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Appropriations Committee
February 22, 2011

[AGENCY 13]

SENATOR HEIDEMANN: Is anyone else wishing to testify on this agency? Seeing none, we will close up the public hearing on Agency 32 and open up the public hearing on Agency 13, the Department of Education. Welcome, Roger. [AGENCY 32]

ROGER BREED: (Exhibit 8) Good afternoon, Senator Heidemann. I'll wait till those letters get around. Thank you. Senator Heidemann, members of the Appropriations Committee, I am Roger Breed, Commissioner of Education, that's R-o-g-e-r B-r-e-e-d. The letter that was just sent around summarizes the general responses of the department to the committee recommendations. (Recorder malfunction--some testimony lost) The department over the past couple years and, in particular, in the next two years is influenced by some trends both within the state and outside of the state. Chief among those has been responding to ARRA, the American Recovery and Reinvestment Act, and in particular for the state accepting the State Fiscal Stabilization Funds. We have had the responsibility of accounting for those funds and reporting the data and the other requirements with regard to those funds. A second influence has been our response per the directive of the Legislature to create a statewide assessment. That's the NeSA statewide assessment which incorporates revised standards in reading, language arts, mathematics, science, and reporting those out and hopefully creating within this year an accountability system. As you are aware, the first administration of the reading test was last spring, math will join it in the next month. The third influence has been the creation, in a P-16 Initiative, of a data system that will inform all education policymakers, and that's been a slow and painstaking process but is continuing to this day. The mission of the department is to lead and support the preparation of all Nebraskans for learning, earning, and living. Be that as it may, the department recognizes the current economic difficulties and the inevitabilities of funding cuts. With that in mind, I have some good and...good comments and then some suggestions with regard to the committee's assertions about the NDE budget. First of all, I would like to thank the committee for proposing to fund the postsecondary student

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information system from the Education Innovation Fund. A robust, pre-K into the work force data system will be helpful for all involved in state education policy. Then there are several comments. First of all, the committee suggests reductions in state funds for vocational rehabilitation. I would just like to remind the committee that any reduction in vocational rehabilitation funds results in a simultaneous reduction of federal dollars for those funds in the amount of \$3.69 per state \$1. So the \$84,000 reduction proposed for fiscal year '12, for example, would result in something beyond \$300,000 in federal money to be used for our adult disabled citizens. Other requests for additional committee consideration: In Program 025 PSL, we are...we discovered or at least would propose that the amount proposed by the committee is some \$412,000 short of need, this coupled with an issue for this year of a request for \$191,000. We would recommend that the committee restore the \$412,000, approve the issue, and we offer to work with the Fiscal Analyst to justify that request. Again, it's not in terms of budget dollars. It's more in terms of the PSL so that we can meet payroll requirements and do the job we're asked to do. Then the area of the teacher certification investigation, we have one FTE that is committed in the department for this purpose. We did support and suggest moving the funding of that office from the state General Fund to a cash funded basis. This would require a \$15 increase in the teacher certificate, administrator certificate fee, and we still support that being done. The only request we make is that there will be a transition period. And, for example, if we were to announce the fee costs were to change September 1, I would anticipate that anybody whose certificate would renew sometime after September 1 would renew it early and save \$15, and therefore the buildup of the cash fund to fund this position would not occur. And so we're looking for a transition amount, probably in the range of \$10,000 to \$15,000 to help seed the transition, if you will. The next item is we do support the removal of LB1024 funds for the staffing and the purposes of the student achievement coordinator. That was part of our reluctant recommendations under the LR542 process. But in doing that, we would like the committee to consider removing the earmark on unexpended funds within this and we would then transfer those to other department activities. Final suggestions under the biennial appropriations recommendations have to do with school breakfast

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aid. State law requires that we reimburse breakfast at a nickel per breakfast. Well, that results in not only a shortfall this year of some \$11,000 or \$12,000, but we anticipate that that will be a shortfall of some \$25,000 in fiscal year '12 and a similar amount in fiscal year '13. The choice is either to fund according to law or to change the law to allow a pro rata distribution, in other words, taking the amount, dividing it by the lunches, and reimbursing it...or the breakfasts and reimbursing it per that amount. So we would ask the committee to consider school breakfast aid either in additional funding or in changing the statute. Then I have some comments on LB373, the deficit appropriations bill. I would respectfully request, I guess, either some explanation or some understanding as to the need for the department to give up money for salary increase and furloughs that were incurred on a voluntary basis when we are not aware of any other agency in this current year being asked to do so. And if there is not an explanation, then we would respectfully request the restoration of those amounts. And then finally under the deficit, again, it's a reminder on the breakfast aid that \$11,000, just over \$11,000 is needed to fund the program this fiscal year, in addition to funds already set aside. And it's, you know, a sad reality, I think, but it's indicative of tough economic times that more breakfasts are being served in the public schools due to the needs of students than what was anticipated. With that, I will echo the previous thanks to the committee. I apologize for not bringing any candy or other items. (Laughter) I didn't know that was required. But now that we have followed the arts folk, we will do better next year. So are there questions. [AGENCY 13]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 13]

SENATOR WIGHTMAN: Not required but suggested. (Laughter) No. [AGENCY 13]

ROGER BREED: Okay. Noted. [AGENCY 13]

_____: Rewarded. [AGENCY 13]

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SENATOR WIGHTMAN: No, I'd like some thoughts, your thoughts, with regard to the statewide assessment: number one, how that's going; number two, what provisions are made in there for a school district such as my home district, Lexington, in which we have so many people coming in and moving out every year, a lot of... [AGENCY 13]

ROGER BREED: Mobility is the term we use, mobility. [AGENCY 13]

SENATOR WIGHTMAN: ...mobility,... [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR WIGHTMAN: ...and how we fit into that where you set goals that are based upon statewide averages and trying to read statewide averages? [AGENCY 13]

ROGER BREED: When the district does not reflect the statewide average, right? [AGENCY 13]

SENATOR WIGHTMAN: Right. [AGENCY 13]

ROGER BREED: Well, a couple of things. One is...you asked several questions so I'll go with them in this order, okay? How is NeSA going is the first question. The development is going well, it's going within the budget that we have. The administration of the reading test went off very well last year. We anticipate the reading and math tests will go well this year and we will be piloting science items this year as well. Then the question with regard to districts like Lexington, that have very different populations than the state profile, if you will, then we diverge in our answer because one answer says the federal government makes no distinction. The federal government has an inflexible requirement of reporting and we have to comply with that. We do have an opportunity, however, at the state level to have a more flexible accountability system that takes into account something that districts like Lexington have been requesting for years and that

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is a provision to deal with growth, not just the status of your students but did you get students to improve the longer you had them with you. And that's what we're hoping to develop as we control our own assessment system going into the future. Mobility, minority status, language status all have to be accounted for in an assessment system. There are accommodations for language and there are accommodations for some mobility status in terms of when you come to a district, how long you're there before you're required to take the assessment. But basically, we operate under the federal guideline that says no child left behind and, translated in another way, that means all children shall be assessed and reported. And so that makes the job of a Lexington that much tougher. [AGENCY 13]

SENATOR WIGHTMAN: And we aren't objecting about reporting it. I guess we're more concerned about what is done with that information and what considerations are made for school districts that may have an uphill climb such as we would have. I think we might have the highest minority population...school population in the state of Nebraska. If we're not, we're very, very close. [AGENCY 13]

ROGER BREED: I think you are accurate in your assessment. And again, the main provision would be to incorporate in an accountability system a provision for growth, in which case Lexington would fare very well. Even though their overall scores, their...you know, the actual score on the assessment may not be as high, they're taking the student from this level and going this far, while at Elkhorn I might have just taken students from here to here, okay? So who really did the work of education? Right now, we can't assert that under the present system, but in the system that we're working on and hopefully will envision, it would have that growth provision in it. [AGENCY 13]

SENATOR WIGHTMAN: And we've had...I think Lexington has done a lot of innovative things to attempt to address those issues and we've had some outstanding principals and school teachers that you're aware, I think. [AGENCY 13]

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ROGER BREED: Uh-huh. Yeah, Barry McFarland, one of your elementary principals, was just tabbed the state's elementary principal of the year. [AGENCY 13]

SENATOR WIGHTMAN: Right. We're rather proud of that but now we've kicked him upstairs to assistant superintendent so... [AGENCY 13]

ROGER BREED: Well, that's...(laughter) I can't second-guess your personnel decisions but, you know, that's... [AGENCY 13]

SENATOR WIGHTMAN: But you've answered the question from the state. The federal government, you're saying, is still looking, comparing them all under one standard pretty much I gather. [AGENCY 13]

ROGER BREED: Yeah, the law has not changed since 2002, even though the pressure is building to change the law. [AGENCY 13]

SENATOR WIGHTMAN: Thank you. [AGENCY 13]

ROGER BREED: Welcome. [AGENCY 13]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 13]

SENATOR MELLO: Thank you, Chairman Heidemann, and thank you, Commissioner Breed. In following up with all the state agencies, does the Department of Education have a strategic plan and is that strategic plan publicly available on-line? [AGENCY 13]

ROGER BREED: Maybe. No, the...(laughter) we, yeah, to try and find it is the answer. Here's the...I'm going to answer this in two ways and trying not to be flippant about your request which is, I feel, important. The department is, first of all, we have a State Board of Education, eight elected members, three of which were just newly elected and seated

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January. So now is the time, an opportune time, for the board that is newly constituted to do a strategic plan process and that is my plan for this spring, okay? Now in the absence of that, the work of the department continues and we have gone through our leadership council and identified four projects that, for lack of a better term, constitute our strategic plan. And while those are probably not loaded up and identified as such on our Web site, I can give them to you here and they are four pretty visible activities and they relate somewhat to what Senator Wightman was asking about. First of all is the development and implementation during this calendar year of a new state accountability plan to, in a sense, judge the work of its schools. Second is to identify and adopt at a state level educator and...well, teacher and leader standards. In other words, how do we know who's an effective teacher? How do we know who's an effective principal? What are their characteristics? What do they look like? The third activity again to be done with in this calendar year is a rewrite of Rule 84. Rule 84 is the State Board of Education's rule and expectations for education service units, so the defining of the activities of service units and the relationships of the service units to the department is the work of that rewrite of Rule 84. And fourth, and again I think coming back to Senator Wightman's assertion about Lexington, is the creation of a English language learner rule which we do not have. We have left that to the individual district. So we now have an inconsistency across our state as to how we treat English language learner students and that's a situation that cries out for the development of a rule. And so those four things, and then a fifth thing that we're working on that really isn't ours but we are a part of is a virtual education initiative that we think would drive the state's efforts in virtual education in the near future. [AGENCY 13]

SENATOR MELLO: Thank you for that information, Commissioner. I guess my second follow-up then is...and you laid some of it out in the agency's efficiency review plan, is does the agency have now or, as you're looking to your strategic plan development, have you developed or will you be developing any kind of performance benchmarks for within the agency to determine success/failure on any given project or initiative?

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ROGER BREED: Well, the...yeah, on those four projects that I just gave you, the success/failure is are they implemented by the end of this calendar year. [AGENCY 13]

SENATOR MELLO: Okay. [AGENCY 13]

ROGER BREED: So we've set a baseline and then the idea is at the end of this calendar year we hopefully will identify two to five more and continue the process in that way. [AGENCY 13]

SENATOR MELLO: All right. Thank you. [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR HEIDEMANN: Are there any other questions? Senator Harms. [AGENCY 13]

SENATOR HARMS: Thank you very much, Commissioner, for coming today. I want to ask you a couple questions I have an interest in. One is teacher preparation, teachers that are coming from our colleges and universities in Nebraska. Do you feel that they have the right preparation and are they prepared to go into the classroom, in a modern classroom, and deal with technology and instruction the way that they should? [AGENCY 13]

ROGER BREED: Well, over the past 25 years, I've hired and fired teachers. For most of that time, it was one of my primary responsibilities in the Elkhorn schools. You have a couple of questions. First of all, do I have concerns about teacher preparation across the state and, looking at the continuum of preparation that we have, we have 16 teacher preparation institutions in this state, I would have concerns about some, I would not have concerns about others. And we are working with all institutions, though, with

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regard to those concerns. As with regard to the capability of teachers coming out, they're technologically adept, far more so than stogy old people like me, and they are youthful in their enthusiasm and their ability to work. Have we prepared them for the classrooms that they enter across the state or not is probably something we could do a better job of over all, and part of the reason is that Nebraska classrooms are changing. The Nebraska classrooms of ten years ago are significantly different than the Nebraska classrooms of today. Senator Wightman's district in Lexington is a perfect example of that, and that's a rapid change that our departments or our teacher preparation institutions have tried to adjust to but we probably haven't gotten to that part as well. Plus, you have to remember at any one time new teachers comprise a very small percentage of all of the teachers we have, less than 5 percent. So we have work to do not only with developing our new teachers but also in developing at a professional level our existing teacher force to meet the needs of our students today. [AGENCY 13]

SENATOR HARMS: Do you have a plan put together in your own mind in regard to how you're going to interface with colleges to be able to prepare our teachers for the modern world? [AGENCY 13]

ROGER BREED: Yeah, two things that I just mentioned, one is the education standards. In other words, what does it take to be an effective teacher today? And corollary to that is, what does it take to be an effective teacher in 2020, a decade from now for example? In other words, this year's 7th graders, when they become college graduates and go into education, what is the preparation going to need to be in that generation of students? The second thing is, in Rule 84, defining our role with education service units in delivering professional development statewide on a consistent and quality basis to address, you know, for example, STEM needs--science, technology, engineering, and math--but also in how to work with diverse student environments, how to have culturally sensitive instruction within those diverse classroom environments, how to apply technology, how to get your students into and involved with the virtual world. All of those things have to work, I think, in a coordinated fashion for teacher

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preparation but, you know, we have a strong connection, I think, with our higher ed partners in teacher preparation and plan to continue to work that. [AGENCY 13]

SENATOR HARMS: One of the concerns I've always had in regard to teacher preparation, even on the college level, there are some young men and women who come out of higher ed that don't belong. They have the skills as far as the academics, but they don't have the ability to relate to young people. And I guess as you look at that, I hope that we begin to look at components that we can address the issue, making sure that we have screened them out. Even though they academically are bright and articulate, they just don't meet...they just don't fit. [AGENCY 13]

ROGER BREED: Uh-huh. Yeah. [AGENCY 13]

SENATOR HARMS: And I don't mean that in a negative sense but they just don't, they're not a fit, and I've seen that on the college level on more than one occasion and had to make a lot of adjustments in trying to get them prepared to do that, but sometimes you just can't do it. [AGENCY 13]

ROGER BREED: Well, and it's just like me. With my hands, I would never make a brain surgeon. They're too big and they're too uncoordinated. Wouldn't be good for me to do that. Some people are able to handle the higher order mathematics intellectually but to convey that as a lesson to a 7th or 8th grader is something they have difficulty doing. I'm married to a math teacher. I see this play out all the time between people who know math and people who can teach math--two very different skill sets. And yet you have to remember in our society we have a push for alternative education, alternative certification models whereby if you simply have a degree and a short amount of pedagogue training you would be alternatively certified in other areas, other states, not Nebraska at this point but in other states to teach. And so we counter...have to counter that balance as well. I think where we're headed is a more extended work of getting students into classrooms earlier to see what that relationship is with students in schools

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before they get into having to define their career choice by an education degree.

[AGENCY 13]

SENATOR HARMS: Well, I hope that when you look at your model that you can begin to screen them out as they go through their student teaching and that sort of things, because once they're in the classroom we have failed miserably then for the students who are there. I'll leave that alone. [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR HARMS: I wanted to ask you another question about--and you might have said that and I may...because I was not here today--about early childhood development. In your long-range plan, are you addressing early childhood development and all the data and statistics that are showing us that the quicker you get these young people into early childhood development the better opportunity we have of making them successful at the end? Do you have anything at all in this planning process that's going to address this issue? [AGENCY 13]

ROGER BREED: Yeah. Early childhood, we have worked with early childhood grants and I believe that those are not receiving any cuts. In fact, the funding for those has now been drawn out of the lottery money, which will continue there funded without a 10 percent reduction, which we would have had. Those grants are causing a fairly rapid and steady increase in public school early education programs, and in concert with that is the development of early education teachers that are certified, not just interested in working with preschool children. And then there's an initiative through the Buffett Foundation, the Susie Buffett Foundation and the University of Nebraska at Lincoln, which was just announced a couple weeks ago, that I think will pay great dividends for Nebraska and that's the Early Education Institute, and we plan to be very active with that particular institution as well. But we would love to see the state indicate greater efforts in early childhood education and love to be a part of that but... [AGENCY 13]

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SENATOR HARMS: I think that sometime in the near future, when our fiscal things get a little bit better, we really need to address that issue because we already know that if you put the money at the front end you're not going to put it at the back... [AGENCY 13]

ROGER BREED: Absolutely. [AGENCY 13]

SENATOR HARMS: ...in prisons and those sorts of things because you keep kids in school. We've dealt with the issues we should have dealt with and we've helped them when they needed to have the help. Because a lot of children are coming now from families that are just...I guess they just don't function as well as they should and... [AGENCY 13]

ROGER BREED: Yeah. [AGENCY 13]

SENATOR HARMS: ...and they don't have the opportunity to have the books and a lot of parents today, because we have so many different cultural groups coming to America and going into our school system, they sometimes don't understand the importance of the educational process. So if we can get them in that earlier side then we have hope and have a chance to make them successful in their life, and it has to be through education. [AGENCY 13]

ROGER BREED: Yeah, we're 100 percent in agreement on that. [AGENCY 13]

SENATOR HARMS: Well, thank you. [AGENCY 13]

SENATOR HEIDEMANN: Senator Hansen. [AGENCY 13]

SENATOR HANSEN: Thank you. Commissioner Breed, going to the school aid or the school breakfast aid... [AGENCY 13]

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ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR HANSEN: ...formula where you stated that in 2011 you need an increase of \$11,000, is that right, or is it \$20,000, yeah, and \$25,000. [AGENCY 13]

ROGER BREED: Need an additional \$11,023. [AGENCY 13]

SENATOR HANSEN: For 2011 and then an increase... [AGENCY 13]

ROGER BREED: Right. [AGENCY 13]

SENATOR HANSEN: ...of \$25,748 for... [AGENCY 13]

ROGER BREED: Yeah, and that's an estimate, of course. [AGENCY 13]

SENATOR HANSEN: ...for 2012. I took the increase in 2011 and divided it by a nickel. Are there 514,000 children in the state receiving breakfast aid? [AGENCY 13]

ROGER BREED: It would be 514,000 breakfasts. [AGENCY 13]

SENATOR HANSEN: Uh-huh. [AGENCY 13]

ROGER BREED: So...well, we...over 40 percent of Nebraska public school students, so roughly 300,000 public school kids, 40 percent of that is...I shouldn't ever do math on a microphone, but I think that's 120,000 students and so potentially you have 120,000 students that qualify for school breakfast if they were offered. [AGENCY 13]

SENATOR HANSEN: Free or reduced or are they together? [AGENCY 13]

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ROGER BREED: Yeah. [AGENCY 13]

SENATOR HANSEN: All the numbers are together. [AGENCY 13]

ROGER BREED: Right. [AGENCY 13]

SENATOR HANSEN: Okay. Do any of those numbers include preschools, the...in the preschools? [AGENCY 13]

ROGER BREED: Yes, if the preschool is attached to a public school, yes. We have private providers for preschools and we have public school preschools. [AGENCY 13]

SENATOR HANSEN: Oh, okay, I wasn't aware of that. [AGENCY 13]

ROGER BREED: So in public provided preschools, if there is in that building, you know, usually they take a couple of rooms in an elementary building that has space and they are eligible for breakfast as well. [AGENCY 13]

SENATOR HANSEN: But not if it's a private preschool. [AGENCY 13]

ROGER BREED: No. If you're...yeah, if you're in the tick tock,... [AGENCY 13]

SENATOR HANSEN: Yeah, okay. [AGENCY 13]

ROGER BREED: ...you know, little ones preschool... [AGENCY 13]

SENATOR HANSEN: Okay. Yeah. [AGENCY 13]

ROGER BREED: ...or the others, yeah, not on it. [AGENCY 13]

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SENATOR HANSEN: Thank you. [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 13]

SENATOR FULTON: Thank you, Mr. Chairman. Thank you, Mr. Commissioner, for being here. [AGENCY 13]

ROGER BREED: You bet. [AGENCY 13]

SENATOR FULTON: I remember the debate that we had with respect to school breakfast and one of the concerns that I raised, and I can't remember, Senator Conrad might have raised, there were a couple of us that raised the concern that we're asking an awful lot of our teachers. And there was some debate as to whether indeed this type of program, if indeed the program is needed, which we probably agree that it is to some extent, shouldn't it be provided somehow via the Department of Health and Human Services. So I guess I'm curious, is this...I mean is this something that's measurable for the department that it's accomplishing its goal, and with the goal understandably that you have to be nourished in order to learn? [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR FULTON: Is this measurable? Are we...can you comment on it? It's been a few years now and that's why I ask. [AGENCY 13]

ROGER BREED: Sure. Yeah. Well, there's a couple ways to measure. You know, if it was not useful I don't think it would be happening in an expanding environment. It is expanding and, therefore, I think at the building levels where those decisions have to be made, are we going to do this or not...because there's a cost to a school district to offer

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a breakfast program. You have to commit space, supervision, you have to open your kitchens earlier, you have to, you know, make sure that once you offer it you have an obligation to continue to offer that. It may also affect your transportation routes and so on. So there's a cost any time in a school when you expand a service. That would not be being done, in my opinion, if there was not a benefit being provided in terms of students being better prepared for learning. So I think without hard, research-based, doctoral student-stamped research, I think we can safely assert that school breakfasts are, first of all, increasing in number and that that is being done because I think school districts, school buildings are finding benefit in serving breakfast to students in need.
[AGENCY 13]

SENATOR FULTON: Follow up? [AGENCY 13]

SENATOR HEIDEMANN: Sure. [AGENCY 13]

SENATOR FULTON: Is there any...I guess is there a mechanism in place by which we apprehend whether indeed the children are learning as a result of the breakfasts? I mean... [AGENCY 13]

ROGER BREED: At the state level, there is not. [AGENCY 13]

SENATOR FULTON: Okay. Is there anything that exists... [AGENCY 13]

ROGER BREED: Could we eventually, because that relates back to the data system where we could track students from preschool to...into elementary grades and then you could do a study that says here are the students that receive a breakfast program, here are the students that do not, is there any...in like situated groups, is there any education, material education difference. You know, that's a study that could be done in the future but we have not done that at this time. [AGENCY 13]

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SENATOR FULTON: Okay. All right. Thank you. [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 13]

SENATOR MELLO: Thank you, Chairman Heidemann. And on that same line, Commissioner, and I will follow up with the Fiscal Office afterwards as well on this issue, the way the current process works I guess for any given school, and maybe you can give a broad perspective from the department, are schools required at all, if they determine whether or not a student is eligible for free and reduced lunch, to provide them any additional information regarding other potential federal and/or state benefits they may qualify for, such as Medicaid or SNAP? [AGENCY 13]

ROGER BREED: No. No, the process of free or reduced-price lunch, you are obligated by the federal government, if you offer a lunch program, to notify all students of the guidelines for qualifying for free or reduced-price lunch. Then with very few exceptions, one of the exceptions being if a kid is homeless, one of the others being if a kid is under the auspices of Health and Human Services as a foster child, then they automatically qualify for reduced-price lunches. Everybody else, it's a matter of filling out a form, identifying income, and meeting the qualification requirements. School districts are required, and I don't recall the percentage, but they are required to audit a number, a percentage of applications on a continuous basis, and we go out and audit school districts to make sure they've done this. In other words, they have to go out and validate that the income that Senator Fulton or Senator Mello put down is accurate, you know, that they are making \$1,000 a month. It's an amazing salary, I know, but you guys earn it, so... (Laughter) [AGENCY 13]

SENATOR MELLO: Has there ever been any conversations though with the Department of Health and Human Services regarding the new ACCESSNebraska

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Program trying to tie in the ACCESSNebraska Program to the school districts in the sense of trying to maybe knock out two birds with one stone, so to speak, for low-income families? [AGENCY 13]

ROGER BREED: Yeah. We've actually had that discussion under another avenue and that has more to do with school attendance and in tying attendance to school performance and the interaction of the data between the agencies, more so than the free or reduced-price lunch. Okay? [AGENCY 13]

SENATOR MELLO: Okay. All right. Thank you. [AGENCY 13]

SENATOR HEIDEMANN: Senator Harms. [AGENCY 13]

SENATOR HARMS: Commissioner, you mentioned earlier when I came in about virtual education. [AGENCY 13]

ROGER BREED: Yes. [AGENCY 13]

SENATOR HARMS: I know that in this great state there's a lot of different components of virtual education and some of those are really very good. [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR HARMS: But no one has ever brought them all together to the table to begin... [AGENCY 13]

ROGER BREED: Why not now? [AGENCY 13]

SENATOR HARMS: Yeah, this is a good point. That's my...my question is, are you going to bring them to the table, see what we have and see how we can interlock some

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of those different programs? Because of the technology, there's so much we can do...
[AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR HARMS: ...that we could actually share with other schools. I know that...I
have a real interest in virtual education and I think it's really important for the future,...
[AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR HARMS: ...but we need to bring all those components together to make sure
that we are functioning appropriately and we know what other people are doing, and to
make it into a program from the whole state of Nebraska, so... [AGENCY 13]

ROGER BREED: Yeah. Short of bringing in a panel of experts of, like, 7th graders and
6th graders, we did gather such a group last Friday in Varner Hall and we did it at
Varner because they have a pretty good V-Tel hookup and we were able to bring in
people from Kearney and from your area, Gering and Scottsbluff, from ESU 13. And we
held just that sort of a discussion--how do we build a virtual education initiative in
Nebraska that literally takes the best of what we're doing and expands it into the next 20
years. Because as sure as I'm sitting here, there will be more opportunities for students
to learn on-line in the next decade than ever before. And the sooner we adapt and
effectively use the things afforded to us in virtual education the better off I think the state
will be, because those...that is how learning, how professional development I think is
going to be done to a great extent, particularly in our areas of isolated pockets of
students that the state still has an obligation to bring a high-quality education to their
doorstep. [AGENCY 13]

SENATOR HARMS: I think that, quite honestly, that we know that children learn

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differently today because they're coming out of their own homes with some technology. And that's why I brought up the question about teacher preparation because I know what's going to happen. Just in the beginning of the next decade, they've got to take and integrate all of that into the classroom and make the classroom literally come alive, because they've got the clientele there that says, if you don't do that, I'm out of here. [AGENCY 13]

ROGER BREED: Yeah. And the thing is, we've got young teachers who are much more adept at these dumb machines, these things, than I am, you know, and my 7th grade grandson is more adept at that than I am as well. But they use them. They use the social media concept more and, you know, just as a matter of fact here at the state we're prevented from using the social media. And yet you watch how kids connect. You watch what is happening in the democratic uprisings across the Middle East and it's with social media, through Internet connections. And I also find out about my own two children in St. Louis by checking their Facebook rather than having them tell me that they're...that we're going to have a fifth grandchild. (Laughter) Yeah, it was...it didn't bother me as much but my wife was one upset math teacher, so...but that's how kids communicate now. [AGENCY 13]

SENATOR HARMS: Yeah, and what I'm hoping is that we will be able to integrate this into our educational process. The other thing I have a little bit of a fear about as we look into the future, there are some children who cannot learn that way, and by putting everybody...I hope we don't make the same mistake we have made historically about everybody has to go through this round hole because it doesn't fit. And I'm hoping that as you...as we develop this in this great state, particularly with virtual education and bringing technology in, that we realize not everybody is going to learn this way and that we have options for them. [AGENCY 13]

ROGER BREED: Uh-huh. One of the things that was clearly stated at that meeting last Friday was a preference for a blended environment which allows not only the kids that

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can do it all on-line but also for the kids who can do a little bit on-line but need a lot of that personal interaction and that human guidance along the way and tutor banks and clips and pace that is different. And again, you know, computers have unbelievable patience and it affords us that opportunity. [AGENCY 13]

SENATOR HARMS: Thank you. [AGENCY 13]

SENATOR HEIDEMANN: Senator Conrad. [AGENCY 13]

SENATOR CONRAD: Thank you, Commissioner. Thank you for joining us. Always an enlightening presentation. Two quick points that I really just want to make sure that they get on the record and would appreciate your feedback on, but in regards to the school breakfast program, in your opinion, do we really need to develop a sophisticated set of analysis to decide whether or not hungry kids or not hungry kids have an opportunity to learn better? [AGENCY 13]

ROGER BREED: Well, I think the science is pretty clear. [AGENCY 13]

SENATOR CONRAD: And common sense maybe. [AGENCY 13]

ROGER BREED: Yeah, well, that... [AGENCY 13]

SENATOR CONRAD: Yeah. [AGENCY 13]

ROGER BREED: ...goes without saying but the...that... [AGENCY 13]

SENATOR CONRAD: Well, in a legislative arena, it's always important to redirect. [AGENCY 13]

ROGER BREED: Well, that hungry kids are distracted from their learning more so than

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kids whose hunger has been abated by whatever method. And again, you come down to 15 years ago we wouldn't have been having a conversation about breakfast in schools. Ten years ago we started that conversation. Now it's kind of an "oh duh," you know, if you can...if you have the need in your student population, if you have the resources in your district to provide the supervision and the space, then why wouldn't you? [AGENCY 13]

SENATOR CONRAD: Right. [AGENCY 13]

ROGER BREED: You know, it's one of those things to do, and it's interesting that the students that partake of that are not only the students of need, but the students who come in and pay the full price for the breakfast might be those children of busy families where both parents head in different directions for different jobs, and both of my sons are this way in St. Louis and so I can say I'm as guilty as anybody, didn't train them very well, but...and they would gladly, you know, pay the school for breakfasts and drop their kids off a little early. Now one of them has got twin four-year-olds. He'd do anything to get rid of them earlier, so...(Laughter) [AGENCY 13]

SENATOR CONRAD: Right. So I think it goes without saying that the school breakfast program represents a change in our society as it evolves, as family models evolve, and it has benefits for all families,... [AGENCY 13]

ROGER BREED: Yeah. Right. [AGENCY 13]

SENATOR CONRAD: ...regardless of economic conditions or status. [AGENCY 13]

ROGER BREED: Now Senator Wightman and I are of the same age so that we could recall when kindergarten was not a necessity either. That was an option for schools. And now to think of a school district not offering kindergarten, that would be almost unheard of in Nebraska. Then we went to full-day kindergarten and now that is almost

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an accepted practice. And hot lunch programs, my first six years in school we didn't have lunch programs. We had a sack. And you know, so it is an evolution and it is a reflection of our family structure and our economic structure and the custodial responsibility the schools have today that they did not have in the not too distant past. [AGENCY 13]

SENATOR CONRAD: Uh-huh. And then just finally, this program, like many public assistance programs, this is more of an incentive program for... [AGENCY 13]

ROGER BREED: Right. [AGENCY 13]

SENATOR CONRAD: ...local districts. I wouldn't even necessarily classify it as a public benefits program. But of course, the strain or the burden they're in is countercyclical. So when we see a downturn in the economy, we see an increase in need... [AGENCY 13]

ROGER BREED: Increase in this, right. [AGENCY 13]

SENATOR CONRAD: ...amongst these types of programs. And so is that more or less what the deficit numbers arise from or...? [AGENCY 13]

ROGER BREED: That's exactly...it's, you know, I think we estimated to the best of our ability what the cost would be, but we've had a spike in students qualifying for free and reduced-price lunch that is a direct reflection of the economy. [AGENCY 13]

SENATOR CONRAD: Yeah, absolutely. Well, and I can tell you that, you know, it's refreshing that our new superintendent here in Lincoln at Lincoln public schools had made poverty issues a priority of his administration. [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

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SENATOR CONRAD: There's some schools in my district which have a free and reduced rate over 80, 90 percent. [AGENCY 13]

ROGER BREED: Eighty percent, uh-huh. [AGENCY 13]

SENATOR CONRAD: But I think it's also important to look at the data, and we know that, the last statistics I saw, over \$100,000 kids in Nebraska are food insecure every day. They don't know where their next meal is coming from. That's enough kids to fill Memorial Stadium, plus, to capacity every single day. [AGENCY 13]

ROGER BREED: Uh-huh. Yeah. [AGENCY 13]

SENATOR CONRAD: So these are serious issues. They should not be dismissed. They're needed more than ever and I appreciate your dialogue. [AGENCY 13]

ROGER BREED: You bet. [AGENCY 13]

SENATOR CONRAD: Thank you. [AGENCY 13]

ROGER BREED: You bet. My mother, by the way, one of your schools, Huntington Elementary, was a kindergarten teacher at Huntington for over 20 years. [AGENCY 13]

SENATOR CONRAD: Fantastic. [AGENCY 13]

SENATOR HEIDEMANN: Last but not least, I get to ask a question. Every year you put in a budget request for the amount that you think is needed for state aid. How historically have you done that? [AGENCY 13]

ROGER BREED: Oh, we've got this dartboard (laughter) that's got Russell's picture on it and we just take shots at it. Well, it's based...you know, and maybe I should ask Russell

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to respond to this, but it is based on prior years' experience plus assessed valuations that we can garner to date plugged into the existing formula, and coming out with an estimate. You're talking about the estimate we give you around November 1? [AGENCY 13]

SENATOR HEIDEMANN: Correct. [AGENCY 13]

ROGER BREED: Yeah. [AGENCY 13]

SENATOR HEIDEMANN: But I mean what's...it's was curious this year what you put in your budget request for state aid for education. [AGENCY 13]

ROGER BREED: Well, this was a unique year because, obviously, the stimulus money was going away and, you know, and I have to...how did we relate to that? We kept it flat? [AGENCY 13]

SENATOR HEIDEMANN: But don't you historically recognize what the state aid formula is projecting out and then actually that is your request? [AGENCY 13]

ROGER BREED: Yes, historically, that is correct. [AGENCY 13]

SENATOR HEIDEMANN: What changed this year? [AGENCY 13]

ROGER BREED: Economic realities. [AGENCY 13]

SENATOR HEIDEMANN: We went them in the early 2000s and I think if you look back historically it still reflected the... [AGENCY 13]

ROGER BREED: Well, they messed it up back then. We got it right now. (Laughter)
[AGENCY 13]

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SENATOR HEIDEMANN: So in your opinion the, do we... [AGENCY 13]

ROGER BREED: I will explain that a little bit because that's a little unfair just to throw them under the bus, as tempting as it is. I think we have lectured school districts for the past two years to constrain their spending in anticipation of the cliff, the funding cliff, which occurs this September, okay? And so realistically, we throttled the call for resources, in other words, the expenditure sides of their budgets, and which allowed us, I think, to throttle back the amount of state aid that would be requested as a realistic reflection of where our school districts were going to be after working at it for the past two years. And it wasn't as apparent to the outward observer the past two years because the stimulus money was still in place. But I think there has been and will continue to be a ratcheting down of state spending for the public schools on a per district, per building level such that it puts our recommendation closer to reality than if we'd had just gone merrily on our way. [AGENCY 13]

SENATOR HEIDEMANN: So you lectured the school districts about what was coming their way. How did they take that lecture do you think? [AGENCY 13]

ROGER BREED: Oh, they applauded politely...no, they...it's been an interesting two years to be your Commissioner, let's just say that, because they, you know, three months after I was appointed, the stimulus...well, first of all, I was appointed in the first week of October of 2008, at the precipice of the recession. And in February of 2009, the stimulus package was passed and, you know, the rest you know very well what has happened. So from almost the outset, my message to school districts has been, okay, we have stimulus money to allow us to avoid strident cuts, strident reductions in public school efforts right now, but we need to plan for a cold future. And that was from the git-go, that has been our message for the past two years to school districts. I think the response for the most part has been thanks for the help, we appreciate extending out the time that we have to plan for a reduction, but I think they have planned for that

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reduction and they're ready to make ends meet. It will not be any less painful. But to be able to plan two years in advance in a school district as opposed to our usual barely one year I think was appreciated. [AGENCY 13]

SENATOR HEIDEMANN: So with the numbers that you provided us this go-round and this biennium versus what historically has happened, are you setting a new norm? [AGENCY 13]

ROGER BREED: Well, that's a good question. I don't know. If the new norm would involve the interplay of an excessive amount of...not an excessive amount but a huge amount of federal dollars, then perhaps. But if we go back to where we're mainly state funded, locally funded with a little bit of federal money, then I think we go back to the way we've projected it in the past. [AGENCY 13]

SENATOR HEIDEMANN: When you put out the numbers that you did this year, in your opinion, do we fund the formula or do...is our funding reflecting...the formula reflecting the funding? [AGENCY 13]

ROGER BREED: I think it's somewhere in between those two extremes. I think if we let the formula drive itself, you know, that the formula basically then assesses needs and estimates this amount of resources to meet those needs, we would probably be higher than where we're going to end up as a state in terms of state aid. By the same token, if we just set an amount without a close assessment of an adjustment of those needs, I think we're going to shoot too low. [AGENCY 13]

SENATOR HEIDEMANN: We could continue on this conversation but... [AGENCY 13]

ROGER BREED: Glad to. [AGENCY 13]

SENATOR HEIDEMANN: ...I appreciate your candor, I really do. This is something in

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my first few years in the Legislature we seemed to fund the formula but the last three years or so the formula seems to reflect the funding, and I don't know if I'm criticizing that or not but just it's a reflection of the times that we're in. And sometimes looking at what the formula is telling us, I'm not for sure that we're ever going to be able afford the formula. [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR HEIDEMANN: So then the question is, do we need to look at our formula? [AGENCY 13]

ROGER BREED: And, you know, I'll just say this about our formula, because I've been on the other side,... [AGENCY 13]

SENATOR HEIDEMANN: On both sides of the fence. (Laugh) [AGENCY 13]

ROGER BREED: ...so to speak. I want to say on the dark side, but I think it was actually on the light side. Now I'm on the dark side. But when you are in the school districts, you want the formula to drive the funding. When you're here, you go, wait a minute, if that goes unabated, you know, it will obviously be more than the state can afford or want to afford. The reality that I think we all seek and what our formula has to do for us is somewhere in between those two positions. I'd like to be in a school district and just be able to increase my budget according to my needs in my school district, as perceived by my duly elected Board of Education, to the degree that staff and parents and patrons can encourage them to spend and provide for a quality school program in that district. We have restricted that at the school district level and, in return, we've said we're going to have a state aid formula that is going to try to do several things. It's going to try to address some poverty issues. It's going to try to address some LEP issues. It's going to try to address a great diversity in levy issues, which is what we had prior to 1989. When I went to Elkhorn in '87, our levy in Elkhorn was \$2.91, okay? I left a district where I was

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the superintendent in Axtell and I took the levy from 97 cents to \$1, which is one of the reasons why I was leaving, because I had been the first one to take it to \$1 and they suggested I get out of town. But there's the difference that we had. Now our state aid formula proposed to take care...drive those levies to a narrower range. Then it also purports to limit how much budgets can increase in any one year. Then it purports to address poverty and LEP. Then it...I mean so the funding, when we call it a state aid formula, it actually has a longer title and it could have an even longer title than TEEOSA because we try to do so many things with that formula. Now the question is, is that a good thing or a bad thing? I think as a matter of state policy it is ultimately a pretty good thing. Now the...but the struggle will never be easy as to what is the appropriate amount that the state can afford to do the state's purposes. [AGENCY 13]

SENATOR HEIDEMANN: Just one last question. The one thing that probably frustrates me is predictability of the formula... [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR HEIDEMANN: ...and I don't know if the people that run education finance on your side... [AGENCY 13]

ROGER BREED: I have an answer. Unpredictability? [AGENCY 13]

SENATOR HEIDEMANN: Yes. [AGENCY 13]

ROGER BREED: Require assessed valuations to be done by February 1. Okay? Then require school districts to have their budgets adopted and their needs identified by, you know, the previous January 1. Then you would have all of the information and a steady point to identify what are the real needs for the state in terms of its budget and school districts would have the time and the resources to adjust that accordingly. What happens right now is, you know, because, you know, Senator Mello asked about

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long-term planning, long-term planning does not happen in school districts, not because people don't want long-term planning to happen. It's because I do not know the resources side of my budget until I am already starting a new school year, and that is because the Legislature hasn't acted on state aid until the end of the session, and so that's going to be May of this year hopefully, April most years, sometimes March. But I'm not going to know the assessed valuation and property tax amounts until August, okay? My school year starts. School years in this state start in August or earlier. And so if we want our school districts to be frugal planners of their future and to control their fate, we've got to do something about that time line because it does not make sense at the point where you can control the spending, and that is at the school district level. That's from an old superintendent. [AGENCY 13]

SENATOR HEIDEMANN: And I'm not denying what you said isn't true, because it is. But is there anything inside the formula that drives you nuts at a later date, such as averaging adjustment or need stabilization,... [AGENCY 13]

ROGER BREED: Yeah. [AGENCY 13]

SENATOR HEIDEMANN: ...that once you get everything down and then you start to run things and then... [AGENCY 13]

ROGER BREED: Uh-huh. Yeah. [AGENCY 13]

SENATOR HEIDEMANN: ...surprises kick up? [AGENCY 13]

ROGER BREED: From an individual school district level, if I'm paying attention and in tune with what's happening in my district, I can reasonably predict what's happening with my district. Okay? What I can't do is reasonably predict the interplay across all state...well, it's this way. I have a formula. If I know what the amount of state aid is statewide in terms of a percentage, either up or down of the previous year, and I know

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what the factors are of the state aid for a particular school district, I can make a reasonable assertion about that school district. But when I don't know what that amount is, then I'm shooting blind. And that makes it, you know, as you said a minute ago, makes it somewhat unpredictable. [AGENCY 13]

SENATOR HEIDEMANN: Senator Conrad. [AGENCY 13]

SENATOR CONRAD: Thank you. Sorry. [AGENCY 13]

ROGER BREED: Yeah. [AGENCY 13]

SENATOR CONRAD: As you were having this dialogue, another question occurred to me and...well, maybe it dovetails off of Senator Mello's line of questioning in regards to strategic planning as well. But there are proposals before the Legislature this session that would make dramatic changes to the revenues available to the state and how they're distributed, in particular, whether or not we should divert existing sales tax to fund infrastructure needs, and that has the potential to be over \$125 million per year less that would be available to critical needs like education. [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR CONRAD: What kind of feedback are you hearing about that idea?
[AGENCY 13]

ROGER BREED: Almost universal opposition from educators. [AGENCY 13]

SENATOR CONRAD: Thank you. Thank you. [AGENCY 13]

ROGER BREED: The greater problem with state aid formulas is not their complexity or simplicity. It's their level of funding. And I've done this long enough to have survived four

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major changes of funding methodology in the state. All of them would work but all of them have failed except for this one we're on now. The three previous ones failed because of funding level. Now that's not your guys' fault alone. I mean that's, you know, as a state we sometimes try to do more than what our resources allow. But, you know, that has to be a factor in the consideration, the success or failure of a funding formula. [AGENCY 13]

SENATOR CONRAD: Well, and we know from this very recent experience with the onset of the recession, the acceptance of the stimulus funds and now the loss of those funds, how that's caused a great deal of impacts for districts in every corner of the state. And I guess I'm thinking, as we move forward, when we, you know, take that significant amount of funds off the table at the outset it almost sets up an ongoing crisis. So it's appreciated to hear some additional feedback. [AGENCY 13]

ROGER BREED: Yeah. Welcome. [AGENCY 13]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 13]

SENATOR MELLO: Last question, Commissioner Breed, I promise. [AGENCY 13]

ROGER BREED: Ah, come on. (Laugh) [AGENCY 13]

SENATOR MELLO: I really do, and the only reason I ask this question is because I was intrigued by Chairman Heidemann's thoughts and dialogue regarding TEEOSA and the stimulus funds that we accepted. With hindsight being twenty-twenty, as they say, and seeing what we did earlier this session with the Education Jobs money, federal funds, would it have been in the state's best interest if we could have gone back two years ago and not put the state stabilization funds into the existing TEEOSA formula to not create the cliff that we're dealing with right now? [AGENCY 13]

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ROGER BREED: I don't think so, for this reason. The acceptance of the stimulus money and the application into the state aid formula, in my opinion, did two things...well, three things. One is it allowed us to fund our schools, K-12 systems, for the past two years in a way that I think the state can hold its head up and said we were meeting our obligations. The second thing is that the money that was not used to go into the state aid formula was, without a doubt, useful in other provisions of state work. And so that money did go to those purposes. The third thing is that the opportunity to plan for two years for a worst-case scenario simply makes us all better at our jobs of making the most out of the taxpayers' money, and I don't think that's a bad thing. So I...I struggle with it a little. I mean there are times when I'm filling out those 21-page federal forms going, gee, I'm glad we did this, that I would think it was a better idea. But I think overall, for those three reasons, I think it was a good decision on the basis of the state.

[AGENCY 13]

SENATOR MELLO: Okay. Thank you. [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR HEIDEMANN: Seeing no further questions, that was the last question. Thank you. [AGENCY 13]

ROGER BREED: Thank you very much. [AGENCY 13]

SENATOR HEIDEMANN: Is anyone else wishing to testify on Agency 13, the Department of Education? [AGENCY 13]

KATHY BRADLEY: Hi. [AGENCY 13]

SENATOR HEIDEMANN: Welcome. [AGENCY 13]

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KATHY BRADLEY: (Exhibit 9) Thank you. My name is Kathy Bradley. I live at 330 South 93 Street in Omaha, in Senator Nelson's district, and I'm here to testify in support of the Department of Education's budget, specifically the appropriation for the learning community, where I do double duty as a appointed member as well as a local school board member. And the handouts that my companion here has, Brian Gabriel, who's on our learning community staff, has prepared, I'd like to introduce you to. These are very ingeniously color-coded to give you an illustration of our various revenue flows and our expense budget, and then once we...I give you a general orientation to these handouts, I'd like to specifically hone in on an area of the budget of great mutual interest and that is our legislative appropriation. You will notice that both of these handouts have color on them. The colors in one handout correspond to the colors in the other handout. So on this funding sources handout, where you see "Legislative Appropriation" in blue, you will see a blue column that details the revenue and expenses related to our legislative appropriation, and likewise for the others of our funding sources. In order not to get bogged down in areas that are not specifically related to the legislative appropriation, I'm going to very quickly take you through the other areas of our budget and then go back to the appropriation area of our budget. You'll notice that in addition to our legislative appropriation we receive ESU core services dollars. We have a...we are empowered to levy for elementary learning center operating revenues as well as for elementary learning center lease and tenant improvements and capital projects for new focus schools and programs, and what you don't see on the multicolumn spreadsheet but you will see on the revenue sources sheet are the common levy general fund and common ley special building fund. These two funds we are responsible for administering this process. The funds actually flow directly to school districts so you will not see them on our budget because they go 100 percent. They flow through Douglas and Sarpy County and Washington County straight to school districts, but it is important to understand their role in our overall functioning. Now the last thing that I want to indicate about the funding sources other than the legislative appropriation is they all are limited to very strict uses. ESU core services dollars are limited this year to elementary learning center operations and next year to research and evaluation, and our elementary

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learning center levy, both the operating and the capital projects levies, are limited to elementary learning centers, which is what makes our appropriation fund so vital. Our appropriation funds are the only funds that we have to operate and administer all of our statutory responsibilities and we use them to support, to a limited extent, our coordinating council, although the amount of coordinating council support is already diminishing during the sunset of per diem, but we have been redeploying those funds for use in other areas and those would be for administration and for our diversity plan. And the history of our appropriation is we received \$1 million in appropriation in our first full fiscal year, which was 2009-10; that was reduced to \$882,000 in this fiscal year in reflection...reflecting the overall economic conditions in the state. You will notice, however, that although our revenue, annual revenue this year is \$882,000, our expense budget is \$974,000. You may wonder how that is. During the previous fiscal year, 2009-10, we were obviously aware that this reduction was coming, and so we conserved funds to allow us to continue operating. And I see my light is red and I'm out of time, so I'd be happy to answer any questions. [AGENCY 13]

SENATOR HEIDEMANN: Are there any questions? Out of curiosity, on this sheet here you have, underneath the coordinating council expenses, reimbursed expenses. What does that go for? [AGENCY 13]

KATHY BRADLEY: Mileage, like to come down here today, if people attend conferences or meetings. A number of our non-school-board members do belong to state school boards and, for instance, attended the state school board convention in the fall, that kind of thing, the fees for that. [AGENCY 13]

SENATOR HEIDEMANN: Wouldn't the school board had, their local school boards had paid for that? [AGENCY 13]

KATHY BRADLEY: The school board members, our fees are paid for by our local school board members but we have 12 elected members who are not school board

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members and this would be to cover...for example, this would be to cover those fees for our state school board convention for the non-school-board members. [AGENCY 13]

SENATOR HEIDEMANN: Underneath administration you have...it says community relations. What's that spent for? [AGENCY 13]

KATHY BRADLEY: Well, to give you an example of that, we've recently expended some community relations money in support of our diversity plan to inform the population of the Douglas and Sarpy County area about the open enrollment process and our open enrollment school fair which took place at the end of January, for advertising and the like so people knew what was going on. [AGENCY 13]

SENATOR HEIDEMANN: That was one of the reasons I asked that question, because I had noticed down below underneath your diversity plan you actually spent \$15,000 there. Is that part of that of that \$37,000 or that's on top of the \$37,000? [AGENCY 13]

KATHY BRADLEY: That would be on top of. The community relations under administration would be things like our Web site. We have had a Web site on stream for more than a year, so to maintain that Web site. [AGENCY 13]

SENATOR HEIDEMANN: Okay. Senator Harms. [AGENCY 13]

SENATOR HARMS: Thank you very much for coming. Could you explain to me what your diversity plan is? [AGENCY 13]

KATHY BRADLEY: Under the learning community statutes, we...the learning community area migrated from open enrollment, which the rest of the state functions under, to...excuse me, option enrollment to open enrollment, and the diversity plan is the plan devised by the learning community to administer the open enrollment process. And the open enrollment process is different from option enrollment in three respects. Number

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one, option enrollment, you really don't...districts really don't actively promote open enrollment opportunities to students outside their district, but in open enrollment, districts do. Under open enrollment, students who have...who would provide greater socioeconomic diversity to the school districts that they're transferring to receive preference. Under option enrollment, that is not necessarily the case. And number three, under open enrollment, students who provide that socioeconomic diversity to the accepting district receive subsidized transportation. Under option enrollment, that is not the case. [AGENCY 13]

SENATOR HARMS: Could you tell me, has the...from your judgment, has the learning community actually accomplished what the Legislature hoped that it would? [AGENCY 13]

KATHY BRADLEY: I know from studying the statistics specifically in the diversity plan, I am somewhat optimistic. We did a baseline report. This year was the first year we reported to the Legislature some baseline statistics on our performance in achieving the objective set forth by the Legislature and I know...I happen to be most familiar with the diversity plan and I know that there was in fact more movement across district lines in both ways there. We had kids who receive free and reduced lunch moving to buildings where the majority of kids did not and vice versa. And so I believe that in the long run the diversity plan will in fact make a difference in our socioeconomic diversity in the two-plus county area. I think it's way early to tell in terms of overall student achievement in the achievement gap. I think it's way too early to tell. The rest of our baseline report really sets the bar against which we will measure ourselves in future years. So I can answer that in three to five years. That's too hard to answer now. [AGENCY 13]

SENATOR HARMS: Are you seeing any trends at all on that baseline as far as the academic improvement? I know it's early, but are you seeing any signs at all? [AGENCY 13]

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KATHY BRADLEY: The baseline is a baseline (laugh) so... [AGENCY 13]

SENATOR HARMS: Yeah, but are you seeing anything at all? [AGENCY 13]

KATHY BRADLEY: ...I can't. All I can say...all we can say now is kids did move in both directions this year and if you look at education studies will indicate that that socioeconomic diversity in a building is healthy and can...has the potential to improve the academic achievement of disadvantaged students. But we won't see that for another couple years. We won't see the demonstration of that for another couple years.
[AGENCY 13]

SENATOR HARMS: Thank you. [AGENCY 13]

SENATOR HEIDEMANN: Could you spell your name for the transcribers following?
[AGENCY 13]

KATHY BRADLEY: Oh sure. Sorry. K-a-t-h-y B-r-a-d-l-e-y. [AGENCY 13]

SENATOR HEIDEMANN: Thank you. Are there any other questions? Thanks, Kathy.
[AGENCY 13]

KATHY BRADLEY: Thanks a lot for your time and thank you very much for your appropriation, without which we couldn't keep the doors open. Thank you. [AGENCY 13]

SENATOR HEIDEMANN: Is anyone else wishing to testify on Agency 13? (See also Exhibit 10) Seeing none, we will close up the public hearing on Agency 13 and open up the public hearing on Agency 34, the Nebraska Library Commission. [AGENCY 13]