities to hone my skills in supporting escalated students, students who are upset. I've even conducted trainings for parents, teachers, and daycare providers on supporting children who have difficulty managing their own behavior, behavior. I've discovered through research and more importantly, through my very own life experiences, that sometimes an adult trying to help a disregulated student can actually make a situation worse because they don't know exactly what they're doing. It's very natural for an adult who's trying to help a student to also become escalated themselves. And as the emotions escalate, the adult is less able to find the strategies they need to support a student. Sometimes this is honestly because an adult didn't have the strategies to begin with because in teacher training programs, we don't spend a lot of time on teaching teachers how to help these students. I'd like to share an example with you on some brain-based science. As a student escalates, it might be they're scared or embarrassed or frustrated, the instinct often of an adult is to move in closer because we want to support the student. We'll pour a lot of language onto the situation. We want to teach. We want to comfort. We may even want to correct. At that point, as a student is feeling more and more upset, an adult moving in closer can make a student feel threatened and they also can become overwhelmed by the amount of words. A better deescalation strategy in that situation would be for an adult to say very quietly and privately, I'll respect your space and I'm here to help if you need me and then truly step away and respect the space of the student and using less language. These are both really good deescalation strategies that some adults just don't know. The power I see in LB529 is it's going to build the skills for school staff so that they can help students who are disregulated or, or escalated. And if school staff have tools in their toolbox, they're more act-- able to proactively help students and

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hopefully prevent situations where somebody could get hurt. The other beautiful thing about it is teachers would have the knowledge to then teach students how to manage their own emotions, how to be self-regulators. Students can identify the signs within themselves that their emotions are starting to take over and hopefully then learn the strategies to interrupt that and be able to stay up in what we call the thinking brain, rather than the emotional brain. I'd like to paint a picture for you of something we've probably all experienced. You're interacting with a three-year-old and they are happy at this moment and the very next minute, they're crying and distraught. It's because at three, a child is really not able to regulate their own emotions and we don't expect them to be able to do that at age three. But hopefully what would happen next is an adult would calmly step in and support the child in a move, in fancy terms, as coregulating, the adult is using their calm understanding of behavior to support a child. We do this naturally when kids are three because they need us to. But if we fast forward for that child five years or even ten years, some children have not had those opportunities. They haven't had the support and the practice to develop that ability to regulate their own emotional state and they will still have a very big reaction. Some children may have a traumatic history or even a medical condition that interferes with their ability to regulate their emotions. School adults don't necessarily have the skills to also support children because it's unexpected. A lot of kids really do develop those skills before they ever come to school. But school adults need the training on how to intentionally and calmly interact and coregulate to bring students back to what we call a baseline of their emotional state. I share this information with you just to impress upon you the importance of school staff really receiving the training so that they can support students. It will have all adults trained so that all students are successful. Thank you for your time.

WALZ: Thank you for coming in today. We appreciate it. Questions from the committee? Senator Pansing Brooks.

PANSING BROOKS: Thank you, Ms. Anderson, for coming in and for this very exceptional description of childhood behavior and reactions to that. I need you to come into the Judiciary Committee for the juvenile justice bills and try to explain to people what in the world is going on with these children, rather than just wanting to put them in prison. Thank you.

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ALICIA LAUFENBERG: Senator, I would be happy to do that.

PANSING BROOKS: Thank you. I may need your number.

WALZ: Thank you. Other questions from the committee? I see none, thanks again for coming in today.

ALICIA LAUFENBERG: Thank you for your time.

WALZ: Next proponent.

KYLE MCGOWAN: Good morning, Chairwoman Walz and members of the Education Committee. My name is Kyle McGowan, K-y-l-e M-c-G-o-w-a-n, and today I'm representing the Nebraska Council of School Administrators, the Nebraska Rural Community Schools Association, the Nebraska Association of School Boards, and the Greater Nebraska Schools Association. The focus of our testimony today relates-- on, on LB529, to the attention to mental health issues and then the appropriate distribution of the lottery funds. Mental health issues with our students are growing and concerning. It's incredibly difficult for children to learn when they're overstressed and dealing with depression. And there is many reasons for this trauma, whether it be violence in the home, hunger, lack of, of adult care or support, drugs, others. This requires educators to address this, this, this emotional needs, basic needs simultaneously as they're trying to teach. And as you just heard, I would argue, not simultaneously. These emotional needs need to be taken care of first before any instruction takes place. The reality is that our teachers and administrators and other building professionals have to react to a wide range of student behaviors. Anger and violence are common reactions to stress and depression. However, it's also not uncommon to see students becoming very reserved and distancing themselves, so you have both ends of the spectrums. LB529 creates the Behavioral Intervention Training and Teacher Support Act. All school employees must have basic awareness of the goal strategies of the school-wide plans. The training must be, at a minimum, evidence based and requires such important components as proactive teaching strategies, recognitions of signs of trauma, and deescalation techniques. The bill also requires schools to identify a primary person in each building that, among other things, will be a point of contact, as well as be familiar with existing mental health and counseling services. We believe the monies allocated within

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Senator Walz's plan will be very helpful in achieving the goals of LB529 and we would like to thank the Chairwoman for addressing the needs of Nebraska's children. Thank you.

WALZ: Thank you for coming in today. Do we have questions from the committee? Senator Linehan.

LINEHAN: Thank you, Chairwoman Walz. So you're GNSA, right, did you say they were--

KYLE McGOWAN: Yeah, they rep-- I'm representing them too.

LINEHAN: OK. Why would Omaha and Lincoln Public Schools that have their own ESU want the money to go to the Coordinating Commission if they're just coming to them?

KYLE McGOWAN: Yeah, I'm-- this is my explanation of kind of the questions that you were asking relating to developing a new program.

LINEHAN: Um-hum.

KYLE McGOWAN: I see the language within this bill, and actually yours-- Senator Murman's, giving flexibility as long as they meet certain pillars of evidence-based training. So there are schools that are very deep into MANDT training, very deep into Boys Town training, and I don't see them going away from that. I do see the purpose of ESUs and they do a great job of coordinating and collaboration and working out available systems. So I, I'm not sure-- what I was hearing from Kraig, I, I could kind of see what you were talking about. I would be surprised if, if, if schools didn't use their existing programs and enhance them as well as using anything else that might be developed. But like you said, OPS--

LINEHAN: OK, but my question-- going back to my question, why would OPS or Lincoln, that has their own ESU, each have their own, why would they want their money to go through the Coordinating Council unless they're-- because I'm sure they both have-- I assume they both have programs so I shouldn't say I'm sure, but I assume they both already have training programs.

KYLE McGOWAN: Coordinating Councils is just a group to encourage all the ESUs to work together. So the ESU in Omaha and the ESU at LPS, you

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know, work together, but they will have their own allotment and their own plan. So I don't see that being--

LINEHAN: All right.

KYLE McGOWAN: The money will go-- well, the-- I'm sure the council has oversight, but there's a board for that council, which has representation of Omaha and Lincoln.

LINEHAN: OK. All right, thank you.

WALZ: Any other questions? Senator Murman.

MURMAN: Thank you, Senator Walz. So if the funding goes to the ESU first, wouldn't that jeopardize some of the funding that would-- could possibly go to all training, to a more comprehensive or a, a training program that the school district felt was better for them?

KYLE McGOWAN: So there's two groups of money, right? The largest share, it looks like, is under the auspice of the ESUC-- the educational service units to distribute, OK? And they represent all of Nebraska, all geographic regions of Nebraska. NDE also has some grants available too. So there will be-- and, and those two pools of money overlap with-- you can't really separate mental health issues and behavioral intervention. I mean, those, those two are overlapping. So I, I, I don't think that there-- I think there will be a savings of money by having a coordination and having the already existing organizational structures of ESUs to oversee it.

MURMAN: OK, thank you.

KYLE McGOWAN: Did that answer your question? I'm sorry.

MURMAN: Yeah, I think so.

WALZ: Thank you. Other questions from the committee? I see none, thank you so much.

KYLE McGOWAN: All right, thanks.

WALZ: Good morning.

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ANNE CONSTANTINO: Good morning. Get these things off here. So good morning, Chairwoman Walz and members of the Education Committee. My name is Anne Constantino, A-n-n-e C-o-n-s-t-a-n-t-i-n-o, and I'm here on behalf of the Nebraska Child Health and Education Alliance and CRCC, which is formerly known as Children's Respite Care Center, where I serve as president and CEO. Currently, the CRCC works in Millard, Omaha, Bellevue, Ralston, and Papillion Public Schools. We partner with school staff, administrators, and families in establishing a relationship that offers mental health services during the school day from a licensed CRCC LIMHP, or a licensed independent mental health provider. The system we have developed ensures that students that need services get access to mental health professionals. Getting help as early as possible can make a huge difference in the lives of students and we cannot allow any student who needs services to fall through the cracks. There's a huge unmet need for mental health services among children and young adults. School mental health services help meet that need. According to a 2019 report by the American Academy of Pediatrics, more than 20 percent of children and adolescents have a mental health condition. Most chronic mental illnesses begin by 20-- age 24, including half by age 14, making this time of life crucial for beginning to receive mental health services. However, only about half of school-age children with a mental health conditions actually receive mental health services and most-- approximately 70 percent of those who receive services obtain them through the schools. Research has shown that early identification and treatment improves the outcomes. Schools are a natural setting to promote student well-being and address mental health concerns. Early interventions conducted by comprehensive, school-based mental health systems have been associated with enhanced academic performance, decreased need for special education, fewer disciplinary encounters, increased engagement with school, and elevated rates of graduation. And the benefits of school-based and integrated mental health services are compounded when it comes to children with physical and developmental disabilities. Put simply, there is a critical link between our schools and the provision of mental health services. LB529 recognizes this link and serves to support and augment the mental health services provided by CRCC and other school and community-based partners. The evidence-based behavioral awareness training and reporting requirements codified in this legislation would provide our educators and other school employees training in topics such as verbal intervention and

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desolation techniques. Classroom teachers and other school employees are often among the first, along with the parent and guardians, to recognize behavior changes in their students and therefore serve as a critical early touch point of the continuum of mental health services. In addition to enhancing behavioral health awareness training options for our educators, LB529 also seeks to address the challenge of interdisciplinary collaboration in health delivery through the establishment of behavioral health points of contact in districts across the state. These school employees will be trained in behavioral awareness techniques and have knowledge of local, community-based mental health resources. School mental health system research and healthcare delivery system research, on the whole, supports the idea that interventions are most effective when conceived through a multitiered system of support. In other words, outcomes for students tend to be best when the student's support personnel, be they teachers, administrators, school nurses, or counselors, are connected to the in-- to in-school and community-based behavioral health providers. These close connections tend to promote greater understanding of concepts like school climate and social emotional learning across the care continuum. Put another way, the placement of a designated mental health champion or champions in each school district, as conceived in this legislation, is an evidence-based practice designed to improve care outcomes. I'll close by saying that there are-- there is a lot to admire in this bill. It is informed by, frankly, years of discussions with Nebraska mental health providers and educators. It is firmly grounded by evidence-based practices and would help ensure that Nebraska students receive the right service at the right time in the right place. Thank you for the opportunity to testify and I'm happy to answer any questions.

WALZ: Thank you for coming in today.

ANNE CONSTANTINO: Sure.

WALZ: Questions from the committee? I see none, thanks again.

ANNE CONSTANTINO: Thank you.

WALZ: Next proponent. Good morning.

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MIKE BAUMGARTNER: Good morning, Chairman Walz, members of the Education Committee. My name is Mike Baumgartner, M-i-k-e B-a-u-m-g-a-r-t-n-e-r. I'm the executive director of the Coordinating Commission for Postsecondary Education and I'm here today to testify in support of LB529. College affordability is a crucial issue of our time. Our colleges and universities recognize it. The Legislature recognizes it. It's a very prominent issue nationally. You're probably aware, for instance, that student loan debt in the United States in late 2020 was over \$1.5 trillion, compared to \$750 billion just ten years earlier. In Nebraska, 243,000 Nebraskans owe \$7.7 billion in federal student loans. And while affordability is an issue for most families and students, it is especially so for low-income students. A recent federal Department of Education study following ninth graders over seven years found that three years after high school graduation, 44 percent of the lowest-income quintile had never enrolled in college, compared to 25 percent of the middle, 16 percent of the highest-- of the second highest, and 7 percent of the highest quintile. Given differences in college-going rates that we observe in Nebraska one year after graduation, I suspect very similar figures here. Affordability is affected by many things: family income and wealth, academic preparation, choice of college, state and local appropriations. Lottery funds for postsecondary education are a crucial support for Nebraska's multipronged affordability strategy. I'll start off with the ACE scholarships and I hope that I hit many of the points that were raised earlier as the bill was introduced. LB529 would provide lottery funds for the Access College Early program for the first time. The ACE program pays tuition and mandatory fees for eligible low-income Nebraska high school students taking dual-enrollment and early-admit college courses at participating Nebraska colleges and universities. In 2019-20, with \$1.1 million in funding, the program served 2,473 students from 231 high schools who received 4,420 scholarships. The average amount of each scholarship was \$248. For FY21, \$1.1 million is appropriated from the General Fund for the ACE program. ACE scholarships are, by statute, awarded first come, first served and the commission currently limits scholarship recipients to two scholarships per year. Even so, in the past two years, we have had to turn away about 500 applicants per year due, due to lack of funding. Many states make dual-credit available to students at no cost. While we may not be there as a state yet, I think we can all agree that no student should be turned away from dual-credit

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opportunities due to family circumstances. We not be-- may not be able to meet all student demand as dual enrollment grows, but this funding would allow us to serve at least 500 additional students annually and increase the number of scholarships students can receive. Next, the Career-Readiness and Dual-Credit Education Fund. While equity demands that low-income students be able to access the same dual-credit courses as their non low-income classmates, access for all students depends on faculty who are qualified to teach college courses and career and technical education courses. Almost a decade ago, the Coordinating Commission produced the LB637 study of dual enrollment and career academies, which included a recommendation the state create incentives for high school instructors to earn content-specific credit hours at the graduate level and for postsecondary institutions to offer them. In their intervening years, the Higher Learning Commission, which accredits colleges and universities in Nebraska, made a master's degree in a content-specific area, say chemistry, computer science, or history, or a master's degree in a different area, along with 18 graduate credits in the content-specific area, the minimum requirement for teaching college-level courses. Recent review of dual-credit policies and practices in Nebraska, undertaken by the Coordinating Commission and the State Board of Education, identified these requirements as a continuing impediment to wider dual-credit offerings. Building on work underway such as UNO developing online graduate certificates specifically to meet HLC requirements, the career-readiness and dual-credit education lottery funding will have a significant impact on this ongoing issue. Eighteen graduate credits costs about \$7,000 in tuition and fees, so this funding should help us to qualify at least 200 teachers over the next year to be able to teach dual-credit. Turning to the Gap Assistance Program, the Community College Gap Assistance Program is relatively new. It has been targeted to the 13 occupational areas identified as in demand, including things like healthcare, transportation, logistics, and construction. It can only be used by Nebraska residents with incomes at or below 250 percent of the federal poverty level for noncredit or short-term programs that are not covered by other financial aid, such as Pell Grants and Nebraska Opportunity Grants. The Gap Program currently receives about \$1.7 million each year from the Education Improvement Fund. By statute, no more than \$1.5 million can be awarded from the fund during an-- any fiscal year. Because of that cap and a change in the allocation formula, \$1.6 million currently resides in

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the Gap Program Fund and other unspent funds are held by the colleges. Under LB529, the Gap Program will receive 4.5 percent of lottery funds for education, or approximately \$840,000 per year. This statutory cap would be removed. Balances currently held by the colleges and by the state total about \$4.9 million at the end of 2020. Cap expenditures were lower in FY20 than lower year-- previous years due to campus restrictions on in-person classes and I suspect the Workforce Retraining Initiative. While Gap is still reaching its potential, it's an important addition to the state's postsecondary affordability arsenal. And finally to the Nebraska Opportunity Grants. The Nebraska Opportunity Grant provides need-based financial aid to Nebraska undergraduates attending colleges and universities in pursuit of an undergraduate credential. Although comparatively small, and it is the 35th smallest in the country, NOG is a successful program that serves students across all sectors of postsecondary education. NOG is distributed to eligible institutions according to a statutory formula that calculates each institution's share of appropriated funds based on their share of eligible full-time equivalent students in tuition and fees capped at UNL-- in 2019-- UNL tuition and fees. In 2019-20, 12,956 students received awards, which averaged \$1,446. However, over 18,000 eligible students did not receive awards. Thanks to lottery funds, the NOG program has been stable and predictable for postsecondary institutions, even during recent tight budgets. This stability is important to institutions that are packaging financial aid awards before appropriation levels are set and it provides some security from potential mid-biennium reductions. While the General Fund appropriation for NOG did increase by \$1 million for FY21 to \$7.6 million and that was the first increase since FY15, lottery funds have allowed measured, but steady program growth as lottery transfers increase. Lottery spending has increased by \$3.3 million between FY17 and FY21 from \$10.1 million to \$13.4 million. Governor Ricketts' budget increases that to \$14.4 million for each fiscal year in the next biennium per, per our request. The reduction in the percentage of lottery funds going to NOG will slow growth of the program. But with 58 percent of the lottery transfers and responsible spending of the balance, lottery funds will provide stable support of \$14.4 million for at least the next two biennium. That provides a good foundation, but the program will need additional funds in the future to make affordability gains. But we did request, in our budget request, an additional \$1 million each year from the General Fund as well that was

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currently not included in, in the Governor's budget. I don't know if it will be added, but I think that's where we're going to be looking for additional funding in the future.

WALZ: OK.

MIKE BAUMGARTNER: Thank you, Madam Chairwoman.

WALZ: Thank you so much. Questions from the committee? I see none, thank you so much.

GREG ADAMS: Well, I find myself in the unenviable position of blocking you from your lunch, so I will abbreviate what I had in mind and be quick. My name is Greg Adams, G-r-e-g A-d-a-m-s. I'm the executive director of the Nebraska Community College Association. By about every study that you look at and by our higher ed folks getting together and talking about workforce, what we know is this, that somewhere around the year 2025 in Nebraska, we need to have about 70 percent of our, of our folks with some kind of education beyond high school. It might be a CDL, it might be a Ph.D., but there needs to be some kind of education beyond high school or our workforce just is not going to be adequate. And I'm not talking quantity now, but quality. The three programs, most specifically, that the community colleges take advantage of are the Nebraska Opportunity Grant, about 29-30 percent of the money goes to a community college students, the, the ACE program-- I, I can't say enough about that ACE program. You know, when you're looking at the studies that have been done on it, where about 84 percent of the students that get an ACE scholarship and do dual-credit work while they're in high school will go on to college-- and by the way, there's additional data that says they will be successful in college, particularly in that first year. It, it's a door opener. It's a gateway into higher ed and we've got to get people in there. The Gap Program, the day may come-- I was talking with Executive Director Baumgartner-- the, the day may come somewhere off in the future when, because of adjustments in the Pell Grant program at the federal level, we won't need Gap. But right now we need it because the Pell, the Pell eligibility guidelines really don't accommodate. It accommodates the traditional student, the traditional student that's coming in. They're taking full semester courses. They're going to be there the whole time and they're going to work on a degree. But what about the student that wants to renew their

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pharmacy assistant license or the CDL permit? That's, that's where Pell doesn't fit. And so it's called the Gap Program. It fills that gap for those, for those students. We realize-- and I testified last year to the fact that Gap is being reduced. We understand. With the balances that are there, we get it. So we're very much in support of LB529 and I'd take any questions if you have them.

WALZ: Thank you so much. Questions from the committee? I see none, thanks. Next proponent.

PAUL TURMAN: Good afternoon, Madam Chair, members of the committee. My name is Paul Turman. I'm the chancellor of the Nebraska State College system. That's spelled P-a-u-l T-u-r-m-a-n. I too will be brief, had a number of things I would highlight with the committee, but I'll emphasize, in my individual conversations with committee members over the last couple of weeks, the NOG program is extremely critical for the students that we serve within the Nebraska state college system. A vast number, 41 percent, are Pell eligible. Also, 44 percent of them are going on from families that they are the first in their families to go on to postsecondary. State colleges are really that opportunity destination for students that oftentimes don't see a four-year degree as an, as an option for them. The handout that I'm passing around, I just want to spend just a little bit of time talking about the Attracting Excellence in Teaching and Enhancing Excellence in Teaching Programs. I was-- the-- one of the earlier testifiers emphasized this is a, a scholarship program that includes a, a loan forgiveness. Individuals who go on to be employed at a, a school district in the state of Nebraska, for each year of employment through four years, they have that loan forgiven down the road. Certainly a, a vast number of individuals from that pool go on to the state colleges and pursue their careers in rural districts, districts around the state of Nebraska. About 22 percent of the awards each year are allocated to students in our system for the Attracting Excellence, 18 percent of those go for Enhancing Excellence, and we see about \$285,000 contributing to about 150 students in various cohorts that are really driving their capacity to continue on and serve the districts here in the state. The document that I passed around, just wanted to give you a very quick snapshot on the ongoing importance of continuing to invest in both of those programs and anything that entices students to go on to student teaching. If you look back to 2009-2010, the gray line gives you an indicator of the number of candidates. This is not

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just in the state college system; this is the university system and all public and private institutions that have teacher education programs. The total number of candidates has dropped by almost 47.4 percent over the last decade. When you look at the total number of completers-- so candidates are your sophomores, juniors, everybody who's been fully admitted into those various practice-- programs in any of the institutions in the state. The number of completers has also gone down by about 12.9 percent. When you look at what the projected openings are by 2028, we're at a point where we don't even have enough comp-- people in the candidate pools at any of our institutions to be able to meet the ongoing need that we have as a state. And that's assuming every one of them was placed in the state of Nebraska once they've completed. One of the things that we've seen with this program is that we are at about an 81 percent placement rate for individuals who participate in Attracting Excellence. We are also at 84 percent for those that are Enhancing Excellence, simply because they're coming from graduate pro-- or going to graduate programs, having already been at a district in the state. And continuing to invest in something like this is critically important, but I also think we know we need to look at ongoing revenue sources and other programs that could help entice more people into the teacher education fields. Senator Pansing Brooks asked a very good question. Should we be divesting from the NOG program? And I think Dr. Baumgartner clearly indicated that that's not the plan. The plan is to continue to invest and maybe carving off a, a different percentage. Would I prefer that we had more that would go to NOG? Absolutely. Do I prefer that it has more to go to these two programs that impact our system? And even the, the new dual-credit initiative to giving people more credentials, those are areas that we will continue to serve districts around our three count-- college campuses. But at the same time, I think you're faced with very difficult decisions. New priorities that continue to emerge and I think many of those were heard here this morning. I'd be happy to answer any questions that the committee might have about the impact for the state college system.

WALZ: Thank you so much. Questions from the committee?

LINEHAN: Thank you, Chairwoman Walz. From, from this chart, are you sure we shouldn't be, like, putting all of it toward the, the first-year kids versus paying for master's degrees?

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PAUL TURMAN: Madam Chair, I still believe that the, the graduate program element is still important. I think the--that's why we're supportive of, of shifting those resources to 75 percent toward those that are coming in the first year and then ultimately going on because there, there still is an ongoing need at districts for master's-trained teachers. And I think you're also going to see the capacity to continue to invest in the dual-credit grant programs gives them a stepping stone toward that.

LINEHAN: Does the-- dual credit meaning they have to have a master's? Is that what they have to have to teach dual credit?

PAUL TURMAN: They have to have a, a master's degree and at least 18 credit hours within the discipline that they're teaching and so you can do curriculum and instruction as a master's degree, but you also have to supplement that with graduate-credit coursework in the discipline, math prefixes, English, history, whichever area that you're teaching in.

LINEHAN: OK. All right, thank you very much for being here.

WALZ: Senator McKinney.

MURMAN: Thank you, Chancellor. Do you think a part, a part of the decline in candidates is the fact that we probably don't pay our teachers enough?

PAUL TURMAN: Madam Chair.

WALZ: Yes.

PAUL TURMAN: I think what you see across a number of career fields, the, the pay scale, high demand, high wage, high, high need, those are the-- you know, the H3 workforce elements that we continue to drive to. And I think you see with states that have probably the, the biggest declines in their teacher education pools often comes from states that pay their teachers the, the least as well. I think it's also important to recognize that with the pandemic, we're, we're-- these openings are based on two years worth of data before-- from the Bureau of Labor Statistics. And whether or not people will continue to see education as a viable pathway for, for their careers will be interesting to see over the next couple of years. Nursing, healthcare,

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those are also being impacted as much, simply because of the circumstances that we're, we're facing right now.

McKINNEY: Thank you.

WALZ: Thank you. Other questions? I see none. Thanks, Paul, so much for coming today.

PAUL TURMAN: Thank you so much.

TREVA HAUGAARD: Last one. Chair Walz and members of, members of the Education committee, hello, my name is Treva Haugaard, T-r-e-v-a H-a-u-g-a-a-r-d. I am the executive director of the Council of Independent Nebraska Colleges, also known as CINC. The Council of Independent Nebraska Colleges is very supportive of LB529 and appreciates Senator Walz for introducing this bill that, if passed, would extend the sunset on programs funded by the distribution of lottery funds used for education. Specifically, CINC is supportive of the extension of the Nebraska Opportunity Grant Program. CINC represents all 13 of Nebraska's private colleges and universities. Our campuses are located from Omaha to Hastings and encompass the state's largest metropolitan area into our rural communities. Just as Nebraska is diverse, so too are the independent campuses across our state. A little background on the CINC member schools. Collectively, our Nebraska independent colleges and universities educate nearly 35,000 students per year. This includes the highest percentage of minorities-- minority students in the state. The same higher education institutions award 30 percent of the state's bachelor's degrees, 45 percent of the state business degrees, and 30 percent of the education degrees and over 50 percent of degrees in health sciences. Collectively, the private colleges in Nebraska enroll 34 percent of students who are Pell Grant eligible, in addition to a strong percentage of students who are first-generation college students. LB529 provides critical funding, specifically for Nebraska students to attend college and reduce their college debt by applying for and receiving scholarships from the Nebraska Opportunity Grant. According to the Coordinating Commission for Postsecondary Education, students receive an average award of \$1,446 during 2019 and 2020. These funds are critical for students who may be struggling with paying tuition, room and board, books, and other necessities in order to attend college. Nebraska has a high number of students who qualify for the

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Nebraska Opportunity Grants, but there is not adequate funding to provide support to all students. In 2018-19, as you have heard already today, Nebraska ranked 34-- 34th in the country in the amount of state-provided, need-based financial aid on a per-student basis. Nebraska students need the Opportunity Grant funding included in LB529. These are critical funds for our students who will soon graduate, obtain jobs, and contribute to our state's economy. The students will be in a better position to live the good life if they have less debt upon graduation. This bill will help students and will help Nebraska. For these reasons, the Council of Independent Nebraska Colleges supports LB529 and asks you to please advance this bill.

WALZ: Thank you for coming in today. Questions from the committee? Thanks a lot. Do we have any other proponents? Any opponents that would like to speak? Anybody that would like to speak in the neutral position? We did have written testimony in lieu of personal-- person testimony. They were all proponents: Sean Kelley from Creighton University, Heath Mello from the University of Nebraska, Brad Meurrens from Disability Rights Nebraska, Jeremy Ekeler from the Nebraska Catholic Conference, Jeff Cole from Nebraska Children and Families Foundation, Bryce Wilson from the Nebraska Department of Education, Julie Erickson for the Nebraska Association of Behavioral Health Organizations, and Jason Hayes from NSEA. We also had position letters that were all proponents: Russ Karpisek from the Nebraska Auditor of Public Accounts; Nicole Fox, Platte Institute; Nebraska Counseling Association Executive Board; Julie Nichelson, Nebraska Brain Injury Advisory Committee; Peggy Reisher, Brain Injury Alliance of Nebraska; Elizabeth Eynon-Kokrda, Education Rights Council; and Dr. Dan Schnoes from ESU 3. And I will close. Kristina, do you need me to spell my name and-- OK. My name is Senator Lynne Walz. I represent Legislative District 15, L-y-n-n-e W-a-l-z.

LINEHAN: You need to appoint somebody in case they have to sign in.

WALZ: Oh, sure. Could you?

LINEHAN: Sure.

WALZ: Thank you.

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LINEHAN: Thank you, Senator Walz. It's been a crazy-- Adam is in another meeting. It's not that he's blowing us off. Are there questions from the committee? I have one. Maybe that will unfreeze everybody else. On the Career Mentorship Grant Program, McDonnell-- he could also go to Appropriations and just get it appropriated, couldn't he? I mean, he's on Appropriations.

WALZ: It's a possibility, but I mean--

LINEHAN: OK. And then I have a question on the behavioral training, which we've spent a lot of time on, for you that weren't here, but we did last year and a lot of agreement. But now it's and the teacher support system. So I-- was it, was it-- are we adding something besides behavioral training there?

WALZ: We are able to add that if we go through the ESUs with the funding and the reason that we're able to add that is our hope is that-- I'm just going to give you an example--

LINEHAN: OK.

WALZ: --so you-- so as a teacher, a past teacher, and as a direct care staff at ENCOR and Bethpage, I had a lot of training programs that people would come in and, and create these training programs for the people that I served. Once that training program was created, I never heard from-- I didn't have a lot of support from people. So as issues came up with the clients that I was supporting, I really didn't have a place to go and say I have the training program in place and I've run the training program to the T, but it's not working and I need some hands-on support. That piece is missing from the behavior management piece of legislation that Senator Murman introduced initially. And I have talked to a lot of teachers. I've talked to a lot of superintendents who would very, very, very much welcome ongoing support, somebody that they could call, somebody who would come to the school and provide hands-on training if necessary. So that's the reason why that teacher support was added in.

LINEHAN: OK. No one can argue with that, but we're not talking about very much money here. I mean, in the-- I mean, the schools total, K-12, it's, like, over \$4 billion. This is like not even a drop in the bucket. So how-- I just don't know how, how can we do behavioral

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training and you're talking about somebody on call to go help-- again--

WALZ: No--

LINEHAN: --I'm not going to argue with it, but how-- I don't see how this is going to be enough money to do that.

WALZ: Absolutely. You know what? We need a lot more money when it comes to behavioral and mental health training and supports. However, the \$2,000 is-- and Senator Murman and I had a discussion about this. The \$2,000 that would go per school would absolutely not be enough. That is one of the reasons why we decided to pool that money together and be able to collaborate those resources so schools could be offered ongoing support, at least it's an opportunity-- \$2,000 is not going to, you know, be able to fund a separate person at each school district to come in and provide ongoing support. That, that wouldn't happen and--

LINEHAN: But we do have some schools-- because I can't remember-- there was a woman here. I've got it somewhere in all my papers we've gotten today-- Millard, Omaha-- I don't know. I'm sorry-- that some schools are doing this already.

WALZ: Some schools may be doing that already. I don't know, you know, what-- to what extent they're doing it. I don't know if it's enough. I mean, those are questions that you could certainly ask. I can tell you that schools in rural communities definitely don't have that resource.

LINEHAN: Because they don't get any funding from the state, but we won't go down that-- OK, I can't find any-- I-- that's-- any other questions in the committee? Yes, Senator Murman.

MURMAN: Thank you, Senator Linehan. I do totally agree with you that the funding is, is not adequate, but my fear is that by going through ESUs, we will provide some funding from the lottery what would a norm-- what-- with my bill would have went to individual school districts. But we don't have assurance that that funding will be used totally for behavioral awareness training, but with the, with the, the bill that I'm presenting, it would go totally to the school districts.

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It still might not be enough, but at least it will all be used for behavioral awareness training.

WALZ: Yeah and I think that there is a provision in that piece of legislation that states if a school district wants to do their own training, that money would go to that school district. That-- it's a-- it's-- there's enough flexibility in that piece of legislation that if that was the case, if they were-- you know, if they thought that they had everything that they needed right in with that school district, within the school district, that money would stay with the school district.

MURMAN: Yes and if I could ask another question, if that funding is, is not enough, as, as we agree that isn't, schools that are providing that training already, there really isn't incentive for them to stay with the training they have, you know, where-- when you can get it through the ESU without that extra cost of going outside the, the school system to get the training. They'll all just-- my fear is that they would all-- all the schools would just go with ESU training.

WALZ: I think that it-- I feel that schools think that this is a, an important enough issue to make the best decision that they can for the kids that they serve. If they felt that the ESUs could provide a better service and an ongoing support for teachers, then so be it. You know, I, I just think that that's a, a decision that that school district can make, like you do. I don't think it's an incentive for a school district to say, oh, we're just going to let ESUs handle it, but it does help them and it does support them in that mental health arena and with the mental health issues. I wanted to say something else about that, but I forgot.

MURMAN: Well, sure, and I agree with you, but my fear is that if the training is available through, through ESUs-- and, and there's no extra cost to the school district-- they'll go with that training rather than with an outside trainer.

WALZ: And that-- I mean, I think that that's a good thing. You know, there is no extra cost to the school district. That's something that we're always looking at. You know, what are the extra cost to school districts? I mean, I would imagine that that would be a positive thing, that there is no extra cost for the school district, that they

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can receive the support and the resources that they need through the ESUs without having to go spend extra money on that.

MURMAN: Sure, but the funding is the same either way, whether it goes to the ESUs or to the individual school districts, correct? It's, it's the same amount of funding--

WALZ: It is the same amount--

MURMAN: --whether it goes to each school district or--

WALZ: --of funding, only the funding would be pooled into one resource, unless that school decided not to do that.

MURMAN: Thanks.

LINEHAN: Any other questions from the committee? So I found it. It's a woman that was here that testified. She's from the Nebraska Child Health and Education Alliance and she says they currently work in Millard, Omaha, Bellevue, Ralston, and Papillion Schools. Do you think they-- could you, like, ask the schools how many of them have programs already in the schools and then where are we really short? Because if they already have huge programs, this amount of money is not going to-- they're not going to change their ways, so where is-- where do we have no training? Nobody--

WALZ: Right.

LINEHAN: --it seems to me, because if you've got-- that's not-- and I know Westside has something. They do telehealth with Children's. So it looks like Douglas County is-- I don't know if Elkhorn has anything, but it seems like there might be some places where they, they have managed to find the funding to take care of themselves. And then you have other places, probably unequalized school districts, I'm guessing, that don't have any money for the programs.

WALZ: And that's another question that, you know, we need to find out too, is that do they have the funding to do that or is it something that they're spending that they don't have the money? I don't know how much mental health and behavioral health issues are funded--

LINEHAN: Well, I don't know. I was going back to her testimony.

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WALZ: --or is it money that they're spending that they don't have?

LINEHAN: --that they have-- that they work there, so I assume they-- there's some funding.

WALZ: Right, I guess-- OK, the question is are they reimbursed for it?

LINEHAN: Well, I don't know. That's what we need--

WALZ: Right.

LINEHAN: I think we need to figure that out, so. All right. Any other questions? Thank you very much. We have time for lunch and then we can come back. And is that all we need to go on this hearing?

_____ : Yes.

LINEHAN: So the hearing on LB549 is over.

WALZ: Thank you.

LINEHAN: Thank you.

SANDERS: Turn phones off?

WALZ: Yep, turn off the phones. Good afternoon. Are you ready, Kristina?

KRISTINA KONECKO McGOVERN: Yep.

WALZ: Welcome to the Education Committee. I am going to go over to the COVID-19 hearing procedures. For the safety of our committee members, staff, pages, and public, we ask that those attending our hearings to abide by the following procedures. Due to the social-distancing requirements, seating in the hearing room is limited. We ask that you only enter through the hearing room when it is necessary for you to attend the bill hearing in progress. The bills will be taken up in the order posted outside the hearing room. The list will be updated after each hearing to identify which bill is currently being heard. The committee will pause between each bill to allow time for the public to move in and out of the hearing room. We request that everyone utilize the identified entrance and exit doors of the hearing room. We request

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that you wear a face covering while in the hearing room. Testifiers may remove their face covering during testimony to assist committee members and transcribers in clearly hearing and understanding the testimony. Pages will sanitize the front table and chair between the testifiers. Public hearings, hearings for which attendance requires--reaches seating capacity or near capacity, the entrance door will be monitored by a sergeant at arms who will allow people to enter the hearing room based upon seating availability. Persons waiting to enter a hearing room are asked to observe social distancing and wear a face mask covering while waiting in the hallway or outside the building. The Legislature does not have the availability, due to the HVAC project, of an overflow hearing room for hearings that attract several testifiers and observers. For hearing with large attendance, we request only testifiers enter the hearing room. We ask that you please limit or eliminate your handouts. And with that, I will welcome you to the Education public hear-- Education Committee public hearing. My name is Lynne Walz and I represent Legislative District 15. I also serve as the Chair of the committee. The committee will take up the bills in the posted agenda. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. To better facilitate today's proceeding, I ask that you abide by the following procedures. Please turn off or silence cell phones or other electronic devices. The order of testimony is introducer, proponents, opponents, neutral, and closing remarks. If you will be testifying, please complete the green testifier sheet and hand in to the committee clerk when you come up to testify. If you have written materials that you would like distributed to the committee, please hand them to the page to distribute. We need 12 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you now. When you begin to testify, state and spell your name for the record. If you would like your position known, but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. If you are not testifying in person and would like to submit a written position letter to be included in the official hearing record as an exhibit, the letter must be delivered or emailed to the office of the committee chair of the committee conducting the hearing or the bill by 12:00 p.m. on the last workday prior to the public hearing. Additionally, the letter must include your name, address, state a position for, against, or neutral

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on the bill or RL-- LR in question, and include a request for the letter to be included as part of the public hearing record. Please speak directly into the microphone so our transcribe-- our transcribers are able to hear your testimony clearly. Finally, please be concise. Testimony will be limited to five minutes. We will be using in the light system. Green is five minutes remaining. Yellow, you have one minute remaining and you'll wrap up your comments when you see the red light. The committee members with us today will introduce themselves beginning at my far right.

MURMAN: Good afternoon. I'm Senator Dave Murman from District 38 and I represent seven counties to the south, west, and east of Kearney and Hastings.

MORFELD: Good afternoon. Adam Morfeld, District 46, northeast Lincoln.

LINEHAN: Good afternoon. Lou Ann Linehan, District 39, which is western part of Douglas County.

SANDERS: Good afternoon. Rita Sanders, District 45, Bellevue-Offutt Community.

WALZ: Senator Day-- excuse me-- Senator Day is participating remotely due to COVID quarantine procedures. I'd like to introduce my committee staff. To my immediate right is research analyst Nicole Barrett. To the right end of the table is committee clerk Kristina Konecko McGovern and our pages today are Brytany and Ryan. Please remember that senators may come and go during our hearing, as they may have bills to introduce in other committees. I'd also like to remind our committee members to speak directly into the microphones and limit side conversations and making noises on personal devices. We are an electronics-equipped committee and information is provided electronically as well as in paper form. Therefore, you may see committee members referencing information on their electronic devices. Please be assured that your presence here today and your testimony are important to us and crucial to our state government. Lastly, a reminder: please allow the pages to sanitize between testifiers. And with that, we will open with LB607 and Senator Hilgers.

BEAU BALLARD: Good afternoon, Chairman-- Chairwoman Walz and members of the Education Committee. My name is Beau Ballard. For the record,

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that is B-e-a-u B-a-l-l-a-r-d, and I'm the research analyst for state-- Speaker Mike Hilgers. I'm here to open today on LB607. I'll keep it fairly brief. LB607 is a Revisor bill just meant to streamline state language with federal language. And with that, I'll close.

WALZ: All right. Are there any proponents to LB607? Any opponents? Anybody that would like to speak in a neutral position? All right, waives closing, thank you. That concludes our hearing on LB607 and it opens up our hearing on LB117, Senator Cavanaugh, adopt the Hunger-Free Schools Act.

M. CAVANAUGH: I suppose you all deserve that after your long morning. Good afternoon, Chairwoman Walz and members of the Education Committee. My name is Machaela Cavanaugh, M-a-c-h-a-e-l-a C-a-v-a-n-a-u-g-h, and I have the privilege of representing District 6, west-central Omaha, here in the Nebraska Legislature. I'm here today to introduce LB11--7-- sorry, LB117, the Hunger-Free Schools Act. As Nebraska strives to educate, recruit, and retain a tomorrow's workforce, we have an opportunity to be a leader in K-12 education. Studies show that when a child is hungry, it hinders their ability to focus and learn in the classroom. LB117 would ensure that every public school student in Nebraska has a full tummy during the school day. This bill maximizes Nebraska's participation in the Community Eligibility Provision, a federally funded program that fully pays for free meals to all students eligible-- of eligible schools. Approximately 46 percent of all schools in Nebraska would qualify. For schools that do not qualify for CEP, the Department of Education will reimburse public schools for fully paid meals at the same rate as the free program, making up the difference if a student qualifies for a reduced-price meal. The costs of a-- of child hunger are well known and well documented. Childhood hunger and food insecurity are, among other things, directly linked to poor academic performance, poor health, and higher rates of depression, suicide, and incarceration. We can all agree that Nebraska taxpayer dollars are better spent on programs that keep kids out of hospitals and the justice system. The Community Eligibility Provision, as I mentioned earlier, provides free meals to eligible schools. An eligible school is where at least 40 percent of the students are considered to be identified-- the identified student population, or ISP. These include students whose families participate in SNAP, TANF, or the food distribution program on Indian reservations. It can be also-- it can also include children

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who are homeless, refugees, or being fostered. Unfortunately, because barely a third of Nebraska schools participate, Nebraska ranks nearly last among all states, meaning that Nebraskans are sending millions of our federal tax dollars to benefit other states and surrendering our fair share. It's also worth noting that the federal government offers additional funding if the-- a school meets the ratio of 7 to 10 for breakfasts served. LB117 also cuts down on red tape. Countless hours are spent by school faculty and staff, not to mention parents, filling out and filing paperwork to ensure the child is enrolled in free and reduced lunch or similar programs. By switching to a system where every child's meal is paid for, we eliminate a cumbersome bureaucracy and allow our education professionals to focus on education. I want to destigmatize the lunchroom for students who get bullied because they have to take the free meal that identifies their family as low income. Nebraska is the breadbasket of America. No one living in the breadbasket and certainly no child should ever face hunger and yet Feeding America estimates one in six children in Nebraska are food insecure. That is over 100,000 Nebraska children that have to face hunger on a regular basis. That's why I urge the committee to advance LB117 to General File so we can work together to end child hunger in Nebraska. Thank you.

WALZ: Thank you, Senator Cavanaugh. Do we have questions from the committee? I see none.

M. CAVANAUGH: All right.

WALZ: With that, I'll ask for any proponents to come up and testify.

ERIC SAVAIANO: I can take this off, right?

WALZ: Yes, thank you. Good afternoon.

ERIC SAVAIANO: Good afternoon. My name is Eric Savaiano, E-r-i-c S-a-v-a-i-a-n-o. Thank you for this opportunity to testify in support of LB117. I am the economic justice program manager for food and nutrition access at Nebraska Appleseed. Nebraska Appleseed is a nonprofit law and policy organization that fights for justice and opportunity for all Nebraskans. The Hunger-Free Schools Act would allow all breakfasts and lunches served in Nebraska schools to be served free of charge to all students. There's a large cost estimated

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for this bill, but this represents an investment in people that will accrue long-term benefits, especially given the current state of our food security in our state. Thousands of families are struggling who never thought they would before with COVID-19. Tens of thousands were before the pandemic. As of December 2020, over 10 percent of Nebraska households did not have enough to eat; 72,000 households with children, or 17 percent, reported they weren't eating enough because their adults in the household couldn't afford enough. This is a shocking and new kind of statistic. We know that when families are having trouble stretching their food budget, adults may go without the food they need before allowing their kids to go hungry, but this shows that over 72,000 households in Nebraska are struggling to put food in front of their kids. School nutrition programs play a big role in the families' lives before COVID and now. At the start of the '19-20 school year, almost 46 percent of Nebraska's 330,000 students qualified for free and reduced-price meals. Families above this income threshold struggled to pay for meals as well, as is evidenced by a study that Senator Walz introduced a couple of years ago on unpaid meal debt, noting that around 75 percent of school districts deal with that unpaid meal debt and around \$600,000, at least from the school districts that reported to us, found that that was the amount that was total owed in the state. So schools around the nation, including in Nebraska, participated in programs like the Hunger-Free Schools Act on a smaller scale. These programs are called Provision 2 in the Community Eligibility Provision that Senator Cavanaugh mentioned. These programs have shown the myriad benefits of programs like the Hunger-Free Schools Act and when all school-- when all students can eat for free, there's no stigma or judgment when students eat school meals, causing an increase in meal participation. When more kids eat, fewer students are sent to the nurse's office in the morning or have behavioral problems throughout the day. Kids miss fewer days, fewer tardies, score better on standardized assessments. Programs like the Hunger-Free Schools Act have been shown to reduce administrative burdens as well. This year, the USDA has allowed school districts to serve free meals-- serve meals free of charge, no matter a student's free or reduced-price status, through the Summer Food Service Program. Districts we've talked to don't want to go back. Administrators talk to us about hidden poverty. Even in schools with low free and reduced price lunch counts, programs that once served hundreds of meals traditionally are now serving thousands. This year indicates a-- this

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either indicates a long-term-- sorry-- indicates a long unmet need hidden by traditional program requirements or a much higher need, as we can all assume due to the pandemic as well. LB117 would be an investment that provides welcome relief for families, would support the statewide educational achievement goals, and would make our state more equitable in how we address hunger and poverty. The last page of this testimony does have a list of those schools who would be moved over to CEP through the bill, just for your reference. And with that, I would urge the committee to advance LB117 and take any questions. Thank you.

WALZ: Thank you so much. Questions from the committee? I am going to ask a quick question just to clarify. The \$600,000 in unpaid school meal debt in Nebraska schools, then that is absorbed in, in the school district's budget?

ERIC SAVAIANO: Yes, so the districts have to make up that in some way, but it's always internal to the school district's budget. So sometimes those funds have to come over from the general fund and support the nutrition program with funds that would have gone to educational needs, things like that.

WALZ: All right. Thank you for that clarification.

ERIC SAVAIANO: Yeah, thank you.

WALZ: Any other questions from the committee? Senator Linehan.

LINEHAN: Thank you, Senator Walz. I'm just confused. So is it every kid that goes to school then gets free lunch and breakfast, every child?

ERIC SAVAIANO: Yeah, with the proposed bill, yes.

LINEHAN: OK, so I don't understand. Why wouldn't every school be listed back here then?

ERIC SAVAIANO: Well, the structure of the bill is created so that there's less burden on the states in financial contribution by implementing-- by using the CEP program. So that would ask the districts on that page, that would ask the districts on that page to move over to the CEP program and get 100 percent of their meals paid

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for by the federal government. Any districts not mentioned on there are either using CEP already or would have the state pay for those through the, the structures mended-- mentioned in the bill. I believe it's General Fund dollars.

LINEHAN: So, so even in the richest school districts, they would have free lunch and breakfast?

ERIC SAVAIANO: That's right.

LINEHAN: OK, thank you very much.

ERIC SAVAIANO: You're welcome.

WALZ: Any other questions from the committee? I see none. Thanks so much for coming in to testify today.

ERIC SAVAIANO: Thank you.

WALZ: Other proponents of LB117? Opponents that would like to testify on LB117? Anybody that would, anybody that would like to testify in the neutral position? Senator Mac-- Cavanaugh, you're welcome to close.

M. CAVANAUGH: We do have to verify which Cavanaugh these days.

WALZ: I almost did.

M. CAVANAUGH: Thank you, Chairwoman Walz and members of the Education Committee. I did-- I brought this bill previously and I, I do feel very strongly that this is an important piece of legislation to advance education in Nebraska. But I also believe that during this time of a health pandemic, we have seen how this can work and that it is working and that it's working well and that students are-- nutritional needs are being met every single day by the school districts. This did not-- would not require-- if a school doesn't currently offer breakfast program, they don't have to start offering a breakfast program, but most schools do offer a breakfast program, so I just wanted to make that clarification. And my children this morning attended the breakfast program and they also attended the lunch program. And for those school districts that are wealthy, which I am in the Westside school district, so I think that probably would

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constitute as one of those school districts, yes, the children in that district, every child would receive a free meal. And it would, of course, behoove the parents that can't afford to make donations to the school's funds to help offset some of those costs, but this is intended to eliminate a disparity in education. We don't charge certain students for books. We shouldn't charge them for food. It's part of the education. It's part of making sure that they are there to learn, engaged and ready to have a, a thriving day. So with that, I will take any questions you have.

WALZ: Senator Linehan.

LINEHAN: Thank you, Chairwoman Walz. So this list of papers-- the papers-- list of schools that Appleseed had, are all these schools-- they could qualify for the program that allows free and reduced lunch for all their students already and they're just not applying?

M. CAVANAUGH: I don't have that document, but I believe that is correct. Yes, yes, that is correct.

LINEHAN: Why wouldn't these schools-- if it's-- if the federal government pays for the whole program, why are they not, why are they not in it?

M. CAVANAUGH: Well, there's administrative hurdles to participating in it. They don't have to. We'd have to ask them in each individually, but--

LINEHAN: Well, a lot of them are Omaha Public Schools and Lincoln Public Schools. They're mostly Lincoln and Omaha Public Schools. I mean, it, it, it's-- I just-- because I remember Appleseed coming to me two years ago about this program and I, I can't remember what the percentage-- do you remember what the percentage-- if you're 60 percent or 70 percent free and reduced lunch, then the whole school qualifies-- do you remember what that percentage is?

M. CAVANAUGH: I think-- I don't want to misspeak, so I-- I think I know, but I'll get you the number.

LINEHAN: OK. OK, thank you very much for that information.

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M. CAVANAUGH: But I mean, you're right, they should be participating, that would be great.

WALZ: Other questions from the committee? All right, thank you, Senator Cavanaugh, for bringing this bill.

M. CAVANAUGH: Thank you.

WALZ: We did have-- I almost forgot-- we do have written testimony in lieu of person testimony, all proponents: Spike Eickholt; Ann Hunter-Pirtle from Stand For Schools; Jack Moles, NRCSA; Julie Erickson, Voices for Children; and Jason Hayes, NSEA. We also had two proponent position letters from Natalie Nelson, National Association of Social Workers, and Mary Bahney, Social-- School Social Work Association of Nebraska. We also had one opponent position letter from Doug Kagan, Nebraska Taxpayers for Freedom. That concludes our hearing on LB117 and it will open up our hearing on LB520-- LB528 to provide change and eliminate provisions related to education.

NICOLE BARRETT: Good afternoon, Chairwoman Walz and members of the Education Committee. My name is Nicole Barrett, N-i-c-o-l-e B-a-r-r-e-t-t. I'm a research analyst for this committee and I'm here today to introduce LB528. LB528 is the technical bill introduced to update statutes primarily due to outdated language, but it does include some changes deemed to be minor and noncontroversial. It incorporates changes brought to the committee's attention by the Nebraska Department of Education, the Coordinating Commission for Postsecondary Education, the Board of Educational Lands and Funds, and the State Treasurer's Office, as well as updates identified by the committee. You will be hearing from or have received information from all of these entities and I believe everybody is here and represented today except the Board of Educational Lands and Funds. They did have a conflict this afternoon, but they've submitted a letter and I can always get questions answered from them if I can't answer them. So just like my testimony this morning, this may seem a little bit like deja vu. This bill too had unanimous support when advanced by the committee last year and broad support during General File debate. The E&R amendment was again used as a framework, with those provisions that did have opposition removed and a few new provisions added. Some of the highlights of the bill: it updates references to "regionally accredited" postsecondary institutions to simply "accredited" in order

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to reflect changes made by the U.S. Department of Education. It harmonizes language related to property tax requests because total budgeted operating expenditures sometimes decrease at some districts. However, current statutory language only references how much total budgeted operating expenditures will exceed the prior year's budget. It provides similar procedures for adjustment evaluation of educational service units due to annexations, as currently exists for adjustment evaluation of school districts due to annexation. When property is transferred after valuations are certified, ESUs' taxing ability and core service aid amounts do not accurately reflect current valuations. This change corrects the difference. It clarifies terminology related to the distribution of funds to ESUs and the ESU Coordinating Council for core services and technology infrastructure, as well as ships payment dates to the last business day of the month instead of the first business day to be consistent with TEEOSA payments. It changes two dates-- or dates for two reports to be filed with the Legislature by a learning community from January 1 to February 1 each year and eliminates language no longer needed in statute. It amends the Nebraska Reading Improvement Act to clarify dates, harmonizing correct statutory language as agreed to by this committee last year. It strikes language no longer needed due to enactment of LB377 in 2018, which eliminated three school classifications. It makes several nonsubstantive changes to the statutes related to education. It cleans up language to conform to current law. For example, "high school district" is changed to "school district" because all school districts now have high schools. It expands the list of eligible programs for the Community College Gap Assistance Program. This was actually introduced by Senator Bolz last year and amended into the bill on General File. It changes the eligibility requirements for the Access College Early Scholarship Program to better target the most at-need students if they are attending a school that has adopted the Community Eligibility Provision of the free and reduced lunch program. This was introduced by Senator Murman last year and amended into the bill on General File. It requires suicide prevention phone numbers on student identification cards, which was introduced by Senator Crawford last year and amended into the bill on General File. Again, because we used the E&R amendment as our framework, we kept the language of those three bills in here. It does-- it makes some changes to provisions related to leases on school lands, including the restriction of a lease to 640

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acres, the requirement that lease sales must happen in the county treasurer's office, and changes the default period from six months to 60 days on said leases. Finally, it removes a date restriction for purchasing computer technology, equipment, or Internet access from college savings plans and clarifies language regarding contributions in the Meadowlark Program. Thank you for your time. I'm happy to take any technical questions and I encourage you to vote to advance this bill to General File.

WALZ: Thank you, Nicole. Any questions from the committee? Senator Pansing Brooks.

PANSING BROOKS: Thank you for going through all of this. So basically, we have voted for all these changes?

NICOLE BARRETT: Most all of them, yes, were in the bill last year, voted for by the committee and the full Legislature. Some of the new things are the ones from the Board of Educational Lands and Funds and the stuff from the State Treasurer, so those last few things I talked about with the school leases and the college savings plan and the Meadowlark Program. There's also a couple outright repeals of some sections of statute that are-- were new this year. And one of them-- they're both explained in your memo that I sent you and I identified the new sections. One of them is one with the coordinating commission who's here today and will be able to explain that to you. I think it's just a conflict-- or it's a, a little confusion between state and federal law, so we're repealing because federal law is in existence.

PANSING BROOKS: And can you please explain to me what's going on with the Meadowlark?

NICOLE BARRETT: So in the Meadowlark, there is-- and the Treasurer is here to testify as well, but when it was passed, it had language for qualified private contributions into the Meadowlark program and it came to the attention of the Treasurer's Office that there's technically no such thing as a qualified private contribution. They are just contributions. The qualification comes on withdrawals from the program or expenditures from the program, so we just clarified the language to say "contributions" and he'll be able to explain it more technically.

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PANSING BROOKS: OK. Do you know why we use qualified private?

NICOLE BARRETT: I don't know. That would be a question for the State Treasurer. I'm sorry, I don't know.

PANSING BROOKS: Thank you.

WALZ: Other questions? Senator Linehan.

LINEHAN: So on page 15 of the bill, on line 12-- let's start with line 10, "based on the property proposed tax requests and changes in other revenue, the total operating budget of (name of public subdivision) in comparison to--" and we strike "will exceed"-- "last year's budget will change by percent." I would suggest we change-- change doesn't tell me-- does it go up or did it go down? I mean, I don't what to-- I understand why they want to say it could go down, but change by a percent doesn't tell me whether it went up or down.

NICOLE BARRETT: OK.

LINEHAN: And it's in the revenue-- I'm not sure why the Department of Ed is in the revenue part of the law, but then on page 29, we're striking a whole-- because it sunset, a whole effective educator program. And I think maybe this is just my concern with term limits, but it started in 2016-17 and now it's 2020 and we're just-- the whole thing's going away. Do we know who introduced that? I assume it was somebody on the Education Committee.

NICOLE BARRETT: So I don't know who introduced it. I can look that up for you. That program has already sunsetted. It was only through the 2019-20 program-- or school fiscal year, so it was a three-year pilot program. It was not something that anybody, including the department, wanted to ask for it to be continued to be funded. And so last year, this technical bill actually addressed the funding of that too. This year, we put that in a separate bill that Senator Walz introduced that will be heard in a few weeks on the funding side of it.

LINEHAN: How much was the funding?

NICOLE BARRETT: It grows every year. It's from solar and wind energy on, on school lands. I think last year it was just over \$300,000, so

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it, it increases. I can get you to the table of all of the information.

LINEHAN: OK. So on page 31, we strike-- this is about transportation, which is somebody from the Department of Ed going to-- maybe I should wait until-- it says "shall provide free"-- OK, on line 5 on page 31, the school board of any school district shall provide free, free transportation, partially provide tree-- tramp-- transportation, or may an allowance for transportation in lieu of free transportation as follows. So when a student attends an elementary school in his or her school district and lives more than four miles from such elementary school, as-- what does that do to high school kids?

NICOLE BARRETT: So I'm going to defer some of the technical aspects to Bryce because he's going to be able to explain this more sufficiently.

LINEHAN: OK.

NICOLE BARRETT: But this was an area where it's actually not changing, as I understand it, the substantive. This was harmonizing the language because it is replacing "schoolhouse" with "elementary school." So Bryce can speak to-- I believe it's still all elementary now. It's just changing that language because we don't use the word "schoolhouse" anymore or clarifying that it's a school district instead of just using the word "district." So it's kind of updating language, but I will let him talk more specifically about that. I'm sorry.

LINEHAN: No, no, that's fine. Thank you, Chairman. I'll just wait for Bryce.

WALZ: Other questions from the committee? Senator Pansing Brooks.

PANSING BROOKS: Thank you, Ms. Barrett, for all of this. Could, could I get a copy of what you-- your test-- what you just said?

NICOLE BARRETT: Yeah, I will email my testimony from this morning and this, this afternoon to the full committee--

PANSING BROOKS: Wonderful.

NICOLE BARRETT: --later to-- later today after--

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PANSING BROOKS: Perfect.

NICOLE BARRETT: --meetings are done, yeah--

PANSING BROOKS: Or tomorrow, whenever-- thank you.

NICOLE BARRETT: --or tomorrow. OK, thanks.

PANSING BROOKS: Thank you.

WALZ: Any other questions from the committee? I see none. Thank you, Nicole. Good afternoon.

JOHN MURANTE: Good afternoon, Chairwoman Walz, members of the Education Committee. My name is John Murante, J-o-h-n M-u-r-a-n-t-e, Nebraska State Treasurer, here in support of LB528. The two issues, which counsel ably stated, first was identified by our new program manager, Union Bank and Trust. Our statutes have a restriction-- a date restriction on what constitutes a qualified with-- withdrawal as it relates to computer technology, Internet, and related services. Congress has no such date limitation. They have since opened up those expenses to be qualified withdrawals in perpetuity, so we would ask that Nebraska statute be updated to reflect that. With respect to the, the language in the Meadowlark Act regarding "qualified private contributions" to "contributions," the issue is it's a, it's, it's a matter of confusion for our legal counsel. There is nothing in either federal or state law which, which makes a contribution to a 529 plan, qualified or disqualified. So if you were to ask me the question, what would make a contribution disqualified or nonqualified, the, the answer is nothing. Anyone can contribute to a, a 529 account or, or anything else. There are no restrictions, so the term "qualification" doesn't really make sense. To answer your question, Senator Pansing Brooks, why was it included in the first place? I would say I looked at the bill, our counsel looked at the bill all- a number of times, and I think it was just an oversight on our part. It's clearly modeled-- it's verbatim language after what constitutes a withdrawal. So there, there's clear sections in statute, both federally and in state, as what, what's a qualified withdrawal and what's a nonqualified withdrawal, so it's clearly modeled after that. It's just in the case-- in the, in the instance of contributions, the term doesn't make any sense. There, there is no such thing as a qualified

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or a nonqualified contribution. So to, to clear that up, we just want-- we're asking that and I thank Senator Walz for your attention to this and your, your, your help and, and putting this in-- into your bill and would be happy to answer any questions that you might have.

WALZ: Questions from the committee? Senator Pansing Brooks.

PANSING BROOKS: So this doesn't change anything from what we have been doing before on the Meadowlark and--

JOHN MURANTE: As a substantive policy change--

PANSING BROOKS: --and who it goes to?

JOHN MURANTE: No, nothing like that.

PANSING BROOKS: What-- you said substantively it's not, so what about nonsubstantively?

JOHN MURANTE: It, it changes only in so far as you're, you're changing the, the terminology. It doesn't change who can contribute. That's still the same. It clarifies for legal counsel purposes. It, it makes it more streamlined and straightforward. It's consistent and accurate language, but in terms of who could contribute, practically speaking, it doesn't change anything.

PANSING BROOKS: And what about--

JOHN MURANTE: Anybody could contribute.

PANSING BROOKS: --who can receive?

JOHN MURANTE: No, it doesn't change-- doesn't address the recipients who are in that whole process.

PANSING BROOKS: OK, thank you very much, Treasurer Murante.

WALZ: Other questions from the committee? I see none. Thank you so much--

JOHN MURANTE: Thank you, members.

WALZ: --for coming in today. Other proponents.

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ALLEN HAGER: Good afternoon, Chairman-- Chairwoman Walz and members of the Education Committee. My name is Allen Hager, A-l-l-e-n H-a-g-e-r, and I'm here today as chair of the Learning Community Coordinating Council of Douglas and Sarpy Counties and I represent subcouncil 4, which is in southwest Omaha. I'd like to thank you for the opportunity to testify on LB528 on behalf of our board. On January 21, the Coordinating Council of the Learning Community of Douglas and Sarpy County voted to support LB528. When the Legislature passed LB1067 in 2016, the open enrollment provisions of the learning community were phased out. Prior to that, one of the annual requirements of the learning community was to evaluate and strive to increase socioeconomic diversity through open enrollment. LB528 removes obsolete language that created an impossible-to-achieve goal today. Now let me be clear: we continue to be strong believers in diversity. This is still very prevalent in our programming and the reports that we file. From the superintendent's early childhood plan, which touches nearly every school district to the community achievement plan, the annual reports to the Legislature, and our reporting to the Department-- the Department of Education, the learning community continues to be a diverse organization with diverse programming among a diverse population. There are also two reports that the learning community is required to file to the Education Committee each year. Currently, the reporting date is January 1 of each year and LB528 moves this date to February 1. The reports we file require data that is compiled by the Nebraska Department of Education. That data is commonly not available soon enough for us to make the January 1 reporting deadline accurately. We have always strived to meet the targeted deadline and we file amendments as needed to the report to ensure our data is accurate. This is an expense we seek to avoid in the future by moving the deadline date back. Moving this date back one month will allow us to comply with statute more effectively and spend taxpayer dollars more efficiently. We thank the department for recognizing this situation and seeking to help us remedy this issue. We thank Senator Walz, the Education Committee, and the department for their work on these small, but important fixes to Section 79 of the Nebraska revised statutes. I am open at this time to answer any questions the committee may have.

WALZ: Thank you. Questions from the committee? Senator Linehan.

ALLEN HAGER: Yes, ma'am.

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LINEHAN: Thank you, Mr. Hager, for being here today. So the learning community-- wasn't the whole focus of the learning community, when it was developed, to make sure that kids in Omaha Public Schools had somewhat equal opportunities to kids in Millard and Westside? And there was a common levy that we've done away with, right?

ALLEN HAGER: Correct.

LINEHAN: And we did away with transportation between school districts.

ALLEN HAGER: Correct.

LINEHAN: And now we're doing away with both?

ALLEN HAGER: No, what we're doing away with is-- so when LB1067 was put into place, it removed the open enrollment provision that was part of the learning community. It also eliminated the free transportation piece, which is the open-- of open enrollment. What this report did, did back then was it allowed us to see, based on transportation data, if school districts were increasing socioeconomic diversity. And that was not the case through open enrollment and those provisions that are in the technical cleanup bill are being updated to show that we do not-- we're not able to get that data from the school district because they don't track it anymore.

LINEHAN: They don't track what?

ALLEN HAGER: They don't track the specific data that we would be able to use for open enrollment free transportation because open enrollment no longer exists in Douglas and Sarpy County.

LINEHAN: Open enrollment exists.

ALLEN HAGER: Option enrollment exists--

LINEHAN: OK.

ALLEN HAGER: --not open enrollment.

LINEHAN: OK, could you explain, for the committee-- some of us are new and I'm new since then, so--

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ALLEN HAGER: Open enrollment gave students the opportunity to go to a school district, but with free transportation. Option enrollment does not allow for that.

LINEHAN: OK, so the only difference is transportation?

ALLEN HAGER: Correct.

LINEHAN: OK, so we did away with transportation.

ALLEN HAGER: Correct.

LINEHAN: So are you saying that the schools don't know who's opting in and who's opting out?

ALLEN HAGER: Well, they do know who's opting in, but opting out, the socioeconomic diversity is not part of that data set that we can easily retrieve from those school districts.

LINEHAN: But shouldn't we do it and shouldn't we know where kids are opting to and opting out?

ALLEN HAGER: I would, I would like to say-- I believe, yes, that would be true. LB1067 removed all those requirements for us to be able to track that data.

LINEHAN: OK, thank you.

ALLEN HAGER: And this was in-- Senator Linehan, this was also in last session's technical cleanup bill as well.

LINEHAN: I didn't read it last time. This time I did.

ALLEN HAGER: Um-hum.

LINEHAN: OK, thank you.

ALLEN HAGER: Any other questions?

WALZ: Any other questions from the committee? I see none. Thank you so much.

ALLEN HAGER: Thank you.

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WALZ: Other proponents.

MIKE BAUMGARTNER: Good afternoon, Chairman Walz, members of the Education-- Chairwoman Walz and members of the Education Committee. My name is Mike Baumgartner, M-i-k-e B-a-u-m-g-a-r-t-n-e-r. I'm the executive director of the Coordinating Commission for Postsecondary Education and I am here today to support LB528. In terms of our work, LB528 does four things, which Ms. Barrett covered quite well, but I'll fill in any details if you have questions about it. First, it makes chains-- changes to terms used to identify postsecondary accreditors to conform to U.S. Department of Education regulations that went into effect July 1, 2020. The regulatory changes hinder the Department of Education's distinction between "nationally accredited" and "regionally accredited." The terms are no longer used or recognized by the Department of Education, which now uses "institutional accreditation" or "programmatic education accreditation." So the department is recommended to the states that state laws, regulations, and policies be changed accordingly. Second, LB528 would make Little Priest Tribal College and Nebraska Indian Community College eligible to participate in the Community College Gap Assistance Program. This change was introduced last year by Senator Kate Bolz in LB1076 and was supported by the Education Committee. The change will have a very small impact on the program overall, but it will open up some new opportunities at those institutions when they're part of the state. Third, LB528 would allow the Commissioner of Education to verify ACE eligibility to the commission for students at high schools participating in the Community Eligibility, Eligibility Program for school lunches. The most commonly used criterion for determining ACE eligibility is free and reduced lunch eligibility. So students at CEP high schools all qualify for ACE scholarships, regardless of family circumstances. Senator Murman kindly introduced LB950 last year for us to address this issue and the language in LB528 is the solution we ultimately worked out with NDE. Finally, LB528 repeals Section 85-9,140, which was passed in 2016 by Senator Sullivan and was at the cutting edge of states among that time, requires public colleges and universities to provide annually, to students who are borrowing federal loans, an estimate of the total dollar amount of federal education loans taken out by the student at the time the information is provided, the potential total payoff amount, including principal and interest, monthly repayment amounts, including principal and

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interest that are typical for their borrower, the number of years used to determine potential total payoffs, percentage of aggregate borrowing limit the student has reached at the time information was provided, and information on how the student can access online repayment calculators. The U.S. Department of Education is caught up with Nebraska and beginning with the 2021-22 school year, all students and parents, if applicable, will have to acknowledge receiving similar information directly from studentaid.gov. In order to avoid duplicating effort and cost at the Nebraska colleges and universities with the possibility of showing slightly different information, we ask that you repeal the 2016 act. Before making the suggestion to the Education Committee staff, we consulted with all public colleges and universities and systems and they support the repeal. Thank you.

WALZ: Thank you. Questions from the committee? Thank you so much. Next proponent.

BRYCE WILSON: Good afternoon, Chair-- Chairwoman Walz and Education Committee. I'm Bryce Wilson, B-r-y-c-e W-i-l-s-o-n, and I'm here to testify on behalf of the Nebraska Department of Education as a proponent on this bill. I'm, I'm mostly here to take questions, but I do want to start by just clarifying the difference between open enrollment and option enrollment. Open enrollment was specific to the learning community and only applied to the learning community, the 11 schools that were within the learning community during the time that they had the shared levy. It is no longer in existence as open enrollment. We do have students that had open-enrolled during that time. They get to finish out the school building that they were in and so they're called open enrolled-- open enrolled option students, so we, we make it real long. But option enrollment applies to all-- applied to all the other districts across the state. Open enrollment had its own set of rules where it-- the economic-- socioeconomic diversity was encouraged. They had mileage that was paid as part of that open enrollment. Like was stated, that was true of open enrollment. Option enrollment does not have those same requirements unless there's free lunch-- the, the student is a free-lunch student, then, then they will still have to pay for mileage for option enrollment. So that was the difference, really. Open enrollment applied to the learning community schools when, when the common levy was shared during that time and it has sunset now and so they're also under option enrollment. We also track and will know each of those

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students, where their resident district is and what district they're optioning are open-enroll-- open-enroll option-- now I'm getting all messed up on that-- open-enroll option students. So we, we know what those students are, which program they initially transferred schools under, and what their resident school-- we would have all that information. So other than that, I'm here to answer any questions that you may have.

WALZ: OK. Senator Linehan.

LINEHAN: So basically everything-- and you can't answer this. I'm going to say that, but I don't think you should answer it for your own good. But basically everything the learning community was founded for, diversity, making sure kids could go to whichever system, and the common levy to equal out the funding, that's all been done away with, right?

BRYCE WILSON: I would say no, actually, because there are some pieces of the learning community that are still in existence that still work to that. And that would be they are required to have plans, the community achievement plans still. And that's part-- it is factored into the TEEOSA formula where they have to be members of that or they, they will lose their aid. And so the 11 schools still have to work together to come up with a community treatment plan and they do have some-- there is some aid in the TEEOSA formula tied to that, but it's tied into still working together to-- for those districts to provide some of that, I guess the efforts around diversity and equity and those types of things. And then the other piece is the early childhood piece that the learning community still has. I think they have a cent-and-a-half levy that they still work together to provide early childhood services. So there's those pieces still left, but a lot of what was initially developed has changed.

LINEHAN: SO do you keep track of the diversity-- socioeconomic diversity of option students?

BRYCE WILSON: We would know that-- we, we have that information for students, yes, whether they're option or not option. I mean, we-- so we-- yes, we know their-- if they're option student or not and we would know-- we would have that information, yes.

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LINEHAN: So you could provide that to the learning community so they could report it. But anyway, let's hope. Let's go on. If I may, Chairman Walz, can I--

WALZ: Sure.

LINEHAN: So on page 15, the question-- I don't understand why we wouldn't-- based on the property tax request changes over the revenue, it's line 10, the total operating budget of name-- is this just schools or is this all subdivisions?

BRYCE WILSON: Well, I guess--

LINEHAN: We're in the, we're in the revenue legislation, so I'm confused as to why it's in this bill. But is this just for schools or is it all public subdivisions? It says-- so it's page 15, line--

BRYCE WILSON: I think it's all political subdivisions are, are under that now, so-- but the reason that it's in there is because when we were helping school districts with their budgets, we were-- there were quite a few times where we ran into a school district asking us how do we complete this when it says that our budget is going to exceed last year's, even though we're at-- we're going down by 2 percent? And so we were trying to address the language and so we-- I, I brainstormed a lot of different options and, and I see your point that you made earlier. I-- another wording, I'm not opposed to that. I just wanted to figure out a way to address or, you know, instead of saying our budget is, is increasing by a negative 2 percent, which didn't make sense either, we were trying to find a way to make it work for both increasing and decreasing because I think we had at least a dozen districts or more who had budgets that were decreasing. So it-- we were just trying to fix that issue.

LINEHAN: OK. I have others, but let other people ask-- I'm sorry.

WALZ: Any other questions from the committee? Senator Linehan.

LINEHAN: OK, so in all-- there's-- what is on the transportation thing you're changing?

BRYCE WILSON: Nothing. All we're doing is changing the language there. So, like, the first paragraph you were mentioning earlier, that only

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applies to elementary schools. The secondary schools is further down in paragraphs (c) and (d), where it talks about transporting for those students and, and that language is just changed to school district. But it was just changed in "schoolhouse" when we always used to have the Class Is and those types of things. That language isn't used anymore. So it was just to identify, again, clean up language, just say "elementary school" instead of "schoolhouse" and "secondary" instead of "public schoolhouse" when we talked about the--

LINEHAN: And on the one about the school funds, they can rent more than 640 acres to--

BRYCE WILSON: That's going to be-- that was a Nebraska Board of Lands and Funds change. I can't speak to that one.

LINEHAN: But I'm wondering if--

BRYCE WILSON: --or the Treasurer-- maybe that was the Treasurer's Office.

LINEHAN: --most lawyers know that.

BRYCE WILSON: What's that?

LINEHAN: Because this kind of goes against what you find in rural areas. Most of the time, they want to limit-- they want farmers in the area to be able to rent the land, so maybe-- I'll just ask them. OK.

BRYCE WILSON: As I'm not, I'm not familiar with what that change was, so--

LINEHAN: OK, that's all.

WALZ: Any other questions from the committee? I see none. Thanks for coming in today. Do we have any opponents for LB528? Anybody that would like to speak in a neutral position on LB528? I'm going to waive closing and that ends our hearing on LB528 and our hearings for this afternoon.