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Education Committee
February 26, 2007

[LB521 LB643 LB644 LB649 LB691]

The Committee on Education met at 1:30 p.m. on Monday, February 26, 2007, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a hearing on LB649, LB643, LB644, LB521 and LB691. Senators present: Ron Raikes, Chairperson; Gail Kopplin, Vice Chairperson; Greg Adams; Brad Ashford; Bill Avery; Carroll Burling; Gwen Howard; and Joel Johnson. Senators absent: None. []

SENATOR RAIKES: Good afternoon and welcome to this hearing of the Education Committee of the Nebraska Legislature. We are pleased you could be here this afternoon. We are going to hear five bills in the order they are listed the poster outside the hearing room. Well, we are going to stand you even though there are just three of us here, but more will come. I know at least one person has got to introduce a bill in another committee, but let me introduce the entire committee and they will come as they get the opportunity. Not a member of the committee but our committee's research analyst is Matt Blomstedt, and Matt will be over there when he gets here. Senator Brad Ashford is from Omaha; Senator Gwen Howard is from Omaha; Senator Carroll Burling is from Kenesaw, he is off introducing another bill about the state song, I think. I don't know if he is singing. To my immediate right is Tammy Barry, our committee's legal counsel; I am Ron Raikes, District 25; to my left is our committee's Vice Chair, Senator Gail Kopplin from Gretna; Senator Greg Adams from York will be here shortly; Senator Joel Johnson of Kearney, the source of much and various mischief of late; next to him will be Senator Bill Avery from Lincoln; Kris Valentin is our committee clerk, and also I will mention our pages are Marcus and Sarah and they do have last names and they know what they are. So we are pleased to have them here with us this afternoon. Okay. I will just mention quickly that we will use the light system on testimony. I think most of you are getting experienced with how we do that. I think we will probably do that. I think we will probably do five minutes today because we don't have, it looks, quite as many testifiers. Please turn off your cell phones. Also, please fill out a form before you testify and put it in that box, and we will hear proponent, opponent and neutral testimony before the close. I think that does it. So at this time I believe I will turn the committee over to Senator Gail Kopplin. []

SENATOR KOPPLIN: And this will open the hearing on LB649. Senator Raikes will make the introduction. [LB649]

SENATOR RAIKES: Thank you, Senator Kopplin and members of the Education Committee. Ron Raikes, here to introduce LB649. I represent District 25. That would be the prevailing district. [LB649]

SENATOR AVERY: The prevailing district? [LB649]

SENATOR RAIKES: Yeah, 25 out of 49. Prevailing. [LB649]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR JOHNSON: Okay. Thanks for telling us. [LB649]

SENATOR RAIKES: I actually do have some more to say on the introduction besides that. Actually, LB649 is really a very important bill. It is something we as a committee have worked on for a long time. It is a very important topic because it deals with the needs calculation in the main. There is a little bit on the resource side too, but mostly it deals with the needs calculation in the state aid formula for K-12 schools, and as you know the needs formula is a very significant and important driver in the amount of aid, both that we pay out as a state and the distribution of that aid to individual school districts. Very quickly, the way we do needs calculations now is we base needs calculation on actual past spending. We do a number of things to it, including increasing it to reflect current expenditures because the most recent data we have available to do the calculations are two years old. So we need to adjust them upward. We continue the practice of using actual past expenditures for calculating needs in the formula under LB649, but we make some very basic changes in how that is done. In the current formula, we divide school districts into three cost groups, standard, sparse and very sparse, and in effect there is separate calculation for each of those school districts. We do pretty much everything on a cost per student or average cost basis. LB649 proposes that we array school districts according to size. The school district in question, the five bigger and the five smaller. We calculate a basic funding based on that array. We have got a middle school, five bigger, five smaller. We throw out the highest and the lowest. We average the rest and that is the basic funding number. In addition, an important point is that when schools are less than 900 students we use total expenditures rather than expenditures per student, and that is, I think, a very effective way to deal with the issue of declining enrollments, which was one of the issues we were out to address when we began an effort to look at this sort of a funding framework. The basic funding is the actual expenditures less allowances and allowances...I am hoping you are maybe looking at the introducer's statement of intent because there is sort of a, or the bill summary because either one of them has got sort of a nice outline of the components of this. Allowances are a way to reflect in the needs calculation for an individual school district the expenditures that that individual school district actually encounters rather than using averages for all school districts. So we have basic funding plus allowances, and allowances include poverty, LEP, special education, special receipts, transportation, elementary site, elementary class size, focus school and distance education. Now a couple of those you will notice are a result of LB1024, which was enacted last year and is currently enjoined. So that is a bit in limbo. Once you get past the allowances, the next thing we add to the basic funding is adjustments, and these adjustments are changes in the basic funding for a school system depending upon costs they encounter or situations therein. Averaging is an adjustment that deals with school districts that have a below the state average cost per student. It is an effort to allow them to get up to the state average in what they spend. Teacher education is a way to address school districts that have a particularly experienced teaching staff as

compared to other school districts and give them recognition in their needs calculation that they need to pay those teachers more because of that experience and there is also a student growth factor. An important one is the next adjustment, local choice adjustment. This is an adjustment for maybe what is sometimes referred to as the small-by-choice schools. This is standard schools, schools that are not impacted by sparseness or a very sparse situation, and this is a way to adjust that needs calculation to reflect that that particular school district has made the choice not to go into a merger. It is actually a way that is less onerous, the LB649 approach is less onerous to the school district than the current approach where basically for standard cost group school districts you force everybody to use the average of all the school districts in the standard cost group. This allows these school districts to be compared to similarly sized school districts, but then makes the local choice adjustment to reflect the small-by-choice phenomena, if you will. I will just say that there are a number of provisions to this and, again, it is not something that is new this year, but it is something that I do think you need to be mindful of in terms of where we are in this process. I am of belief that at some point, and I don't know if we will get there this year but we may at least in part, this is a direction that we need to adopt in terms of the needs calculation in the aid formula. If you look at the fiscal note, it is very well done by the way as is usually the case, I think it is pointed out in there that the most expensive provision of this reformulation of the needs calculation is the averaging adjustment, and I would just conclude by noting that all of the provisions in this proposal are scalable in the sense that we have, for example, in the averaging adjustment there is 50 percent of the difference between the state average cost and the district's cost, and of course that can be changed, and if it were changed it would affect the fiscal note. So, again, I offer this for your consideration. I look forward to your discussion of these ideas and consideration of what difficulties schools now face financially that might be addressed with this sort of an approach. [LB649]

SENATOR KOPPLIN: Are there questions for Senator Raikes? Senator Johnson. [LB649]

SENATOR JOHNSON: Excuse me, Senator Raikes, obviously this is extremely complex and so on, but could you kind of go back to that place where you specifically mentioned the changing enrollments, particularly the ones that were declining as to how this affects them? [LB649]

SENATOR RAIKES: Okay, and that is a good question because as I mentioned when we first looked into this, there were maybe two or three or four sort of highlight issues that we wanted to try to address, and declining enrollments and the financial straits of schools that are facing declining enrollments was one of them. Currently, what we do in the aid formula is we come up with a group cost per student. So if you are calculating the needs for a school district, you simply take the number of students served times that cost group cost per student and that, in effect, is the needs calculation. So if you find

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

yourself in a situation where you are serving 10 percent fewer students than you did the year before, the aid formula says that you need 10 percent less money to operate that school system, which is counter to real life experience. That just simply isn't the way it works. The approach here is rather than converting everything to an average cost per student and then simply multiplying it times the number of students, we take, for school districts less than 900 students, we take the total cost, not per student but the total cost or total operating expense for each of those school districts and we average that so that, for example, if you have five schools above and five schools below, all that experience declining enrollment, the net result would be nothing in terms of how your needs calculation would come out because we are using total expenditures rather than expenditures per student. It is not very well explained, but that is the basic idea. Once you get above 900, we use average cost per student because school districts are spread out enough in size that using the total cost doesn't make a lot of sense arithmetically when you array them out. The other thing I would mention, and this gets into some of the manipulations, adjustments or whatever we have done in trying to work with this over the years, is that right now we do propose in here that you take the 11 districts, you throw out the highest cost and you throw out the lowest cost and average the rest. If, for example, you were interested in saying well, okay instead pegging the needs based on the average cost or the average fiscal performance, if you will, of a school district, we should aim higher than that. In that case, you might do something like you throw out the two highest and the one lowest so that you buy us the cost downward a little bit to reflect efficiency. But that is not necessarily a recommendation. All I am trying to indicate there is some of the flexibility you would have in using this sort of an approach to calculate needs. [LB649]

SENATOR KOPPLIN: Other questions? I have one. This elementary site allowance, 100 square miles per elementary building would be the only way you would qualify. Is that what this is saying? [LB649]

SENATOR RAIKES: Yeah. That is not a Gretna provision. [LB649]

SENATOR KOPPLIN: No. It wouldn't quite hit us. No. [LB649]

SENATOR RAIKES: It is a good question, because keep in mind now that in this proposal there is not a separate cost calculation, cost group cost, for very sparse school systems. They are arrayed right along with the rest of them. So the proposal here is instead of just putting them off in a group by themselves and letting us see where that goes, and by the way one of our key items in looking into this was the cost difference between very sparse and standard on a per student basis seemed to be skyrocketing off. So what we do instead of that is say, okay, let's consider and include the legitimate cost items that make a very sparse school system different from a standard and include those specifically in the formula, and the need to have elementary sites was one of them. The other thing, by the way, is that sparse and very sparse do not get the local

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

choice adjustment. The idea being that in their situation, they don't have the opportunity to merge with another district in order to increase the enrollment to a more efficient or cost-effective level. So you don't adjust their needs downward because of a small number of students. [LB649]

SENATOR KOPPLIN: Okay. Other questions? Senator Adams. [LB649]

SENATOR ADAMS: Let me ask a naive question because of the complexity of this. Who do you perceive to be the gainers and the losers in these adjustments that you are suggesting, the type of school? [LB649]

SENATOR RAIKES: Well, actually, and I am kind of using as a crutch my memory of the printouts that we ran, and we have done that in past years. Certainly the intended beneficiaries would be school districts that are experiencing declining enrollments and in the standard cost group. Frankly, you may find that some of the very sparse school districts would not get as much funding under this sort of a formula because the one possible explanation of that would be that the difference in cost group cost had gotten out of range with what really are the cost differences experienced. So just off the top of my head, those are a couple. [LB649]

SENATOR ADAMS: Okay. [LB649]

SENATOR RAIKES: Another one that I will mention because it turned out to be fairly significant is that the allowance for special education was intended to make special education receipts specifically available to the school districts that actually spent the money for special ed, rather than a broader cost group average. And so I think we had an instance or two where you have school districts that because of various policies they enact, their special education expenditures per student aren't as much as some others so they ended up with less money. So you get those kind of factors. But conceptually, even aside from those things, my feeling is it is sound because you want to allow the needs where the money is actually spent. It makes good sense to array schools according to size and use that to come up with a comparison base for how they get funded. And so I think there are a number of things here that just make good sense in terms of a change. [LB649]

SENATOR KOPPLIN: Other questions? Okay. Thank you, Senator Raikes. We will move now to proponent testimony. Are there any proponents? [LB649]

LARRY SCHERER: (Exhibit 1) Good afternoon, Senator Kopplin, members of the Education Committee, Senator Raikes. For the record, my name is Larry Scherer, and I am here today on behalf of the Nebraska State Education Association, a professional organization and labor union representing K-12 teachers, educational support personnel, postsecondary education faculty, and academic support professionals. We

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

are here today in support of LB649. I know it is a comprehensive piece of legislation and I don't truly understand all the pieces of it, but the explanation today did help. The portions of it that the association supports is the teacher education adjustment, which recognizes the impact that highly educated teachers can have on educational achievement of students. Research in education has shown that experience and training of teachers does positively correlate to student achievement, and LB649 would provide additional aid in recognition of that factor. Would provide additional aid for districts that have a higher than average number of master's degree teachers, or the equivalent, which is generally BA plus 36, as well as a doctorate degree. In addition, and I think Senator Raikes point was that LB649 recognizes the additional cost to school districts that employ teachers with higher academic credentials and the current formula does not. And just a side note here, a long time ago when this formula, in a far different form, was first enacted, there were some teachers education incentives in the formula. It was like \$150 for a bachelor's degree, \$200 for master's, and \$300 for doctorate. Obviously baccalaureate was required, having an incentive for that didn't make a whole lot of sense after a while. But those were in the formula and when LB1059 was enacted they were removed, and so we are happy to see the issue finally come up again in this legislation. The cost of hiring a teacher with master's is higher. We looked at some of our schedules, our salary schedules, and found that sort of an average of 1.16 and 1.20 for a master's degree or a B plus 36, and not many school districts have doctorate degrees in their schedules. But if you go to the highest level, you get up into the 1.4, 1.45 range and up to 1.5 for a doctorate. So in effect for the school district that means that for each of those teachers they are paying between 20 percent and 40 percent more in salary dollars, and this piece of legislation would recognize to some extent that additional cost. As I understand, this is an adjustment in district funding as opposed to an allowance, which is an addition onto basic funding for...the language says 13.75 percent of the basic funding and it is based on the ratio of teachers in these categories of the district compared to all the other districts in the state. That, we believe, does recognize those additional costs. How much actually of these additional costs it recognizes we don't know for sure, but it is definitely a step in the right direction and we support that. We would also support a continuing look at the impact of teacher experience and professional development. A lot of people would argue that a master's degree doesn't necessarily mean anything if there is training in a specific area that can have just as much impact. So continue to encourage the committee to look at other factors related to teacher experience and training. Thank you, and I would be pleased to try to answer questions if I could or track down the answer if I don't know it. [LB649]

SENATOR KOPPLIN: Are there questions for Mr. Scherer? I see none, Larry. Thank you very much. [LB649]

LARRY SCHERER: Thank you. [LB649]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR KOPPLIN: Next proponent. Are there opponents? [LB649]

MILFORD SMITH: My name is Milford Smith, M-i-l-f-o-r-d S-m-i-t-h. I am executive director of the organization Nebraska Coalition for Educational Equity and Adequacy. Some of the provisions by Senator Raikes we support. However, we have some questions because frankly we do not have the expertise to run printouts, although while I would like to see a few printouts. One of our concerns is local choice or small-by-choice adjustment. Some school districts are small and they are small by choice, but they have consolidated three or four times in about three or four different towns together, but they are still small. And some of them have a high cost. I do not know, but I assume that if you have a cost of \$14,000 per pupil and you are small by choice, you are not going to be funded that entire \$14,000 per pupil in the cost grouping that you are adjusted with. But those are some of our concerns that we are looking at. We would like to see more information, and until we can see some of the information and how it affects our membership, we will have to remain opposed. And that concludes my testimony. I would be happy to answer questions. [LB649]

SENATOR KOPPLIN: Are there questions for Mr. Smith? I don't see any, Milford, so thank you for being here. [LB649]

MILFORD SMITH: Thank you. [LB649]

SENATOR KOPPLIN: Next opponent. [LB649]

AL INZERELLO: Pro. [LB649]

SENATOR KOPPLIN: Are you proponent? [LB649]

AL INZERELLO: A proponent, yes. Is that right? Okay. [LB649]

SENATOR KOPPLIN: Okay. We will go back to proponent. [LB649]

AL INZERELLO: Oh, I am sorry. [LB649]

SENATOR KOPPLIN: We had an opponent in there. [LB649]

AL INZERELLO: Oh, I am sorry. Okay. Al Inzerello, I-n-z-e-r-e-l-l-o, assistant superintendent at Westside Community Schools, and I apologize, Senator Kopplin. I didn't get up here quick enough. But we are testifying in support. For a number years our school district has certainly appeared before this committee and tried to support efforts on the part of the committee to recognize all the costs that school districts incur in trying to promote the elements of district policy and procedures that affect learning. And certainly we have testified many times before about the recognition that you see

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

here in the basic funding elements that Senator Raikes has pointed out. In terms of the additional costs of districts certainly do incur for not only hiring people with advanced degrees but also encouraging those advanced degrees to be pursued by staff and recognizing those with the cost of getting them as well as additional salary dollars once they have been attained. Also class size is certainly an issue that we see as important recognition here, as well the focus school programs, distance education and the like. In fact the only thing that we have testified prior to that we think is missing here is the effort school districts are making in the area of gifted education. And those additional costs incurred for school districts that are adopting programs and staffing necessarily really address these issues with that segment of our student population is also a cost that many districts are incurring over and above basic needs as well. So we applaud Senator Raikes for certainly recognizing those and would like to support this bill. With that, I will close. [LB649]

SENATOR KOPPLIN: Questions for Dr. Inzerello? Senator Adams. [LB649]

SENATOR ADAMS: What kind of costs, do you know off the top of your head, do you have for gifted education? [LB649]

AL INZERELLO: Well, for our district, we would see somewhere in the neighborhood of about 180,000 extra dollars that we provide with just a program cost. These are additional costs associated with bringing in speakers and other folks to work with kids. As far as staff, we incorporated that additional training for our staff, so we have very few gifted teachers, but what we have is regular staff that have been trained in working with gifted students. So a lot of those costs are embedded in our regular staff costs. If we were to break all those costs out of our regular, I would imagine for our district we would be probably looking at \$600,000-\$700,000 out of a \$16 million budget. [LB649]

SENATOR ADAMS: And do you make applications for the grant funding? [LB649]

AL INZERELLO: We do. [LB649]

SENATOR ADAMS: I am assuming you are successful. [LB649]

AL INZERELLO: At times we are and at times we are not. A lot of it is for training, but the ongoing costs from year to year probably not as recognized. [LB649]

SENATOR KOPPLIN: Other questions? Thank you, Al. [LB649]

AL INZERELLO: Okay. Thank you. [LB649]

SENATOR KOPPLIN: Okay, back to opponents. Are there any other opponents? Anybody in the neutral? [LB649]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

BILL KUESTER: (Exhibit 2) Good afternoon, Senators. My name is Bill Kuester, it is B-i-l-l, Kuester is K-u-e-s-t-e-r. I am the superintendent for Nebraska Unified District 1, which represents the communities of Clearwater, Orchard and Verdigre in north central Nebraska. Our school district consists of 580 square miles and extends 55 miles north-south, 35 miles east and west. As many of you know, on June 1, 1999, our school district became the first unified district in the state of Nebraska. On June 2, this past June here, the unified board of education here voted unanimously to renew the interlocal agreement for another seven years, with the same three schools and in anticipation for continued success. I am testifying today on LB649 with the hopes that the Education Legislative Committee will consider recognizing our school district or any other unified school districts as being unique or different from any other school districts in the state of Nebraska for state aid calculation purposes. The learning community, which the Education Committee has discussed on a number of occasions, that is being proposed and unification has many similarities that make this a very unique and different than other school districts, such as multiattendance centers, advisory boards. We have a unified board, learning community I am not sure, but a major board, protection of individual school boundaries, and finance by a common general fund levy. LB649 in its present form causes our school district to suffer from a double whammy as it, one, it takes away the sparse category which results in approximately \$1,085,000 less state aid. I understand there is a hold harmless proposal factor in here, but that factor would only protect for a limited amount of time. The second double whammy that we would also see when we compare like-sized schools based on the General Fund expenditures. Since our school district's demographics does not allow us to have only one high school but three high schools, we will never fare well when we compare ourselves with like-size schools with only one high school. As an example, Madison Public School, who has like-sized student number population as Nebraska Unified District 1, would be one of the schools in the array of ten schools that is being presently proposed. Their General Fund expenditures for 2005-2006 was \$4,405,187, compared to Nebraska Unified expenditures of \$5,512,238, or about a \$1,107,051 difference between just the two school districts. This type of comparison of multiple high school districts with single high school districts will cause a decrease in state aid formula year after year. In conclusion, it is my hope that the Education Committee will consider making provisions that will allow for multiple high school attendance centers, much like the present bill allows for multiple elementary attendance centers in the present LB649 by providing increased factors that take in account the cost of educating students in grade 7-12 in multiple high school/junior high attendance centers. Thank you for your time, and I hope for your support on the provisions that were just listed on LB649. Thank you for your time. [LB649]

SENATOR KOPPLIN: Questions for Dr. Kuester? Senator Burling. [LB649]

SENATOR BURLING: Thank you for coming today. Your high school is 9-12? [LB649]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

BILL KUESTER: We have got a K-12 district here composed of K-12 education centers, attendance centers, at each one of the three communities. Our total K-12 enrollment in our district today is 504. [LB649]

SENATOR BURLING: So K-12 enrollment? [LB649]

BILL KUESTER: Yes. [LB649]

SENATOR BURLING: Okay. Do you have on the tip of your tongue the 9-12 enrollment? [LB649]

BILL KUESTER: I am saying probably 125-130, maybe more than that. I don't have that, Senator. [LB649]

SENATOR BURLING: Okay. Thank you. [LB649]

SENATOR KOPPLIN: Are there other questions? Seeing none, thank you, Bill. [LB649]

BILL KUESTER: Thank you. [LB649]

SENATOR KOPPLIN: Others in neutral testimony? Seeing none, Senator Raikes, would you like to close? [LB649]

SENATOR RAIKES: Thank you, Senator. A couple of points, and one I neglected to make when I should have. We are talking about basic funding and then allowances. You net the General Fund operating expenditures, you net out the allowance components, and then you put them back in for each individual school district. But I neglected to mention that our proposal is that you put in 85 percent of the amount actually spent into the needs calculation. In order to stimulate cost containment, you are going to get 85 cents out of every \$1 you spend back in the way of a needs calculation. So there is an incentive on part of the school district to save as much as they can. The unified school district is an interesting contrast here. Bill Kuester is right that the learning community parallels that development in many respects. It is interesting that none of the metro area schools that are being considered for the learning community, at least in the metro area, are experiencing declining enrollments and that really was the driver, I think, in past years when the Unified District 1 was formed. They were experiencing declining enrollments. So I think the point is made is a very interesting one. We do have in LB1024 a common levy for the metro area, which does in fact involve a separate needs calculation for each of the included school districts and, I mean, given that that common levy in the metro area has been so wildly popular, maybe that would be something that we can consider for the unified districts. [LB649]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR KOPPLIN: Questions for Senator Raikes? I do have one. Would you explain that 85 percent you just went through again? [LB649]

SENATOR RAIKES: So if you have spent...what is an allowance item in the...poverty program is an allowance. If you spent \$1 million in your school district to support your poverty programs, then in the calculation of your needs, first off in your component to the general funding, we subtract out that \$1 million and we used all the rest of what you spent and that is what gets averaged with the other school districts in the array to come up with the base funding number. Then when we go the next step to add the allowances in to come up with the needs calculation, we use 85 percent, or \$850,000 of the \$1 million, to come up with that allowance to be added to the base funding, and the reason for that is that we want in your operation as...oh, okay. I have got a correction here via messenger. Let me correct what I said. In getting from the basic funding to the adjusted basic funding, you subtract out 85 percent, not 100 percent of the poverty, and then you add back in 85 percent of the poverty. The idea being that you are encouraged as a school district to do what you can to make those dollars as efficient as possible. But it is a good thing you asked me because I was incorrect in my statement about subtracting 100 percent out. [LB649]

SENATOR KOPPLIN: Any other questions? That should close the hearing on LB649, and we will move LB643 and, again, Senator Raikes for an opening. [LB649]

SENATOR RAIKES: Okay. Thank you, Senator Kopplin, members of the committee, Ron Raikes here to introduce LB643, District 25. Again the...nevermind. LB643 deals with a provision in the aid formula, allocated income tax and net option funding. This has a fairly long history which I cannot explain every element to you. I think allocated income tax actually began in 1990 with the TEEOSA, LB1059, and the idea then was that you would use part of the state income tax payments for each school district to fund the operations of that school district. It has undergone several changes since then. For a while, why the income tax rebate sort of increased as income tax receipts for the district increase. Then in some year between then and now, it was capped at a certain level, and I think it was in the nineties. I can't tell you exactly what year it was. And I think it was yet another separate event that caused net option funding to be taken out of the capped amount of income tax rebate and the rest being then distributed to schools through the income tax rebate program. So the way it works now is whatever monies school districts have coming to them as net option funding gets taken off the top of the capped amount of allocated income tax, then the rest of the money is distributed to school districts as allocated income tax. This proposal would basically do away with both provisions. We would no longer have net option funding, and we wouldn't do allocated income tax. What impact is this likely to have on school districts? In terms of the net option funding under this proposal you as a school district would be funded for the students you serve based on the current formula cost group cost per student. So if you are an equalized school district, it would have very little impact. It would be pretty

much a wash on your operating expenditures. On the other hand, if you are a nonequalized school district, it may well have an impact. Because the way we calculate it now is if you are a nonequalized school district and you have net option students, we first calculate the amount of aid you receive or would receive for those net option students, and then for the remaining students, which are resident students, we calculate needs, subtract off your resources and then determine if there is any state aid, equalization aid. So for example, you might have a school district that, for example, has one third of its students as option students. They would get reimbursed for those option students, and it is pretty much similar to the cost group cost per student. But the point is that reimbursement sort of is done at the top. So then what you do is you take the remaining two thirds of students, which are resident students, calculate their needs and then compare that needs number with the resource base in the district, and you may well come out in that calculation that the needs is much less than the resource base so that they would be nonequalized. They wouldn't get any equalization aid, even though they may get a substantial amount of option funding. This proposal would basically say we are going to treat school districts as though...well, similar in the sense that they are going to be funded according to the number of students they serve, whether those are resident students or option students, and in fact the income tax rebate program would be no longer. Income tax rebate now, you understand, goes to both equalized and nonequalized school districts. So, again, I would refer you to the fiscal note, which I think is again very well done. They point out that because you no longer have income tax rebate that would be a reduction in state funding of schools, but there would be an increase in equalization aid because some of those school districts that wouldn't get income tax rate would be getting equalization aid to replace it. But when you put the two together, their estimate is there would be about a net \$3 million saving to the state in terms of the total state aid, equalization and net option funding combined. [LB643]

SENATOR KOPPLIN: Are there questions for Senator Raikes? Senator Adams. [LB643]

SENATOR ADAMS: So tell me again, in a nonequalized district, in a land-rich district, we do away with the income tax, are we in effect taking away their ability to grow? [LB643]

SENATOR RAIKES: Grow in the sense... [LB643]

SENATOR ADAMS: To cover their costs. [LB643]

SENATOR RAIKES: Oh, no, no. As I have often said, when I come back in my next life, I either want to be a cattle buyer or a nonequalized school district because the definition of a nonequalized school district is that they have resources in excess, just through their property valuation, in excess of what they need in order to serve the students they are to educate. So I have some information here, which I will get passed out to you, but I don't now, which I believe there are 38 nonequalized school districts in the state. I think

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Transcriber's Office

Education Committee
February 26, 2007

that is the right number. Some of them don't receive net option funding but some of them do. The biggest one is \$12 million in net option funding. The next highest, by the way, is about \$750,000. So there is a big variation, but those two are both nonequalized school districts, meaning that if you look at their resident students and the needs of those students and you compare that needs number with the resource base at the local effort rate, which is 95 cents, they have way more funding or at least more funding than is required to meet the needs just based on property tax at the local effort rate alone. So there is not a danger of destroying a nonequalized school district's ability fund. Now you might, at worst case, end up having a nonequalized school district become an equalized school district so that they are then, in fact, eligible for equalization aid. And one of these districts, I think, that would be the case. [LB643]

SENATOR KOPPLIN: Senator Ashford. [LB643]

SENATOR ASHFORD: I see what you are saying and I understand because the income tax, when we rebate or whatever it was when we did it in 1990, was another source or designed to be another source of funding because there were going to be restrictions on property tax to some extent. And so this other money was put into it and that is oversimplistic. But now if we were to do this how does...and to your point you would like to come back in your next life as an equalized school district, which is a good thing, nonequalized I mean. How is that consistent with caps then? [LB643]

SENATOR RAIKES: Well, caps affect all the districts. It is just that a property-rich district, which is another way of saying a nonequalized school district, would even under the cap... [LB643]

SENATOR ASHFORD: Do fine. That is the theory. [LB643]

SENATOR RAIKES: Yeah. And it is assuming, very naively put that statement by me, is assuming that availability to a property tax base by a school district is just the same as receiving equalization aid, and a lot of folks will tell you that, no, they are not quite the same. [LB643]

SENATOR ASHFORD: And why wouldn't...I mean that is a good point. [LB643]

SENATOR RAIKES: Well, a number of reasons, I mean, in a very broad sort of off the base you need a property tax base to levy for school buildings, and so the more you have in the way of valuation per student the less you have to load down each property tax payer to pay for the building. But the other thing is that the aid formula is behind the valuation usually by a year or two so that you get credit for a little less valuation in the resource calculation in the aid formula than what you actually have. Plus, we have a difference between the local effort rate and the levy cap, which is available to school districts to levy against also. [LB643]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR ASHFORD: And under this, even if they are nonequalized, they would still be, the restrictions on the budget increases would still... [LB643]

SENATOR RAIKES: Right. All of that stuff would... [LB643]

SENATOR ASHFORD: Everything stays...and because the option funding comes out of the income tax rebate money, that would go away. [LB643]

SENATOR RAIKES: Right, right. But, again, for an equalized school district, it is pretty much a wash. Either I am going to get paid for this student from the adjoining district that I educate through the option funding program or I am going to get equalization aid based on the cost group cost, and the option funding and the cost group cost are pretty much based on the same thing. [LB643]

SENATOR ASHFORD: Right, I agree with that. But how many option students though has nothing to directly do with the state aid formula because a school district like Westside is nonequalized, but it has aid that follows the option student as that option student comes in. If we did away with that option funding, then some of the students may come in, some of them may not. If you assume they all come in, then you would have to make the calculation determine how they become equalized arguably, potentially, but we don't know until the calculation is made. [LB643]

SENATOR RAIKES: Right. You are right. Preliminary rough calculations are that in Westside's case they would become equalized. [LB643]

SENATOR ASHFORD: It would become equalized. And is that based on the number of students that come in, that calculation, or is it also broken down by the type of student and that sort of thing? [LB643]

SENATOR RAIKES: Well, I think that includes a description of the demographic characteristics of those students. But basically in the latter situation, you are going to be calculating the needs of 6,000 students against the resource base of Westside versus currently you are calculating the needs of about 4,000. [LB643]

SENATOR ASHFORD: Yeah, 3,700 against. Okay. I understand. And one of the policy considerations is that everyone is on the same system. There are more policy considerations than that, but I mean... [LB643]

SENATOR RAIKES: Well, it is a very interesting point because I think you can argue that if the intent at the state level were to create a situation in which all school districts were equalized, that might be a good thing, because then there is kind of a common base of funding per student that we need to recognize everywhere. And certainly one of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

the things is, as you know, we have been involved in for years is resisting the effort of a school district to isolate it off so that it gets itself in the situation where we have all the property and none of the students and they have all the students and none of the property, and lo and behold, our property tax base is high but our property obligation is really low. And of course when you do that, when you allow that to happen, then who comes in and picks up the difference? It is the state. [LB643]

SENATOR ASHFORD: Right. [LB643]

SENATOR RAIKES: And so it is a matter of good state fiscal management to say that we should move toward equalization, not away from it. [LB643]

SENATOR ASHFORD: Right, right. So a district like a Westside that has 3,700 indigenous students, if it had no transfers or no option students, it would have a substantial amount of property tax base to take care of those students, but it would be a much different system. Let me ask just one more question so I understand, because I don't...and we may have to talk about this in executive session. I am not sure. Prior to LB1059, and Alan probably knows this, but prior to LB1059, when we didn't have option then, we still had equalization aid, but it was done a different way, wasn't it? [LB643]

SENATOR RAIKES: It was, and it is a very good question and I can't really explain to you the details, but it was not as involved in equalization formula as we now have. [LB643]

SENATOR ASHFORD: Right, right. [LB643]

SENATOR RAIKES: Yeah. LB1059 was actually a fairly significant step. [LB643]

SENATOR ASHFORD: Okay. Thank you, Senator Raikes. [LB643]

SENATOR KOPPLIN: Other questions? Senator Raikes, I think you said there would be...the fiscal note says the state could save \$3 million doing this, but that could still result in some big drops in specific districts, would it not? [LB643]

SENATOR RAIKES: In total funding available to the district or funding per student or both? Yeah. With the current system, you could end up with a nonequalized school system that would have more funding available per student than a neighboring equalized school district. Westside, as Senator Ashford explained, that...in effect what would happen is that you might get whatever the cost group cost is, \$6,000 per student for all the students you bring in as option students. Then you would have your entire resource base in Westside to levy against to support the remaining 4,000 students. So when you add those two together, the amount you have available per student would be higher than a neighboring district that is equalized. And simply when you calculate

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

needs and subtract off resources, you come up with a positive number versus in Westside, in the example of Westside, if you calculate the needs for 4,000 students and subtract off the resource base in Westside, you come up with a negative number. In other words, resources exceed needs. So when you count that resource base plus the net option funding available, the total funding per student available for those 6,000 students served at Westside would likely end up being higher than a neighboring equalized district. [LB643]

SENATOR KOPPLIN: Okay. Senator Ashford. [LB643]

SENATOR ASHFORD: Can I just follow up with that? The state determines the cost per student per group, doesn't it? [LB643]

SENATOR RAIKES: The state does the calculations. In effect, the spending by the school districts themselves are really the driver for it, but yes, you are right. [LB643]

SENATOR ASHFORD: But based on the budgets that are submitted they come up with an amount, but it is a compilation. The state doesn't dictate it necessarily. [LB643]

SENATOR RAIKES: Right. [LB643]

SENATOR ASHFORD: If a school by group, by sparse, very sparse, standard, there is a cost per student in there of \$6,000 or whatever it is. If a school district spends \$8,000 per student and it is not equalized and the cap is there, how do you get to the...we are talking in abstractions, but how do you get to the amount that you need per student that your district feels that it needs to educate, and you override the cap I guess? [LB643]

SENATOR RAIKES: Well, maybe one way to illustrate your point, two school districts that each serve 300 students. One of them is relatively property rich. The other one is relatively property poor. The relatively property-poor one is going to have to count on state aid in order to get the money it needs to operate the school and state aid, there is only going to be a limited amount of needs and you can only levy so much so they are sort of held in check. The property-rich district, if they have enough property per student, can pretty much ignore what the needs calculation because they are not going to get any equalization aid and they have got enough valuation per student that maybe even by levying less than \$1.05 they can end up with well more than the funding available to the property-poor district. [LB643]

SENATOR ASHFORD: I see the theory. Thanks, Senator Kopplin. [LB643]

SENATOR KOPPLIN: Anyone else with questions? Thank you, Senator Raikes. Let's move to proponent testimony. [LB643]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

VIRGIL HORNE: Senator Kopplin, members of the committee, my name is Virgil Horne, H-o-r-n-e, and let me say right up front that as far as state funding is concerned, this bill will have little impact on Lincoln. One thing that it will do, right now your payments for option students come in ten installments, and from that standpoint, it would just transfer over with our state aid so that would not make a whole lot of difference there. I did want to talk about a couple of things. You have recently heard a bill on core funding for ESUs, which is being proposed to go to equalization as well. So you can see that the concept is beginning to grow from that standpoint, and that is one of the reasons why we support this bill. The other thing that I seldom, if ever, do is correct the Chair of the committee on his own bill, but there are, in fact, 35 nonequalized school districts, but that is in the standard cost grouping. There are seven nonequalized school districts in the sparse school districts, and there are seven nonequalized school districts in the very sparse grouping. And the reason I bring that up and the only reason I know that is because I'm sitting next to that guy over there who knows all of it. Fortunately, he has his book with him, Russ Inbody from the state Department of Education. Otherwise I wouldn't know this. But here is the point I am trying to make. For the standard cost grouping, the average cost per student is \$6,193. For the sparse, it is \$7,976 and for the very sparse, it is \$9,486. Now when you average those in, that gives you an average of \$6,381, approximately \$200 more per student than the standard cost grouping. So when a school district in a standard cost grouping has option students, even though they are not equalized, they are benefiting from the cost of the sparse and the very sparse. So they are actually getting a higher amount of reimbursement than they would get otherwise because of the inflationary factor of having the very sparse and the sparse school districts involved as well. We think that if we are going to go in the direction of greater equalization across the board that this is just a logical next step to do that. That concludes my testimony. [LB643]

SENATOR KOPPLIN: Questions for Virgil? [LB643]

SENATOR ASHFORD: Virgil, how much does Lincoln spend per student? [LB643]

SENATOR KOPPLIN: Senator Ashford. [LB643]

SENATOR ASHFORD: Sorry, Senator Kopplin. [LB643]

SENATOR KOPPLIN: Just for the record. [LB643]

VIRGIL HORNE: I don't really know off hand. I will get that to you. [LB643]

SENATOR ASHFORD: You don't need to get it to me, but it is probably... [LB643]

VIRGIL HORNE: Well, it is higher than that. It is higher than the \$6,100. I am going to guess it is around \$7,000 or \$8,000, but I don't know for sure. [LB643]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR ASHFORD: But if option enrollment were to go away then there wouldn't be that inflation. [LB643]

VIRGIL HORNE: Well, the option enrollment, the inflationary factor comes in because... [LB643]

SENATOR ASHFORD: Of the average. [LB643]

VIRGIL HORNE: ...of the averages. [LB643]

SENATOR ASHFORD: But if there weren't option enrollment anymore, which this bill contemplates, then that would... [LB643]

VIRGIL HORNE: But then Lincoln would then lose that as a resource so it would make it up because it is an equalized school district. [LB643]

SENATOR ASHFORD: Already. [LB643]

VIRGIL HORNE: Yes. So as I said when I started my testimony, this bill really as far as financially has very little impact to the best of my knowledge on the... [LB643]

SENATOR ASHFORD: Because that child would be counted one way or the other. [LB643]

VIRGIL HORNE: One way or the other. [LB643]

SENATOR ASHFORD: But it would be \$200 less than your cost. [LB643]

VIRGIL HORNE: Well, no, it would be greater than that for our cost because we spend higher than the average. [LB643]

SENATOR ASHFORD: You spend more, but as far as higher state aid is concerned, you would lose \$200 per student. [LB643]

VIRGIL HORNE: Right. [LB643]

SENATOR ASHFORD: Okay. Thanks. [LB643]

SENATOR KOPPLIN: Anyone else with questions? Thank you, Virgil. Next proponent. Are there opponents? [LB643]

AL INZERELLO: Senator Kopplin, members of the committee, Al Inzerello,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

I-n-z-e-r-e-l-l-o, assistant superintendent at Westside Community Schools. Let me start I guess by saying if I don't do this fairly well, I am probably going to be asked to buy and sell cattle here next week (laughter) and get out of the education business. Very quickly though, the history behind this income tax rebate, again, was originally voted on across the state by the people. It was not a legislative action. It was really done statewide in an election, and it really was done in effort to respond to the property tax issue. The notion was at the time when this was passed that 20 cents of every income tax dollar would return back to every local school district statewide, and the idea was... [LB643]

SENATOR ASHFORD: The Legislature passed it first though. [LB643]

AL INZERELLO: Right. [LB643]

SENATOR ASHFORD: So it was the legislative... [LB643]

AL INZERELLO: Well, what I am saying it was confirmed by the voters in Nebraska. Okay. [LB643]

SENATOR ASHFORD: Right, but we passed it. [LB643]

AL INZERELLO: Right. And so today that 20 cents with LB1050, I believe, was passed in '94, changed the routing of those dollars basically, and what was happening at the state at that time with education funding is the income tax rebate per se became disqualifying in terms of how much school districts were getting. So the adjustment was made, it was capped at \$102 million, and so on. That adjustment was huge in terms of how it played out. Today, those incomes tax dollars are returning not 20 cents of the dollar, but probably somewhere between 7 and 8 cents on the dollar back to local school districts, and that is because of the natural reduction with the \$102 million cap. But that is kind of history. Okay. What really the point I would like to make with the committee is that there will be a loss here that I think needs to be explained. We just discussed LB649, which is a bill that will hopefully going to try and recognize costs that school districts incur. Westside is a school district that does certainly spend higher than the state average by far in terms of its per pupil cost and the kinds of programs that we offer our students. We do have well over 2,000 option students, a third of our students come into our district. And it is exactly right. Senator Raikes is exactly right. We have certified last year, this year for \$12 million in income tax rebate. It is the only state aid we get that recognizes. But we get those 2,100 students. I want to make sure the committee understands that. That with that \$12 million comes 2,100 students to educate. We are not having any property tax dollars flow into our district, as I am sure you know. Now the offset there is there is a certain amount of support, Senator Raikes is exactly right, that our local property taxpayers are providing to those 2,100 option students. Now what is the difference or what is right? I don't know. I do know this. That best calculation we can make is if the \$12 million in option funding went away it could

be replaced by as much as \$8 million, maybe up to \$9 million in equalization money. That leaves a gap anywhere between \$3 million and \$4 million. For us, that could be as much as 12 cents on the local levy. Now should our local taxpayers who are already over the levy override, have already approved an override, be asked to maintain their current level of spending for all students in our district plus the 2,100 option students now increase their local property tax to maintain that, not to increase spending but to maintain that level of spending. Twelve cents on the levy in addition to the already support they are providing. Now, our option is to obviously cut costs, send those districts back. The last point I want to make, I am just saying that it certainly is not a wash for the nonequalized school district, and the only one I can tell you about is Westside. On the equalization side, I am sure Senator Raikes is absolutely correct. The other thing I would...and last point, I know I am over time, is the issue of the change in the policy. Now we took 2,100 students. We started, I believe, the first year of option, we started with 63 students and that gradually went up. Westside, also a bit of history, was the only district to oppose the net option program when it was adopted by the state. Now we are sitting at 2,100 students under this policy. If we change the policy, we still have the 2,100 students. Should Westside have the option or other districts have the option to then change the rules? Are we going to send so many students back to their local district? I don't think so. Those families wouldn't certainly appreciate that. So one option would be is there a way to phase this in? In other words, if we are going to call a halt to the policy, then should we maintain at least a period of years into the future to at least allow that funding to continue for the existing students, or at least most of them, so we can back out of this policy financially for the school district as well as policywise for the state? And it seems to me there should be some kind of mechanism, and there is also a history for that as well in this body that when policy decisions occur to that extreme that there is some kind of equitable phase in or phase out of the policy. With that, I will close, and I apologize for going over. [LB643]

SENATOR KOPPLIN: Okay. Questions? Senator Avery. [LB643]

SENATOR AVERY: It looks to me like you have a phase in, not a long one. How long of a phase in are you looking for? [LB643]

AL INZERELLO: Well, for example, right now we have out of the 2,100 students, I am guessing we probably have about 100 kindergarten students. Those students are going to be with us for 12 years. Add another 100-120 at second grade, 11 years. Add another 100-120 at third grade. So, Senator, I appreciate your question very much. I don't know what... [LB643]

SENATOR AVERY: You and I will be retired by then. [LB643]

AL INZERELLO: I know, but it is kind of like we have got a responsibility long after we leave as well. And I don't know what is equitable, Senator. I think your question is very

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

fair. Should all 12 years of those students go out? Probably not. But to just cut it off within one fiscal year I see as problematic for the taxpayers in our school district who are going to bear in order to keep that same program in place, it is going to be problematic, and it is a significant issue. If we were just up here and the exchange on this were only a matter on our local budget of \$700,000-\$1,000,000, we would be talking 4 cents on the levy. I think that is something we can do and, again, I am speaking for a lot of folks that know nothing about this bill. But to the extreme that at least I would foresee on this, I think there needs to be at least some discussion on the right policy here to phase out of this statewide policy. [LB643]

SENATOR KOPPLIN: Okay. Other questions? Senator Ashford. [LB643]

SENATOR ASHFORD: What are we paying? Is it \$1.28? [LB643]

AL INZERELLO: We are currently just under \$1.29, Senator. [LB643]

SENATOR ASHFORD: And how much of that that we are all paying together? How much of that? That is a lot. [LB643]

AL INZERELLO: We are at 11 cents. We are currently just over 11 cents just over the \$1.05 levy cap, not counting exclusions and bond fund. [LB643]

SENATOR ASHFORD: All right, and additional amount that is bond funding. [LB643]

AL INZERELLO: Right. [LB643]

SENATOR ASHFORD: And the bond funding is for construction. [LB643]

AL INZERELLO: Correct. [LB643]

SENATOR ASHFORD: And that construction was the high school primarily, or were there other things? [LB643]

AL INZERELLO: No, that was the high school. [LB643]

SENATOR ASHFORD: Now those are the renovations in the high school. [LB643]

AL INZERELLO: Right. [LB643]

SENATOR ASHFORD: Okay. So that got us to the \$1.28. But if it weren't the bond funding, we would be at \$1.18? [LB643]

AL INZERELLO: Correct. [LB643]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR ASHFORD: And so if Westside were to not receive the option funding but would become an equalized district, the calculation...there would a loss of \$3 million or \$4 million. [LB643]

AL INZERELLO: Right. We think it is in that area. It is very difficult, obviously, without knowing exactly where the numbers fall... [LB643]

SENATOR ASHFORD: I know. But it's something, some gap, and then at the end of...the bond funding coverage, that is finished next year or the year after. [LB643]

AL INZERELLO: Well, no, we will have that, Senator, for probably 11 years yet. [LB643]

SENATOR ASHFORD: On the school? [LB643]

AL INZERELLO: On the school, right. That was a 16-year bond. Right. [LB643]

SENATOR ASHFORD: And how much of that is the bond fund? It is a difference of 9 cents. [LB643]

AL INZERELLO: Yeah. Right. That is just over 8 cents right now, about 8.5 cents. [LB643]

SENATOR ASHFORD: That is a constant for... [LB643]

AL INZERELLO: That is a constant. Correct. [LB643]

SENATOR ASHFORD: So the override then is 9 cents? [LB643]

AL INZERELLO: We have the authority, Senator, if I may, to go to \$1.22 over the \$1.05. So essentially that is what our limit is. Of that, we are currently using about 11.5 cents. [LB643]

SENATOR KOPPLIN: Okay. Other questions? One more question. Senator Ashford. [LB643]

SENATOR ASHFORD: I have one more question, I guess, because I just want to understand. I am sorry, Senator. I just got to understand this. So if we, and we can talk about this later but for the record so I understand it, if we took at Westside no option students at all and no transfers and we were down to 3,700 kids, arguably we would have no state aid. [LB643]

AL INZERELLO: Right. Right. Exactly, Senator. But we also need to follow the law, and

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

the law is that we have option students. [LB643]

SENATOR ASHFORD: Now if we had no option, no option students. [LB643]

AL INZERELLO: But I think... [LB643]

SENATOR ASHFORD: I am not trying to catch you here. [LB643]

AL INZERELLO: No, I understand. [LB643]

SENATOR ASHFORD: I am just trying to understand. I am just trying to understand the formula, which I have never understood in 20 years. So if we had 3,700 students in District 66, no option students, no transfer students or very few, and we had our property tax base to take care of those students, we would arguably have the same property tax base that we would have for taking care of the other 2,000 students. [LB643]

AL INZERELLO: Right. [LB643]

SENATOR ASHFORD: So we could have the same amount of money. [LB643]

AL INZERELLO: We would have a much lower property tax rate. Exactly. [LB643]

SENATOR ASHFORD: We would? [LB643]

AL INZERELLO: Oh, yes. [LB643]

SENATOR ASHFORD: But our property tax rate is based on... [LB643]

AL INZERELLO: Well, we would have that many fewer students or teachers, we would have that many fewer programs, we would most likely have closed a building or two to deal with 3,700 students across the district. Yeah. [LB643]

SENATOR ASHFORD: But then the formula works in that case. [LB643]

AL INZERELLO: Yeah, oh yeah. We would still be nonequalized. Absolutely. [LB643]

SENATOR ASHFORD: We would be nonequalized. We would receive nothing in state aid and we would have 3,700 to take care of, we close a couple of buildings, run everything up through the high school, but we would still have a pot of money from the property taxes. [LB643]

AL INZERELLO: Exactly. [LB643]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR ASHFORD: Okay. So we have decided to take the option students. [LB643]

AL INZERELLO: Right, but as every other district, we follow the law in the state and children have the right to option into our district just as anywhere else. Right. [LB643]

SENATOR ASHFORD: Okay. Thanks. [LB643]

SENATOR KOPPLIN: Senator Adams. [LB643]

SENATOR ADAMS: In addition to what Senator Ashford was saying, besides the levy limit, what about the spending limit? How does that figure into this for a school like Westside? [LB643]

AL INZERELLO: Well, we have been fortunate I think over the years, Senator, in that our board has always approved, whether we used it or not, has always approved that additional 1 percent of additional authority. So on the budget side, we are in pretty good shape there. We carry a little over \$6 million in unused budget authority. So we are able to pretty well live between the 2.5 plus 1 has been okay for us. Okay. It is all on the levy side. [LB643]

SENATOR KOPPLIN: Other questions? I have just one, Al. Your option students, unless the law has changed, once they are there two years they are your students. [LB643]

AL INZERELLO: They are considered residents. Right. [LB643]

SENATOR KOPPLIN: So you could not change those figures at all. I mean you couldn't decide not to do those, at least ten grades of students. [LB643]

AL INZERELLO: Exactly right, Senator. Someone that started with us in kindergarten that is now in second grade is our resident student, is considered our resident, even though their address is outside our district. Correct. [LB643]

SENATOR KOPPLIN: Okay. Any other questions? Thank you, Al. Next opponent. [LB643]

JERRY HOFFMAN: (Exhibit 3) I do have some handouts for you as well. Vice Chairman Kopplin, senators of the Education Committee, my name is Jerry Hoffman. I represent the Nebraska State Education Association. For the record, the spelling of my name is J-e-r-r-y H-o-f-f-m-a-n. NSEA opposes LB643 because it eliminates net option funding and the allocated income tax funds from the local resource beginning with the school year 2008-09. What I have handed out is just the printout from the state Department of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

Education, the state aid certified, and what I have identified as yellow is just the addition of the summing of two columns, net option funding plus income tax rebate divided by total resources, to get some idea of what impact this may have on local school districts. I understand the fiscal note says \$3 million savings to the state, so I am not sure how this will play out the micro level, but at least for the aggregate, this is what it may show. In total, there are \$73.8 million in terms of resources for the combined net option funding and income tax rebate according to the most certified state aid numbers, and I just want to make a few summary comments from this handout. First of all, just looking at it from an absolute standpoint, Dr. Inzerello just indicated Westside, with over \$13 million, would be affected, not necessarily lost but that is the amount of resources they would be looking at. That is 27 percent of their total local resource base. Millard is nearly \$10 million, Omaha is nearly \$5 million, and Lincoln has over \$4.8 million. Second, when you look at the sum of the net option funding and allocated income tax funds as viewed as a percent of the local resources, Northwest loses over 46 percent from its local resource base, Blue Hill 35 percent, McCool Junction 31 percent, and Minatare 24 percent from its base. It affects that percent of the base, not necessarily loses it entirely. State laws already limit spending growth of public schools, constrained their levying capacity on property taxes, and during economic recessions make cuts in state aid. Yet as we all know, the educational needs of Nebraska's students and prekindergarten through 12th grade are increasing and becoming more diverse. To sufficiently meet these needs, Nebraska needs a system of financing of public schools that optimizes and broadens the tax base. The history around LB1059 is an important one as this element added to it by the Legislature overrode a gubernatorial veto and ultimately 56 percent of the population repealed Referendum 406 for the very purpose that they wanted to see a broadening of the tax base to support public schools as a way of lessening the demands that it makes on property taxes. So for these reasons, NSEA supports the retention of net option funding and allocated income tax funds as a resource base to broaden that pool and opposes LB643. I would be happy to try and answer any questions you may have. [LB643]

SENATOR KOPPLIN: Okay. Thank you, Jerry. Are there questions from the committee? Senator Ashford. [LB643]

SENATOR ASHFORD: Yeah. Thanks. Just a couple of questions. One is, and I don't know about Northwest because it is not my area, but if option enrollment were...and I think those are two issues by the way, option enrollment and the income tax are two separate issues. [LB643]

JERRY HOFFMAN: Are two separate, that is right. [LB643]

SENATOR ASHFORD: Because I think when we did that income tax rebate we were broadening the tax base. I agree with you. But I don't think it was contemplated that it was going to fund the option enrollment program. I think it was just broadening the tax

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

base, and I absolutely supported that. And I agree with you. I think that is sound public policy and we should keep it. But if we were to...just getting to option enrollment for a moment because I think it does impact property taxes. If you broaden the tax base, it obviously is going to have an impact on property taxes. But if we did away with option enrollment theoretically and all of the resident students stayed in the district where they resided, how would that...let's start there. Then Westside would lose option enrollment money, granted they would lose that money, but the other districts where the students reside would gain state aid, would they not? If a student from OPS goes back to OPS to school, that student would be counted in the equalization formula. [LB643]

JERRY HOFFMAN: For OPS, yes. [LB643]

SENATOR ASHFORD: So OPS would pick up state aid theoretically. [LB643]

JERRY HOFFMAN: I think that is how the formula would measure needs because it would have more students in their district. If you held constant local resources, then theoretically equalization aid would increase or alternatively it would decrease for the school district that... [LB643]

SENATOR ASHFORD: That lost the student. Right. [LB643]

JERRY HOFFMAN: ...loses that students under that same scenario. [LB643]

SENATOR ASHFORD: Right. I guess my point is there are two separate issues and if we could continue by continuing the broadening of the tax base and allocate those funds in a different manner, the manner would be more program-focused or directed. That could be another option than having it fund option enrollment. [LB643]

JERRY HOFFMAN: That is another option. Certainly. [LB643]

SENATOR ASHFORD: You just don't want to lose the tax base and neither do I. [LB643]

JERRY HOFFMAN: The preference is to broaden it. [LB643]

SENATOR ASHFORD: Broaden it and not lose it. [LB643]

JERRY HOFFMAN: That is right and I agree that they are two separate issues, although I think it is...correct me if I am wrong, I don't understand the whole mathematics of it, but I think it is the fact that option enrollment is deducted from the income tax rebate. [LB643]

SENATOR ASHFORD: It is. Let's say you took option out of there altogether and you

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

had \$102 million. Now it's capped at \$102 million, unfortunately, and the reason it was capped was to meet other budget needs of the state, or if it had been allowed to grow, we would have had a lot more money in there for education. [LB643]

JERRY HOFFMAN: At 20 cents on the dollar. So the math brings the two together when the policy implications are likely to be quite separate. [LB643]

SENATOR ASHFORD: Right. Those are good points and those are good answers. My only last one would be I don't think the voters necessarily voted...I think they voted to broaden the tax base. I don't think they voted to cap it nor did they vote to have the money go to option enrollment. I think what they voted for was a way of diffusing the impact of...I don't know what they all voted for but I think most people probably voted for a way of diffusing the impact of education funding away from property tax to other tax sources. [LB643]

JERRY HOFFMAN: I think that is the right interpretation. It is amazing in terms of history of school finance that in 1990 to add income as a resource component for public schools was quite significant. [LB643]

SENATOR ASHFORD: It really was, and I think we have lost it because it is capped. It is capped, and if we can't use it for programs, we can't use it for those things. Thanks, Senator Kopplin. [LB643]

SENATOR KOPPLIN: Other questions? Seeing none, thank you, Jerry. [LB643]

JERRY HOFFMAN: Thank you very much. [LB643]

SENATOR KOPPLIN: Are there other opponents? Neutral testimony? Senator Raikes, would you close, please? [LB643]

SENATOR RAIKES: I can't resist. I apologize. This is a great discussion, several good points. First, regarding the push toward equalization, there are a couple of factors in Nebraska that make more nonequalized school districts appear, and by the way, even though my number is wrong of 38, I am sticking with it. One of them is increasing valuations, and the other one is declining enrollments. When you get those two factors and the current formula bases the needs calculation on those two things, we end up having more nonequalized school districts. I would just tell you that we are in tax policy season here, along with education season. Wouldn't it make a lot of sense if you are really concerned about property taxes and you believe that equalization is a good concept, which I certainly do, wouldn't it make sense to use whatever fiscal resources we have to lower the levy cap instead of to cut the income tax rate? I don't know how I got off onto that but... [LB643]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR JOHNSON: I am not going to ask any questions. [LB643]

SENATOR KOPPLIN: Are there questions for Senator Raikes? [LB643]

SENATOR ASHFORD: That is a good point. [LB643]

SENATOR KOPPLIN: Okay. That will end the hearing on LB643, and we will open on LB644. [LB643]

SENATOR RAIKES: Thank you, Senator Kopplin, members of the committee, Ron Raikes, LB644, District 25. LB644 is another state aid issue for you to consider, and this one would add a component in the needs calculation for students served in summer school. And it would have some needs impact for any student served in summer school, but it would have a greater impact for poverty or other demographic students that are served in summer school. We have done the calculation in such a way that it increases the total needs rather than fixes the total needs and simply divides it up so that you end up having the Robin Hood effect, taken away some and giving it to others. This calculation would increase total needs and then distribute it to the schools according to the students they serve in summer school programs. I think that as we try to deal with some of the issues we face in the state, in several parts of the state, certainly not just the Omaha metro area but other areas of the state, it is becoming, I believe, more and more apparent, I will put it that way, that extended-day and extended-year programs would do a great deal to address the educational needs that we face. So this is simply a way to recognize those programs that are being offered and to try to give those school districts some financial support to help them out. [LB644]

SENATOR KOPPLIN: Okay. Questions for Senator Raikes? Senator Ashford. [LB644]

SENATOR ASHFORD: With this I am trying to...the summer school piece, is that the only programmatic part of the state aid formula like that? Is there anything else in the state aid formula? [LB644]

SENATOR RAIKES: There is the poverty allowance. [LB644]

SENATOR ASHFORD: Poverty allowance. [LB644]

SENATOR RAIKES: There is an ELL allowance. Current formula, I guess those would be...and both of those were affected by LB1024, which is currently on hold. Yeah. Those three, and I am not about to suggest to you that that is all that is needed. [LB644]

SENATOR ASHFORD: Well, I am wondering theoretically if we have as a policy of the state to address issues...and not just in Omaha but across the state, that have been identified to us in all these hearings, would it get away too far from the idea of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

equalization aid to add to that equalization formula those kinds of things that should be addressed, all-day kindergarten, summer school. Does that get away from the fundamental concept of equalization if we get directed towards programs? [LB644]

SENATOR RAIKES: It is a good point, and probably you could argue to some extent it might, particularly if you didn't specifically try to address the programs toward at-risk students. But I think as long as the funding is going towards students being served that are at-risk students, I think your chances of that are minimized. [LB644]

SENATOR ASHFORD: Okay. Thanks. [LB644]

SENATOR KOPPLIN: Other questions? Thank you, Senator. Proponent testimony. [LB644]

VIRGIL HORNE: Senator Kopplin, members of the committee, my name is Virgil Horne, H-o-r-n-e. This morning I met with four elementary principals who have free and reduced lunch enrollments from 77-90 percent of their student body. The thing that they pointed out is that a lot of the instances where their poverty students are dismissed at the end of the school year they have no reinforcement then for the entire summer so that there is no retention when they get back in September, and sometimes they go from September maybe to November just to get back to where they were in May or June. That is why this bill, in our opinion, is critical. A lot of things that I didn't realize until this morning's meeting, but one of the things that these four principals also brought out that was very important is that the students, even though we in Lincoln bus them from their school to another school for summer school in some cases, they don't relate to that new school as well as they do their other school and their parents are not familiar with those surroundings, so in some cases they don't attend summer school. So the reason I mention that is that if we were to keep them at their own school that means the numbers could be down to some degree, and it would be a more expensive program because if you don't have enough numbers you have to have a teacher ratio of maybe eight to one or something of that nature. But it is critical that these kids get in summer school. One of the principals said the ideal situation would be you are out of school at the end of the school year, you get off for a week, you go to the Fourth of July, you maybe take a week at the Fourth of July, you go until the week before school starts again, and that would help those kids retain what they have learned through the year and be the constant support. And their idea was that if you got them there in the morning and went for three hours, what happens after lunch is not important to them, but they emphasized if we could get them there for breakfast and lunch, we get the retention that they need and they have the rest of the day to do the things that kids need to do in the summertime. That concludes my testimony. Thank you. [LB644]

SENATOR KOPPLIN: Okay. Questions for Virgil? Senator Adams. [LB644]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR ADAMS: How do we make sure that in any of these programs like this one, which conceptually I think this is essential that we do, how does the state ensure that the dollars go into the classroom and teach the student rather than into administrative infrastructure kinds of things? [LB644]

VIRGIL HORNE: Well, I think we can provide...you know, I am not going to say any more because Mr. Kemper is here and he can tell you how we would do that, and I can just guess at it. [LB644]

SENATOR ADAMS: Okay. That is fine. [LB644]

VIRGIL HORNE: So I will have him come up and follow me if that is all right. [LB644]

SENATOR ADAMS: Yeah. That is perfect. [LB644]

VIRGIL HORNE: Thank you. [LB644]

SENATOR KOPPLIN: Any other questions? Okay, thank you, Virgil. Next proponent. [LB644]

JOHN LINDSAY: Senator Kopplin, members of the committee, my name is John Lindsay, appearing on behalf of Omaha Public Schools. Without trying to portend a coming apocalypse, we would say that Omaha Public Schools supports a Senator Raikes bill--maybe not a typical position for us to be in. Senator Raikes has hit on something that we think is very critical. [LB644]

SENATOR HOWARD: Whoa. [LB644]

SENATOR ASHFORD: That was a wild statement. [LB644]

JOHN LINDSAY: Senator Raikes, in all seriousness, has hit on something very critical. Summer school, we find at Omaha Public Schools, is, as Virgil Horne mentioned, very important, especially to kids in poverty. You will note from the bill that Senator Raikes has addressed this issue and part of the summer school units are attributed to those in free lunch, free milk program. Additionally, he targets dollars towards those in remedial math and remedial reading, again, which are significant factors that we think are very helpful in helping to close that achievement gap that exists. OPS right now does offer summer school. We have, I think, just more that 1,000 kids enrolled. We would like to expand that. However, all dollars that we spend on summer school right now are our general fund dollars rather than any dollars from the state aid, so this bill would allow us to expand that program and serve more students, something that we believe is a critical need. We would ask that you advance LB644 to the floor, and be happy to try to answer any questions. [LB644]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR KOPPLIN: Questions for John? Senator Ashford. [LB644]

SENATOR ASHFORD: John, if let's say we could make three programmatic changes in the formula to focus on at-risk children, what would be the three things that you would suggest? [LB644]

JOHN LINDSAY: Well, it... [LB644]

SENATOR ASHFORD: Programmatically, what are the three most important things that you can do at OPS for at-risk kids that would be reflected in a change in the formula? [LB644]

JOHN LINDSAY: I would try, Senator Ashford, to give you what my discussions with OPS, I don't know that it could actually reflect in an OPS position, but just from... [LB644]

SENATOR ASHFORD: And this is not...just a sort of thought, an idea. [LB644]

JOHN LINDSAY: Right. I would say that early childhood is extremely important so that the kids from poverty backgrounds without the advantages of those from middle class backgrounds arrive at school without the achievement gap being so large to begin with, meaning there is less to overcome. I think small class size which allows more individualized attention, again, to those kids who may be struggling as well. [LB644]

SENATOR ASHFORD: So keeping classes at a certain level, not to go above those levels. [LB644]

JOHN LINDSAY: Right. Exactly. Third, I am not sure if that would be... [LB644]

SENATOR ASHFORD: Well, summer school is one of them. [LB644]

JOHN LINDSAY: Summer school is certainly one of them, tutoring is another. [LB644]

SENATOR ASHFORD: How about one more potentially would be experienced teachers, that kind of thing, paying teachers some kind of a premium in order to teach at-risk kids. Is that something that ought to be in the formula? [LB644]

JOHN LINDSAY: Well, that I don't know that I can speak to. I can speak to the fact that some of our best teachers for at-risk kids are actually those that may not have that 20 or 25 years experience. They may only have five or six years. [LB644]

SENATOR ASHFORD: Yeah, I know that. John Mackiel said that too, and maybe the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

issue is not experience, maybe the issue is willingness and... [LB644]

JOHN LINDSAY: And enthusiasm and there... [LB644]

SENATOR ASHFORD: I don't know all the answers. But should that maybe potentially be part of a formula change? [LB644]

JOHN LINDSAY: It could be. [LB644]

SENATOR ASHFORD: Thanks, John. [LB644]

SENATOR KOPPLIN: Other questions? Thank you, John. Next proponent. [LB644]

RUSS INBODY: Good afternoon, Senator Kopplin, Senator Raikes, members of the Education Committee. I am Russ Inbody, R-u-s-s I-n-b-o-d-y, with the Nebraska Department of Education. The Department of Education and the State Board of Education supports the idea of adding a summer school factor into the state aid formula as a way to improve student achievement and address the achievement gap. The only reservations that the State Board has is that the addition of this summer school factor should not reduce the state aid to school districts that don't have a summer school program, and I have visited a little bit with legal counsel of the Education Committee on this. To respond to Senator Adams's question to Dr. Horne, in my opinion, one method to make sure that the money is used as a result of summer school programming is making it an allowance in the state aid formula so that the money they spend for summer school would be an allowance the following years for summer school. I mean that is one method. There are other accountability issues that are provided in LB1024 that was passed last legislative session for poverty and for LEP, and that would be another method. With that, I would conclude my testimony and respond to any questions. [LB644]

SENATOR KOPPLIN: Questions for Russ? Seeing none, thank you, Russ. [LB644]

RUSS INBODY: You're welcome. [LB644]

SENATOR KOPPLIN: Next proponent. [LB644]

JAY SEARS: (Exhibit 4) Senator Kopplin, members of the Education Committee, I am Jay Sears, J-a-y S-e-a-r-s, and I represent the Nebraska State Education Association and I am here today in support of LB644. This briefly, probably the most important thing for us to understand is students don't learn in 180 days. Students learn all day long every day, every day of the year, and providing a funding mechanism in the needs side will help our districts provide the time it takes for students to learn. Maybe when I was in school, 170 or 180 days was enough. But many of our students come to classrooms

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

with, as some of the people here have said, an achievement gap. They are behind when they get here and it is very tough to catch them up, and any amount of time that we can add to the school day, to the school year is important time for learning. Research shows us that students, especially those at risk as some people call them, I was at a conference this past weekend and I heard a new term that I really like, students at promise. Those students have promise. They don't learn on the same schedule as all of us. They need extra time, and so recognizing that in the state aid formula is a good public policy step for us to take. So with that, I would conclude my remarks and be glad to answer any questions. [LB644]

SENATOR KOPPLIN: Thank you, Jay. Questions? Seeing none, thank you, Jay. Next proponent. [LB644]

AL INZERELLO: Senator Kopplin, members of the committee, Al Inzerello, I-n-z-e-r-e-l-l-o, representing Westside Community Schools and, as we did with LB649, suggest that this be treated much the same as we talked about there. The allowance idea recognizes these additional costs that are certainly necessary to improving the education for an awful lot of kids in this state. With that, I will close. [LB644]

SENATOR KOPPLIN: (See also Exhibits 7 & 8) Questions for Dr. Inzerello? Thank you, Al. Next proponent. Is there an opponent? Anyone wishing to testify in the neutral? Then we will move to the closing. And Senator Raikes waives closing, and that will end the hearing on LB644. [LB644]

SENATOR RAIKES: Thank you, Senator Kopplin, and we will move to LB521, Senator Howard. Here she is. Senator. [LB521]

SENATOR HOWARD: Are we ready? [LB521]

SENATOR RAIKES: Please. [LB521]

SENATOR HOWARD: Okay. Senator Raikes and members of the Education Committee, I am Gwen Howard representing the 9th District, the "sunshine district," and I am here to introduce LB521. And I will have to say Senator Raikes brought us calculus and trigonometry and I am bringing us, I hope, simple math. Under current law, the number of formula students in a district is determined by data collected on a fall school district membership report. This fall membership report does collect data on the number of free lunch students, but the free lunch data from the fall membership report is not used by the Department of Education in the aid calculation. The fall membership report does not collect data on limited English proficiency students. Collection of that data is left to the department. State aid for each year is certified in the February preceding the school year for which it is to be paid. The result is that for any given year the state aid should be based on the number of formula students in the school district the prior

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

school year as reported on the fall membership report. But the number of poverty and limited English proficiency students used in the formula has been based on two-year-old data while the data total number of formula students would be one year old. As an example, let's talk about the state aid for school year 2006-2007. A calculation was done in February of 2006. The formula would calculate the total number of students based on the fall membership report due October 15, 2005, showing the number of kids enrolled in the 2005-2006 school year. But the number of poverty and limited English proficiency students for the 2005-2006 school year would not be used. The department uses the data submitted in April 2005 showing the number of poverty and LEP students in the 2004-2005 school year. The result is that 2006-2007 state aid used poverty and LEP numbers from the 2004-2005 school year, data that was two years old. That is the important thing to remember. The data was two years old that was used to calculate the current funding year. For school districts with growing numbers of limited English proficiency and poverty students, the use of two-year-old data contributes to insignificant funding. If there is a significant increase in poor or non-English speaking students, the impacted district would not have sufficient funds to educate that significantly increasing number. LB521 requires reporting of poverty and limited English proficiency data on the fall membership report and to use those numbers in the state aid calculation. The net result would be that state aid would be calculated with data that is only one year old, rather than two years old. It is my understanding the department has begun to use the more recent data for LEP students in determining the state aid. We still need to make this change in law for poverty students. Testifiers will follow me, and they will be able to explain this more fully. [LB521]

SENATOR RAIKES: Is that an offer to answer questions? [LB521]

SENATOR HOWARD: It is a prayer. [LB521]

SENATOR RAIKES: Thank you, Senator. Any questions for Senator Howard? Okay. We will let you off. [LB521]

SENATOR HOWARD: You got them all I think. Thank you. [LB521]

SENATOR RAIKES: First proponent. John. [LB521]

JOHN LINDSAY: (Exhibit 5) Senator Raikes, members of the committee, my name is John Lindsay, L-i-n-d-s-a-y, appearing on behalf of Omaha Public Schools. As Senator Howard mentioned, the fall membership report collects the number of students. It does collect the number of students eligible for free lunch and free milk and that number is provided to the department by October 31 of each year, but the Department of Education uses those numbers from the report...let me back up. In calculating state aid, in calculating the total number of students utilized, we use the data from the year immediately preceding the year in which state aid is paid. In calculating the number

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

of...that number comes off of the fall membership report because the state aid is certified in February of the year prior. But rather than using, at least for poverty, rather than using the numbers from that fall report, the department uses, I believe, census information on low income because there is a provision in statute that school districts can use either the free lunch free milk students or can use the number of children that are defined as low income. Defined as low income are students that live in a household with an adjusted gross income of \$15,000 or less for the second calendar year preceding the beginning of the school year. The reason for that choice, the reason why there are two choices is to avoid that cliff effect that, for example, a school district with a declining poverty enrollment, rather than having a cliff effect could choose between those two numbers thus limiting that cliff-effect impact. That is our understanding of why that is done. The problem comes in on the flip when you have an increasing poverty enrollment that if you are using two-year-old data that those numbers then are not going to reflect what could be a significant increase in poverty. Now with respect to ELL, English language learners, there has been a recent change, as I understand it, by the department where in the past they have taken that census count in the spring, they are now using that data, collecting that data earlier in the year and using that. So my understanding is that the department is now including in its calculation, or will for next year, include in its calculation the ELL numbers that are only one year old. To show you the impact that those numbers can have, I am having handed out to you a little chart that shows the number of poverty and ELL, English language learners, in OPS over the past several years. And you can see from that chart the impact that in a district that has a increasing enrollment in those two segments that it could be a significant difference in the state aid calculation. Looking, for example, at the '05-06 year on English language learners, you would lose the 480 increase and the 79 increase from '04-05 and '05-06 and have missing 550 kids that you are actually providing education to, English language learners that you are actually providing that education to but you are not getting reimbursed for. This bill would at least move that to losing one year of that increased enrollment rather than losing two years. Second example, to head off a question I think, I don't know why there is that blip in '05-06 that shows a decrease in poverty numbers. I got these numbers over the noonhour, and frankly it surprised me. But even including that, you can see that if we have two-year-old data in this latest calculation for '06-07, you would be losing approximately 2,000 poverty kids, and since most of those would be .3 level weighting factor in our formula, it turns into a significant amount of dollars. The thrust of LB521 is simply to close that two-year gap to a one-year gap, and we would encourage you to advance LB521 to the floor. I would be happy to try to answer questions. [LB521]

SENATOR RAIKES: Okay. Thank you, John. Senator Ashford. [LB521]

SENATOR ASHFORD: John, I don't understand what you said exactly and I am sure it is definitely me, and that is odd that there would be...I am sure there wasn't a 1,198 person decrease. I mean that is hard to believe. Maybe part of the reason for the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

backing up the numbers is getting the right number is a difficult issue. But here is the question I have, it may be just an aberration, but the question I didn't understand what you were saying about the calculation based upon a poverty calculation, \$15,000 or less, and the calculation based on numbers of free and reduced lunch and English learners as the calculation. I didn't understand that. [LB521]

JOHN LINDSAY: Well, my understanding in determining the state aid calculation, a school district can submit as their poverty numbers... [LB521]

SENATOR ASHFORD: Oh, it is what they submit. [LB521]

JOHN LINDSAY: Right. One of two numbers can be used. And that number, depending on...they are obviously going to want to use the larger number because that will be what will procure a larger amount of state aid, and it would be either the number of free and reduced lunch students or the number of low income students that is...I am not exactly sure how that is collected, but it is more census data as opposed to here are our students who are the number of students who are actually enrolled on a free and reduced lunch. [LB521]

SENATOR ASHFORD: And which does OPS use? [LB521]

JOHN LINDSAY: Free and reduced. [LB521]

SENATOR ASHFORD: So they don't use the demographic information? [LB521]

JOHN LINDSAY: I don't believe they do. No. [LB521]

SENATOR ASHFORD: I don't understand that, but that is fine. I don't understand a lot of things. [LB521]

SENATOR RAIKES: Other questions for John? John, there is a respin calculation on the state aid formula and I think the only, hopefully somebody can correct me, I think the only thing that is addressed in the respin is student numbers. So you start out with the fall membership to, as you described, you use that because it is the most recent membership number you have in order to do the certification at the time you have to do it in order to be by February 1 and so on and so forth. But as a part of that certification, it happened this year February 12 or something like that for the following year. Yes, there is information in there about what you, the school district, are going to get in the year we are certifying, but there is also information based on the respin, which means that last year at this time you gave us X students and it turns out that you actually, when it came to average daily membership, had X plus 50 or X minus 50. So we are going to adjust your state aid retrospectively based on the number of students you actually did serve rather than what you reported to us on the fall membership and will adjust your

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

state aid for the following year accordingly. So my question to you is doesn't that procedure in some sense address your concern with this? [LB521]

JOHN LINDSAY: I think as you have described, I would say I am not familiar with the respin aspect of that and I will look at that to give you a direct answer. But I believe the answer still is at the time in the school year in which you are incurring the expense, you are still two years behind. While that is adjusted in the following school year, at the time that those dollars are needed, that school year for which you already have that increased number, those dollars aren't available. Maybe that is addressed in the respin. I don't know that, but I will certainly look into it. [LB521]

SENATOR RAIKES: Okay. All right. Thank you. [LB521]

SENATOR ASHFORD: But is it possible to do it...this is one-year change, not a two-year change because it would be impossible I would think to...and you are suggest they are moving to one year. But to have it be current would be almost impossible by the nature of how the fluctuations occur. [LB521]

JOHN LINDSAY: I think that gets into, Senator Ashford, a question that came about maybe three or four years ago with question of using forward-looking costs for state aid calculation rather than looking backwards. If you are looking backwards, certainly there is challenges to trying to get data for this year in the year in which the aid is actually being paid, and that is why this bill addresses at least trying to just reduce that gap by a year. It does not address that additional year, probably for the reasons that you have stated. [LB521]

SENATOR ASHFORD: Okay. Thanks, Senator. [LB521]

SENATOR RAIKES: Don't see any other questions. Thank you, John. Any other proponents, LB521? Are there any opponents? Is there any neutral testimony, LB521? Okay. Senator Howard, would you like to close? [LB521]

SENATOR HOWARD: I will just do a very brief closing to say I think that in this day of advanced electronic information, computers and technology, we have every opportunity to use the most current data, and I certainly suggest that we look at this in those terms and move to do that. So thank you, thank you, sir. [LB521]

SENATOR RAIKES: Okay. Questions for Senator Howard? I don't see any. Thank you, Senator. Okay. That will close the hearing on LB521, and as soon as Senator Synowiecki appears, we will do LB691. Senator, welcome. [LB521]

SENATOR SYNOWIECKI: Good afternoon. [LB691]

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Transcriber's Office

Education Committee
February 26, 2007

SENATOR RAIKES: I understand they had to wake you up or get you out of the bar or... [LB691]

SENATOR SYNOWIECKI: Senator Raikes, members of the committee, my name is John Synowiecki. I represent District 7 in the Legislature. I am here to introduce LB691. In determining the needs of a school district for purposes of calculating state aid, the state aid formula uses as its base the number of students in a district. As you know, the formula also uses weighting of certain student populations so that the count is more students than the actual head count of such students. The purpose of these weightings is to reflect the additional cost needed to account for actual cost needed to provide the same educational opportunities for children with these demographic factors. This bill would bring the weightings into line with what research shows to be a more accurate portrayal of the difference in student needs for certain discrete, higher-cost student populations as compared to the average student. LB691 increases the weighting of students in day kindergarten, students with limited English proficiency, and students in poverty. There will be others testifying after me who will be able to answer any technical questions for you. I want to thank you, Senator Raikes and members of the committee, for your consideration. [LB691]

SENATOR RAIKES: Thank you, Senator. Any questions? [LB691]

SENATOR ASHFORD: I have some technical questions. [LB691]

SENATOR SYNOWIECKI: You can reserve those questions for people that will come behind me. [LB691]

SENATOR ASHFORD: But I want only your answer. No, I have nothing. [LB691]

SENATOR RAIKES: Thank you Senator. Proponents. John. [LB691]

JOHN LINDSAY: Senator Raikes, members of the committee, my name is John Lindsay, L-i-n-d-s-a-y, appearing on behalf of Omaha Public Schools. LB691 seeks to be a more accurate reflection of the needs portion of the formula as used in our state aid formula and does so by adjusting the weightings for certain students. As you know, in our current definition of need we essentially provide aid on a per pupil basis by doing a head count. On the last bill, we described that fall membership report, and that is where that head count comes from. After that basic head count, the system then provides weights or additional weights or lessening of students so that they count either more than or less than one student. For example, a high school student would equal 1.4 students within the meaning of the formula, while a half-day kindergarten student would equal one half of a student within the meaning of the formula. So the adjusted formula student head count after the weightings is multiplied by the allowable growth, and that resulting number is the school district's need. The need is compared to local resources,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

of course, to arrive at what the state aid is. Therefore, it is critical to make sure that the need actually reflects the real need that the students encounter. That is the purpose of LB691. Right now for English language learners, we provide an additional .25, so an English language learner would count as 1.25 students in the state aid formula. For poverty, we do a stairstepping method, and if I remember correctly, it starts for those under 5 percent it is a .05 factor and then increases by .05 for each 5 percent of poverty up to, I believe, .30 factor. All-day kindergartners are treated the same as elementary students. Omaha Public Schools does not believe that these numbers accurately reflect what the true cost of providing education to these particular children with what the actual cost is. We believe that the research, there is a national research, that would back up that statement. Cost studies in numerous states consistently show that on average the cost of serving an English language learner is about twice that for the average child, and you will note that in LB691 the weighting becomes 2.0. As for poverty, United States Congress itself has set a standard of an additional 40 percent for low-income student as compared to the average per student amount in the No Child Left Behind area. Finally, we know that all-day kindergartners not only need more space than elementary students. An example of this is the Council on Education Facility Planners sets a standard of 900 square feet for an elementary classroom and 1200 square feet for a kindergarten classroom. Kindergartners, like high school students, need increased hands-on learning, although for the kindergartners that equipment would include balls, blocks, sticks, rods. As children build and experiment with these materials, they develop deeper understandings of mathematical concepts such as numbers, size, and shape. And those kinds of things, of course, cost additional dollars for kindergarten kids, and that is why in LB691 the formula weighting for all-day kindergartners is increased. LB691 attempts to address a problem that OPS believes exists in whether the current weighting actually reflects the actual costs of educating the kids and for that reason, we would encourage you to advance LB691 to the floor. Senator Raikes, I would be happy to try to answer any questions. [LB691]

SENATOR RAIKES: Okay. Thank you, John. Senator Ashford and then Senator Avery. [LB691]

SENATOR ASHFORD: John, does OPS support shifting students, transferring students from OPS to other suburban districts? [LB691]

JOHN LINDSAY: That depends under what the system might be. Under the current system, under option enrollment... [LB691]

SENATOR ASHFORD: Forget option enrollment for a moment. Let's just say that is gone. Is it the position of OPS that students be allowed...and now specifically students of low-income or high-needs students, OPS will or will not support those students transferring to other districts? What is their position? [LB691]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

JOHN LINDSAY: Certainly we do. LB547 is supported by Omaha Public Schools. The thrust of that bill is to do exactly what you speak about and that is to transport, to move kids, interdistrict movement of children, and that is to share the additional cost that poverty and English language learners bring to the system. And we believe LB547 helps to accomplish that. [LB691]

SENATOR ASHFORD: Where in LB547 does it say that though? Where in LB547, other than suggesting that it is a good idea, is there anything in LB547 that mandates transfers of students? [LB691]

JOHN LINDSAY: I don't have the bill here but I believe it does, and I would... [LB691]

SENATOR ASHFORD: Okay. You think it mandates it. [LB691]

JOHN LINDSAY: Yes. [LB691]

SENATOR ASHFORD: Okay. [LB691]

SENATOR RAIKES: Senator Avery. [LB691]

SENATOR AVERY: Thank you, Mr. Chair. John, how much additional money do you think Omaha Public Schools needs? [LB691]

JOHN LINDSAY: That is kind of like asking a six-year-old for his Christmas list. These weightings, I think, by running the numbers on these weightings, I think you would arrive at that number. I don't have what that total number is because that number would change on a yearly basis depending on the mix of poverty kids, the mix of English language learners. We think the cost of educating kids, as Senator Ashford touched on, if those kids are moved around the metro Omaha area, I think that reduces the overall cost of educating kids. The goal, of course, is to...I think the research again shows that poverty kids moving into a classroom that is more middle-income and higher-income kids that the poverty kids do much better and the middle-income and higher-income kids, their test scores do not change. So it is a win-win situation, and that would be the goal is to move kids so that they are being educated in a more integrated environment. That doesn't get to your cost question, but I would be happy to run the numbers. [LB691]

SENATOR AVERY: The origin of this question actually lies in my weekend trip to Omaha where I attended a meeting with the African American Achievement Council, and the issue of funding and the needs came up. And I raised the question about the common levy and how much that would bring in in additional money for OPS and what they thought about it, and they said, well, that is not enough. It is only about \$7 million. The fiscal note on this is almost \$12 million, and I asked them, well, then how much do

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

you need? They said about \$12 million, which I find very interesting. Is it a coincidence that your bill would actually pretty much nail it at the point where they thought their needs were? [LB691]

JOHN LINDSAY: No. Actually I think if you go into it I don't think that...my understanding of the fiscal note is that it would increase aid to other districts by about \$54 million, that some districts would get an increase of \$54 million, some would get a decrease of \$42 million and that the net between those two would be approximately the \$11.7 million that you speak of. So I don't think that this means that \$11.7 million is directly going to go over to OPS because there are other districts that are in very similar circumstances to Omaha, Grand Island or a Lexington or a South Sioux. There are a lot of other districts that have high poverty and increasing poverty, high English language learners and increasing English language learners. So it wouldn't just affect OPS. I think it would do some shifting of resources within that formula. [LB691]

SENATOR AVERY: That is a good answer. Let me ask you then about the common levy. If the common levy would add about \$7 million more to OPS, wouldn't that achieve much the same purpose that you are trying to achieve here? [LB691]

JOHN LINDSAY: Oh, it certainly helps. I don't know that OPS is here to oppose the common levy. I don't think that has been the position. What we have looked at is try to determine what the needs are, how much it costs to educate kids, and then figure out from there how do we get those needs fulfilled. Obviously, that is through a combination of local resources, our property tax dollars, and state aid. Under the LB1024 concept, it would be the common levy and state aid. It is a question of how do you get those needs filled, and the common levy is certainly a step in that direction. OPS, working with other school superintendents, tried to look at the finance formula and the superintendents decided that they needed to, as I understand it, that they needed to include others throughout the state since that is a state aid formula, not a metro schools area formula, that we need to be inclusive when talking about trying to redevelop that formula. I think for that reason those school districts did not expand into either accepting or rejecting the common levy, but actually saying let's figure out overall how to address that. It is my understanding that the common levy may be part of that solution, may not be part of that solution. I think that discussion has to take place. [LB691]

SENATOR AVERY: Thank you. [LB691]

SENATOR RAIKES: Senator Ashford. [LB691]

SENATOR ASHFORD: Because LB547 does not have a common levy in it. [LB691]

JOHN LINDSAY: That is true. [LB691]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR ASHFORD: And I am not arguing with you, John, because you are not telling me something that isn't true, but there is no mandate that I could see in LB547 for moving kids around. I mean LB547 just simply doesn't have that, and I am just trying to understand OPS's position because the common levy, to Senator Avery's comment, seems critical to how do you get the money...if we don't have any more dollars, the Governor said we have no more money, we have no more money, how else do we do it other than a common levy. And integration is, as you said, absolutely rightfully so, is a good idea. But neither of those things are in LB547. [LB691]

JOHN LINDSAY: And again I respectfully disagree on whether it... [LB691]

SENATOR ASHFORD: I am just trying to understand why LB547 is such a great idea if those things aren't there. [LB691]

JOHN LINDSAY: I would suggest that I think the superintendents who have supported the bill would say that if it is not there specifically, it ought to be. That was their intent. [LB691]

SENATOR ASHFORD: You mean the integration part. [LB691]

JOHN LINDSAY: Their integration piece, yes...their intent was to bring a bill that would actually move kids from district to district, and if because of the way it is drafted it didn't get there or whatever, I think that was their intent and that is what they have been working together towards. [LB691]

SENATOR ASHFORD: Well, one of the questions...and I don't want to belabor this, Mr. Chairman, but I do want to understand and I realize OPS people aren't here, but it would be...when, for example, the Gretna Public Schools testified and answered a question when would you expect to have poverty children moving from OPS to Gretna, and I think the answer was something like 25 years. It is a generational issue, and I am just trying to understand that question, but maybe that is something for another day. [LB691]

JOHN LINDSAY: In a nutshell, the OPS position would be we support moving students into an integrative environment. We are doing that within our own district, and if we could do that outside our district, we would love to be able to do that. [LB691]

SENATOR ASHFORD: I know you are. I understand you are. I understand. Thank you, Mr. Chairman. [LB691]

SENATOR RAIKES: Senator Kopplin. [LB691]

SENATOR KOPPLIN: Thank you. John, wouldn't you think that you would find in LB547

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

that the stage has been set for this movement to occur, even though it doesn't say the law says you must move this many students this year? [LB691]

JOHN LINDSAY: And I would agree. From talking to the superintendents, from being at meetings with all of those superintendents, I see a commitment to get that done. [LB691]

SENATOR KOPPLIN: Yes, and would you think that maybe the intent in LB547 on the common levy might be that we need first to look at the state aid formula and use such things as separate cost groupings or something to make it work in state aid before we talk about the common levy for operating expenses? [LB691]

JOHN LINDSAY: And that is what I was suggesting with Senator Avery is that the superintendents' position was not that the common levy should be off the table, but that the discussion was premature, that it should be as part of an entire state aid formula approach rather than off on its own. [LB691]

SENATOR KOPPLIN: Okay. Thank you. [LB691]

SENATOR RAIKES: Any more discussion on... [LB691]

SENATOR ASHFORD: This could be a good debate if we kept going, but we better stop. [LB691]

SENATOR RAIKES: Any more discussion on LB547? I have a question on this one, as out of place as that may seem. You have in this bill...pretty much it is set up as what used to be a redistributive effect. In other words, we are not increasing the total needs, we are a little bit, but primarily we are moving money from one school district to another. So I think it says in the fiscal note that you would have a group of schools that would be losing up to a total of \$42.5 million and some others would increase or get additional needs. The other thing I would mention, I think that a part of the change is the fact that we had the needs stabilization in LB1024 so that you have some declining enrollment districts whose needs can't go down, they are stabilized at last year's level. Okay. So I am reading this correctly? [LB691]

JOHN LINDSAY: Yes, and as you know at least historically when the Legislature has adjusted the state aid formula, it generally creates winners and losers. The historical approach example of the stabilization factor is that there are various ways to try to hold harmless those who are losers when that recalculation takes place. If the dollars are not available, OPS would prefer to see additional dollars going to education. But if the dollars are not available, then other policy choices have to take place. And that is why I think in the past historically it is difficult to get a change in the state aid formula without some sort of a hold harmless or addressing those who do not come out ahead in that

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

recalculation. [LB691]

SENATOR RAIKES: Okay. Don't see any other questions, thank you, John. Other proponents, LB691? Connie. [LB691]

CONNIE KNOCHE: Senator Raikes and members of the Education Committee, I am Connie Knoche. I am with the Department of Education. That is K-n-o-c-h-e. And the Department of Education and the State Board of Education support the concept of increasing the weighting for limited English proficient and poverty students in the state aid formula to help school districts close the achievement gap. The only reservations the State Board has with the bill is that by increasing these weightings it should not reduce the state aid to school districts that do not have limited English proficient or poverty students. The main point that the State Board would like to make is that they support increasing achievement for all students and closing the achievement gap for all students in all school districts. [LB691]

SENATOR RAIKES: But their fears are justified here, aren't they? [LB691]

CONNIE KNOCHE: I believe so. You would be dividing the estimated General Fund operating expenditures by a bigger number so that would make the cost grouping cost lower. [LB691]

SENATOR RAIKES: So school districts that didn't have full-day kindergarten or poverty or ELL students likely would receive less funding, less needs and therefore less funding. [LB691]

CONNIE KNOCHE: That would be true except for that stabilization for the needs. But if resources continue to increase, then they would receive less state aid. [LB691]

SENATOR RAIKES: Okay. Senator Kopplin. [LB691]

SENATOR KOPPLIN: Well, just following along that because I wasn't quite following. Why does this reduce student needs? [LB691]

CONNIE KNOCHE: When we calculate the cost grouping cost for each student, we estimate what they are going to be spending two years down the road and then we divide that by the number of students in a cost group, and that becomes the cost group cost per student. When you increase the weightings, you are dividing that by a larger number, which would make the districts that maybe didn't have those students receive less in needs. [LB691]

SENATOR KOPPLIN: Okay. Thank you. [LB691]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR AVERY: I have one question. [LB691]

SENATOR RAIKES: Senator Avery. [LB691]

SENATOR AVERY: Thank you. How much would this cost? You said that you would like to see the schools that would receive decreased funding not have to deal with that. I somehow didn't get it. [LB691]

CONNIE KNOCHE: They support the increase in weightings... [LB691]

SENATOR AVERY: Yes, I get that part. [LB691]

CONNIE KNOCHE: ...so that state aid can go to the school districts that have those types of students in their population, but not at the expense of everyone else. [LB691]

SENATOR AVERY: So you wouldn't want the \$42.5 million reduction to the other districts? You would want to eliminate that? [LB691]

CONNIE KNOCHE: Ideally, yeah. [LB691]

SENATOR AVERY: So you're asking then for \$42.5 million more money. Dream on. [LB691]

SENATOR RAIKES: You really are a bad person here, Connie. [LB691]

CONNIE KNOCHE: I should go back and sit down. [LB691]

SENATOR RAIKES: Not yet. Let's go back to the last bill. So when you are calculating the LEP and poverty students for this certification, what numbers do you use? [LB691]

CONNIE KNOCHE: For the '07-08 state aid certification, we were using the '06-07 LEP students, and for poverty we were using the greater of free lunch free milk... [LB691]

SENATOR RAIKES: Now wait a minute, for '07-08, and this is '06-07, and you were using which year? [LB691]

CONNIE KNOCHE: Zero six- zero seven. That was collected in the fall, the LEP numbers were this year. [LB691]

SENATOR RAIKES: Okay. So you are using the same aged numbers as what you used for student enrollment. [LB691]

CONNIE KNOCHE: This year we did, yes. [LB691]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

SENATOR RAIKES: So that is a change from what you have done in the past? [LB691]

CONNIE KNOCHE: Yes. [LB691]

SENATOR RAIKES: Okay, and so when you do the respin, do you correct LEP and poverty numbers as well as other student numbers or not? [LB691]

CONNIE KNOCHE: We would not correct those numbers unless there was an error made in their submission of data. [LB691]

SENATOR RAIKES: Okay. So do you use an average daily membership number for LEP and poverty or just for... [LB691]

CONNIE KNOCHE: Just for membership and not for poverty or LEP. It is whatever they report. [LB691]

SENATOR RAIKES: Okay. So you only have one shot at LEP and poverty and that is from data provided from the fall of the year. [LB691]

CONNIE KNOCHE: Yes. [LB691]

SENATOR RAIKES: So is there any way you can make that more current? [LB691]

CONNIE KNOCHE: Well, with the poverty number and the free lunch free milk students or the number of children residing in homes with adjusted gross income of less than \$15,000, we are comparing the two, and to compare a like universe of students, we go back to '05-06 because that is the most recent income tax data we have. And there were three systems of the 254 that didn't report any free lunch or free milk. So if we weren't using both factors, they would not have poverty at all in their calculation. [LB691]

SENATOR RAIKES: Okay. Senator Howard. [LB691]

SENATOR HOWARD: Thank you, sir, thank you. I just have a question and this is something that I thought I knew the answer to but I would like to know for sure. Children who are in out-of-home care, in foster care are automatically counted as free and reduced lunch students, aren't they? [LB691]

CONNIE KNOCHE: I am not aware of that. They may be for the...I don't know what the schools are reporting. [LB691]

SENATOR HOWARD: Okay. The reason I ask that is because in my experience

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

anytime a child is in a foster home...it would seem to me across the board they all receive free lunch. So just as a point of clarification. [LB691]

CONNIE KNOCHE: Yeah. I could check that. [LB691]

SENATOR HOWARD: Thank you. [LB691]

SENATOR RAIKES: Senator Ashford. [LB691]

SENATOR ASHFORD: I appreciate your knowledge and I want to ask...this is something also that I have always wondered. The districts submit the costs, the budget to you each year. [LB691]

CONNIE KNOCHE: They submit their annual financial report. [LB691]

SENATOR ASHFORD: Right. Are those ever audited? [LB691]

CONNIE KNOCHE: Yes. [LB691]

SENATOR ASHFORD: How are they audited? [LB691]

CONNIE KNOCHE: They are audited by independent CPAs that audit the books of the school and then they use that information for the AFR. [LB691]

SENATOR ASHFORD: But are those CPAs employed by the Department of Education? [LB691]

CONNIE KNOCHE: No. They are independent. [LB691]

SENATOR ASHFORD: All right, so it is an independent audit. [LB691]

CONNIE KNOCHE: Yes. [LB691]

SENATOR ASHFORD: Okay. Are those certified every year? [LB691]

CONNIE KNOCHE: Yes. [LB691]

SENATOR ASHFORD: And does the department ever audit those costs? [LB691]

CONNIE KNOCHE: We compare the audit reports to the annual financial reports to be sure that they line up or that they are matching. [LB691]

SENATOR ASHFORD: Okay. But you don't have the budget to go in and do something

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

like a performance audit of a school? [LB691]

CONNIE KNOCHE: No, we have not done that. [LB691]

SENATOR ASHFORD: And that is a bad word, I guess. But you don't have the budget to independently go out and take a look at how those costs are being...not the costs themselves but the actual functions that go into those costs? [LB691]

CONNIE KNOCHE: No. [LB691]

SENATOR ASHFORD: And has that ever been done? I don't think that has ever been done, has it in your experience? [LB691]

CONNIE KNOCHE: Not in my experience, no. [LB691]

SENATOR ASHFORD: Okay. Thank you. [LB691]

SENATOR RAIKES: Any other questions? Thank you, Connie. Any other proponents, LB691? [LB691]

JAY SEARS: (Exhibit 6) Senator Raikes and members of the Education Committee, I am Jay Sears, J-a-y S-e-a-r-s, and I represent the Nebraska State Education Association. NSEA stands before you today to support LB691, its concept of adjusting the weighting factors for a number of important types of students. As you have heard already in testimony, what this process does is provide resources for districts whose students may be English language learners, in poverty, and a number of other different categories. But what it also does with our current state aid system is it makes losers out of some districts, and as I heard the \$42 million dollar figure, that kind of struck me. But let me share with you, not long ago there was a professional judgment process looking at state aid, and the figure there is we are behind \$450 million, \$750 million in what professionals think it would take to educate students in this state. You can come up with all kinds of figures, but what it is is we have a different student today than we had five years ago. It costs dollars to provide the programs. We are getting in place in Nebraska a system of accountability for those programs. That is a very important process. We haven't had that in the state of Nebraska. What we don't have in place is lots of dollars in a small state with not much population and not much tax resources. So we have a difficult process to look at. How do we fund adequately and equitably across the state of Nebraska? When NSEA looked at LB691, we didn't look at it as a metro area bill. In fact, in the rural areas of Nebraska, we probably have more poverty than we have in the urban area of Omaha. It is not just an Omaha issue. You can go to Lexington, you can go to Madison, you can go to Schuyler, you can go to a number of rural communities today and find English language learners who are struggling because we don't have the resources nor the experienced teachers nor the programs to support the education for

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 26, 2007

our children. It is a very important policy decision to deal with the education of the students that we are dealing with today. There are a number of legislative bills that have come before you and will come before you this year to deal with the funding and the programs to make sure that our students come out of K-12 education with an equal opportunity with the rest of the students in this nation. It is not an easy thing. One last thing I would like to share with you. As I said, a few weeks ago when I was talking about that other bill, and I didn't testify on LB547 but I testified on some other bill that dealt with the learning community. When I met with the 11 local leaders of those 11 locals in the Omaha area, Sarpy and Douglas County, one of the first things that they talked about and agreed about was we have to have the resources for the students. That is their focus. How do we teach the students we have? Make sure that we have those resources covered, and we will work on some of the other areas. And so I bring that to you not to talk about some of those other bills, but we need to find a funding formula that is equitable and adequate for all of our students across Nebraska. LB691 might be a start. Senator Raikes has brought us another bill that tweaks the formula. Senator Kopplin is going to bring us another bill that looks at the whole formula and starting to look at that process. We have to find a way to fund education in the state of Nebraska and make it the top priority that we know it should be. I thank you. That ends my testimony, and I would be glad to answer any questions. [LB691]

SENATOR RAIKES: Thank you, Jay. Questions for Jay? Don't see any. Thank you, Jay. Any other proponents, LB691? Are there opponents? Neutral testifiers? And I think Senator Synowiecki is gone. [LB691]

SENATOR ASHFORD: He seems gone. [LB691]

SENATOR RAIKES: He seems gone. So that will close the hearing on LB691 and will close the hearings for today. Thank you all for being here. [LB691]

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Transcriber's Office

Education Committee
February 26, 2007

Disposition of Bills:

LB521 - Held in committee.
LB643 - Indefinitely postponed.
LB644 - Indefinitely postponed.
LB649 - Held in committee.
LB691 - Held in committee.

Chairperson

Committee Clerk