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Education Committee
February 14, 2011

[LB381 LB403 LB445 LB446 LB544]

The Committee on Education met at 1:30 p.m. on Monday, February 14, 2011, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB381, LB446, LB403, LB445, and LB544. Senators present: Greg Adams, Chairperson; Gwen Howard, Vice Chairperson; Bill Avery; Abbie Cornett; Brenda Council; Ken Haar; Ken Schilz; and Kate Sullivan. Senators absent: None.

SENATOR ADAMS: So we're going to begin this hearing of the Education Committee. We are short some people including pages but they're on their way. So with that, I want to welcome everyone today. We are going to hear, it looks like we've got five bills: LB381 introduced by Senator Flood; LB446 I'll be introducing; Senator Council will be introducing LB403; I'll be introducing LB445; and then, finally, Senator Pahls, LB544. Let me begin by introducing the members of the committee who are here and those who will be here yet. To my far right is the committee clerk, Becki Collins. And as you come up to testify, if you choose to testify, be sure that you've filled out one of the registration forms prior to testifying, hand that to Becki, and then state your name and spell your name for the record before you begin your testimony. We'll use the three-minute light today, by the way, to try to speed things up just a little bit. Next to her: Senator Schilz from Ogallala should soon be here; Senator Council is on her way from Omaha; Senator Cornett is introducing a bill in another committee; this is Tammy Barry, the legal counsel for the committee; I'm Greg Adams representing the 24th District; the Vice Chair of the committee, Senator Howard from Omaha; Senator Sullivan from Cedar Rapids; Senator Avery from here in Lincoln; and Senator Haar from Malcolm. Just a couple of preliminary things besides watching the light and you will be timed and filling out your registration form. Unless you are credentialed press, we ask that you not have your laptops out and be using them. And no text messaging. If you need to text message, go outside. So with that, it's pretty simple. And we're ready for our first hearing, LB381. Welcome.

MATT BOEVER: Good afternoon. Thank you. Good afternoon, Chairman Adams, members of the Education Committee. My name is Matt Boever. I'm the legal counsel in Speaker Mike Flood's office. Boever is spelled, B-o-e-v-e-r, and I'm here to introduce LB381 which was introduced by Speaker Flood at the request of the Governor. LB381 does three things: it eliminates membership in the Education Commission of the States; it prohibits ESUs from serving Class IV and Class V school districts; it also removes the statutory requirements that the Department of Education employ a student achievement coordinator. Larry Bare, chief of staff for the Governor, is here to provide details of the bill and he'll follow me. [LB381]

SENATOR ADAMS: That was pretty easy, wasn't it? (Laugh) Are there questions for the introducer of the bill? They're taking it easy on you. [LB381]

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SENATOR AVERY: We're waiting for the next guy. (Laughter) [LB381]

SENATOR ADAMS: Thank you, Matt. [LB381]

MATT BOEVER: Thank you. [LB381]

SENATOR ADAMS: I don't...you're probably not going to stay for closing, are you? [LB381]

MATT BOEVER: No. [LB381]

SENATOR ADAMS: All right. First proponent of this bill. [LB381]

LARRY BARE: Senator Adams, members of the Education Committee, for the record, my name is Larry Bare, that's spelled L-a-r-r-y B-a-r-e. I'm the Governor's Chief of Staff. I'm appearing here today on behalf of Governor Heineman in support of LB381, 1 of 37 legislative bills which are accounted for in the Governor's 2011-2013 biennial budget recommendations. I would like to thank Speaker Flood for introducing LB381 at the request of the Governor. This is our LR542 process in action. LB381, with the accompanying actions by the Appropriations Committee, would result in permanent General Fund reduction of at least \$2.5 million beginning in FY '11-12. The bill proposes the elimination of the educational service units 18 and 19. ESUs 18 and 19 serve only one school district each, Lincoln Public Schools and Omaha Public Schools respectively. In practice, ESUs 18 and 19 operate in name only. They are collocated in their school district's administrative office. Their top managers are full-time school district officials. Their ESU boards are the district's school boards. The primary purpose of an ESU is share services among small- and moderately-sized school districts. This is done specifically to provide economic efficiencies that would otherwise be cost-prohibitive at the individual school district level. ESUs 18 and 19 are not needed to accomplish this purpose. As the largest two school districts, Lincoln and Omaha have economies of scale that already achieve efficiencies and cost savings that outperform other school districts or ESUs. Next fiscal year, ESUs 18 and 19 combined would receive at least \$2.3 million annually in state General Fund aid and collect over \$5 million annually in property taxes. This bill would eliminate both sources of fundings and the parent school districts would receive the ESU's cash reserve assets. As of the most recent available annual financial report school year 2008-2009, ESU 18 held cash reserves of \$851,000 which is about 76 percent of its most recent annual ESU aid allocation. ESU 19 held cash reserves of \$4,207,000 which is 270 percent of its ESU aid allocation. LB381 also repeals statutes providing Nebraska's \$60,500 membership in the Education Commission of the States. The Department of Education had identified this membership as a low-budget priority in a modification in its biennial budget request. Finally, the bill eliminates requirements for the Department of Education to employ a student achievement coordinator, eliminates associated support staff. The department

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also identified this position and two supplementary positions for elimination as low-budget priority as a modification in its budget request. We are early in the budget development process. I would encourage you to keep as many options open as you can. With that, I would try to answer questions if you have them. [LB381]

SENATOR ADAMS: Thank you, Mr. Bare. Are there questions for the testifier? Senator Haar. [LB381]

SENATOR HAAR: Just to educate me on the bill, would the monies normally appropriated to, let's say, the ESU that serves Lincoln, would that additional money go to Lincoln or it just isn't there? [LB381]

LARRY BARE: It would just not go...there would be a reduction in the overall appropriation to ESU aid reflecting the elimination of Omaha and Lincoln. [LB381]

SENATOR HAAR: Okay. [LB381]

SENATOR ADAMS: Other questions? Senator Avery. [LB381]

SENATOR AVERY: The fiscal note indicates...thank you for coming, Mr. Bare. It was your choice, right? [LB381]

LARRY BARE: Of course, (laughter) particularly on Valentine's Day. [LB381]

SENATOR AVERY: The fiscal note indicates that the money that is now appropriated to these two ESUs would probably go into the fund that funds the other ESUs. I presume that you have already thought about this and that you have a plan. [LB381]

LARRY BARE: The Governor's budget recommendation reduced the amount of funding for ESU aid by the equivalent amount. The Appropriations Committee, with action by this committee, could do the same. And so, yes, it is a two-step process. You would need to eliminate the ESUs in statutory language with an accompanying budget action on the part of the Appropriations Committee. [LB381]

SENATOR AVERY: And all other ESUs are interlocal agreements, and these are apparently intralocal agreements. [LB381]

LARRY BARE: I'm not sure. The interlocal agreement is a state of art and I'm not sure. These are formed under the actual interlocal cooperation agreement statutes, but, yes, they are...they include more than one school district, that is correct. [LB381]

SENATOR AVERY: It's always been a mystery to me if all the others are interlocal and these two are intralocal how the two could be the same. [LB381]

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LARRY BARE: Excellent question. [LB381]

SENATOR AVERY: Yeah, I thought it was too. Thank you. [LB381]

SENATOR ADAMS: Senator Sullivan. [LB381]

SENATOR SULLIVAN: Thank you, Senator Adams, and thank you, Larry. Do you have any idea how many staff are involved? [LB381]

LARRY BARE: In the ESUs? I'm sorry, I don't have those numbers. I can get them for you but I don't have them. I'm sorry. [LB381]

SENATOR SULLIVAN: Okay. That's fine. And the compact for education, I'm not even sure what it did or does. Obviously it will continue, it's just that you're recommending our membership stop. [LB381]

LARRY BARE: I would assume we would stop participating. I mean, that's what we did when we eliminated dues to the Midwestern Governors Association and the Western Governors' Association out of our office is we stopped participating. [LB381]

SENATOR SULLIVAN: Um-hum. Okay. [LB381]

LARRY BARE: I believe the preliminary recommendation of the Appropriations Committee makes that reduction in the second year. It would not be able to occur until the second year because there has to be one-year notice given to the commission. [LB381]

SENATOR SULLIVAN: I see. Okay. Thank you. [LB381]

SENATOR ADAMS: Senator Howard. [LB381]

SENATOR HOWARD: Thank you, Mr. Chairman. I know there are some programs that are conducted out of the Omaha ESU such as an early intervention program for very young children. What will happen to those programs if we eliminate the funding for the ESUs? [LB381]

LARRY BARE: My guess is the school board and Omaha Public Schools, since this really covers them, would make an analysis of their priorities and make reductions where appropriate. [LB381]

SENATOR HOWARD: So are you seeing those programs as being eliminated or could you be a little more specific? [LB381]

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LARRY BARE: I'm saying that would be a choice of the Omaha School Board. The ESU does not mandate that program. As far as I know, it mandates no programs. So the board, the school board would have to make a choice. [LB381]

SENATOR HOWARD: So in other words, it'd come back to the school board deciding how they wanted to spend their money? [LB381]

LARRY BARE: That's correct. [LB381]

SENATOR HOWARD: Okay. Thank you. [LB381]

SENATOR ADAMS: Yes, Senator. [LB381]

SENATOR COUNCIL: Thank you, Senator Adams. Thank you, Mr. Bare. Just to kind of follow up on Senator Howard's question. What about the programs that while, for example, the ESU that OPS is a member of, they provide in-service and staff assistance to school districts outside of the Omaha Public Schools as part of their ESU mission? How would those services be provided in the future? [LB381]

LARRY BARE: Again, that would be a choice of the school board. The idea of a single-district ESU just seems inconsistent with the idea that being a multijurisdictional organization. [LB381]

SENATOR ADAMS: Anyone else have a question? Thank you, Larry. [LB381]

LARRY BARE: Thank you. [LB381]

SENATOR ADAMS: Other proponents? Proponent testimony? Then we'll move to opposition testimony. First opponent. [LB381]

MATT BLOMSTEDT: Members of the committee, I'm Matt Blomstedt, that's spelled B-l-o-m-s-t-e-d-t, and I'm the executive director of the ESU Coordinating Council which consists of all of the...all 17 ESUs across the state and actually was instituted by statute to organize statewide services and come up with strategic plans for ESUs. We're here to offer our opposition to this portion of the bill that would eliminate ESU 18 and 19 for a couple of reasons. Number one, there are substantial statewide projects going on and actually plans going on that impact and we...impact both 18 and 19 but really the state as a whole. And so we have things going on with professional development I think. As you were mentioning, we have things going on with records, student record system for IEP. We interact with the Department of Ed on a number of different things through our ESUs. And I think the notion of not having ESU 18 and 19 there and eliminating the possibility of Lincoln or Omaha participating in the ESU system is problematic. And I'll

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kind of stop there because I'm going to testify on the next bill as well, so. [LB381]

SENATOR ADAMS: Okay. Are there questions for Matt? Yes, Senator Sullivan. [LB381]

SENATOR SULLIVAN: Thank you, Senator Adams. So, Matt, you really think that while it...the comment was made that both those school districts could pick up the duties that are currently being done, you think maybe that might not happen. [LB381]

MATT BLOMSTEDT: Well, I think where my concern would be is you'd remove all forms of support that they currently have to participate in those activities as an ESU. So they wouldn't have access to their levy authority nor would they have access to core services funding. So that would, you know, destroy their incentive. From the ESU Coordinating Council, they'd no longer be part of those conversations that we have statewide. [LB381]

SENATOR ADAMS: Senator Avery. [LB381]

SENATOR AVERY: Thank you, Mr. Chair. Does this have any implication for the learning community 11 school districts? [LB381]

MATT BLOMSTEDT: I think it does in this regard. I mean, in the case of the learning community, OPS would no longer have an ESU to which they would also be participating in where every district in the learning community would be part of an ESU. So I don't know what...you know, I don't know what the results might be, but I mean it would at least create what I would call probably some type of equitable difference between the resources available, so. [LB381]

SENATOR AVERY: Well, let me ask you also the question I raised with Mr. Bare. Isn't it true that all except these two are interlocal agreements? [LB381]

MATT BLOMSTEDT: They're actually political subdivisions actually with their own elected boards, so they're not formed under the Interlocal Cooperation Act. The ESUs do tend to use interlocal agreements like a lot of political subdivisions do to get partnerships going among, you know, member school districts, but we also have them across ESUs in the long run. We have contracts with them that fall underneath the Interlocal Cooperation Act anyway even to provide some of our statewide services. So it's a common tool but I think in the case of, you know, the distinction between ESUs, they both...I mean, whether it's 18 or 19 or other ESUs, it's...they're their own political subdivision, so. [LB381]

SENATOR AVERY: So it could be seen as a means just to have another cent-and-a-half levy authority. [LB381]

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MATT BLOMSTEDT: Well, I think there is kind of a history regarding this. You go back to the...I don't remember the exact bill or the year, but 1970-ish time frame when shortly after ESUs were created, and it...you know, I wasn't born yet so I'll tell you, you know, that's...the fact of the matter in my research on that history, I mean, it was one of the compromises made at the time to try to involve very large districts in part of an ESU structure, so. [LB381]

SENATOR AVERY: But is it...it does give them an additional one-and-a-half-cent levy authority... [LB381]

MATT BLOMSTEDT: Um-hum, and does. Yeah. [LB381]

SENATOR AVERY: ...which they wouldn't have without this. [LB381]

MATT BLOMSTEDT: I'd probably defer some of that conversation to the other testifiers. But I...they have a separate instance of a levy authority for the ESU but they have actually the same board. So their school board operates also as their ESU board, and they can...I suspect they can answer that better than I can, but. [LB381]

SENATOR AVERY: Another case of overlapping memberships in elected bodies. [LB381]

SENATOR ADAMS: Senator Haar. [LB381]

SENATOR HAAR: Some of this I just don't understand yet, but so the state provides funding for ESUs, correct? [LB381]

MATT BLOMSTEDT: In part of their funding, certainly, yes. [LB381]

SENATOR HAAR: In part of their...do you know what percent of that? [LB381]

MATT BLOMSTEDT: Off the top of my head I don't. It's roughly...last year it was roughly \$50 million, a little under \$50 million in core services funding. And then a statewide levy of a cent and a half, so it may be around \$20 million. I don't know exactly the dollar figure. But ESUs also end up helping write grants and collaborate with the Department of Education and collaborate with school districts to do special education, you know, a whole bunch of other things. So there's other funds that actually impact the issue. So I can actually get you the statewide compilation of the annual financial report for all the ESUs or any of the individual ESUs that might address that. [LB381]

SENATOR HAAR: Well, I guess what I'm trying to understand if ESU 18 and 19 went away, it's not just maybe in some cases the same board or overlapping of, I don't know, some administratives, but you actually have not only the state funding going away that

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was going to the school district but also the taxing authority and then services provided by the ESU that the school district would have to decide to make up in some other way. [LB381]

MATT BLOMSTEDT: Yeah, that's correct I believe. [LB381]

SENATOR HAAR: Then, again, just give me a couple of those...an idea of some of the really important services that like let's say Lincoln Public Schools now having...is that 18 or 19, by the way? [LB381]

MATT BLOMSTEDT: That's 18. [LB381]

SENATOR HAAR: Okay, 18. So if 18 went away, what are the services that Lincoln Public School wouldn't have that are unique to the ESU? [LB381]

MATT BLOMSTEDT: I'm probably...I'll try to answer it but I'll probably defer a little bit to the testimony there, so. [LB381]

SENATOR HAAR: Okay. That's, you know, maybe be more appropriate to wait. [LB381]

MATT BLOMSTEDT: Yeah. But I mean it would basically say ESUs were charged with several different angles: professional development, technology, several different things, including, you know, I think in Lincoln specific case we've done a lot of work on assessment over the years, we've done a lot of work on technology, and structural materials and things along those lines, so. [LB381]

SENATOR HAAR: Okay. [LB381]

SENATOR ADAMS: Other questions? Senator Schilz. [LB381]

SENATOR SCHILZ: Thank you, Senator Adams. Good afternoon. Excuse my cold. It seems to be hanging on. I guess just a couple of questions quickly and you probably don't have the answers right here off the top of your head. But if this goes forward and 18 and 19 are taken out of the equation, what is the percentage of tax dollars coming into that ESU bucket that would, you know...that would be coming from the...how does that money flow? I mean, is it...do they provide more tax dollars than the other ESUs or how does that work? [LB381]

MATT BLOMSTEDT: I mean, they each have...each ESU would have a cent-and-a-half maximum levy for their operating. And I think what this bill would propose is that for Lincoln and Omaha, they would no longer be part of an ESU so that levy would...for those taxpayers would go away. [LB381]

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SENATOR SCHILZ: That would disappear. Now does that money...and excuse my ignorance here, but does that money that is collected in taxes stay within that district or does it move? [LB381]

MATT BLOMSTEDT: It stays within that ESU unless there's other partnerships that they've developed in some. [LB381]

SENATOR SCHILZ: Thank you. I understand. Okay. That was my question. [LB381]

MATT BLOMSTEDT: Sure. [LB381]

SENATOR ADAMS: Are there other questions? Thank you then, Matt. [LB381]

MATT BLOMSTEDT: You bet. [LB381]

SENATOR ADAMS: Next opponent. [LB381]

JOHN BONAIUTO: Members of the committee, John Bonaiuto, J-o-h-n B-o-n-a-i-u-t-o, testifying in opposition to LB381, executive director of Nebraska Association of School Boards. Having been around for a while, I think that it...this debate of whether or not there should be single-district ESUs has gone on for a number of years. And I think when ESUs were created, there was a belief that districts needed supplemental services and they needed help in doing some things that they might not normally do on their own. And size of districts, if you are a smaller district, you needed this support and help in a different way than the larger districts. That's not to say the larger districts did not have their own unique needs and that the ESUs really performed a vital function for both in different ways. In the late nineties, there was a thorough examination of ESUs. By then, Senator Hartnett and...when the revenue structure and levy authority for school districts was consolidated and reduced, the ESU levy was cut in half. Prior to the late nineties, the ESUs had 3 cents in levying authority and that was reduced to a cent and a half. But, you know, I don't want to repeat what Matt had said, but the ESUs have in essence been an integral part of delivering services that our Department of Education has not been able to provide. I think through budget reductions we have decimated the Department of Education. And if the commissioner were sitting here, he would tell you that 75 percent of the people that are sitting in the cubicles over at the department are paid for by federal funds. I mean, that is, you know, a reality. And I think that the ESUs are able to take decisions you make and the state board makes and then they help deliver a lot of what needs to be done to the field. So I want to say that whether it's a single-district ESU, 18 or 19, or the ESUs that serve multiple districts, they perform a vital function. Lastly, I would not argue about the need--I'm shifting gears here--to not pay dues to the Education Commission of the States in very tough financial times. I would caution that it would be a shame to have Nebraska withdraw from the compact of states for the Education Commission of the States. With full disclosure, I will tell you I'm

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a commissioner and sit on the Education Commission of the States steering committee. Virtually every state in the country is part of that compact. In difficult financial times if dues can't be paid, they can't be paid. I don't know that ECS has ever gone back and asked states for back dues. But withdrawing from the compact I think is something that should be considered. This isn't just a K-12 organization. It serves higher education, research. You know, it's something that I would hate to see us lose. With that, I'll conclude my testimony. I'm sorry I went over time. [LB381]

SENATOR ADAMS: That's all right. Thank you, John. Are there questions? Yes, Senator Sullivan. [LB381]

SENATOR SULLIVAN: Thank you, Senator Adams, and thank you, John. A couple of questions. First of all, since you just were referring to the compact, what does it do? [LB381]

JOHN BONAIUTO: The Education Commission of the States is an organization that has been on the forefront of research for K-12 and for higher education looking at particular topics where they've gathered information in a clearinghouse from every state, and then they combine and put that information into usable form and it's available to the states that are involved, which is virtually every state. They have worked with the region, our surrounding states, on areas that we as states have had particular interest--P-16, P-21, what that configuration would be in the various states. So they are a nonpartisan organization that is run by Governors and elected officials, for the most part. Their officers are usually governors and their vice chair is usually a senator or a house member from one of the participating states. So they're policymakers looking at policy issues. So that's the key function that they look at is how do states develop policy and determine what actions that the state would take in various areas involving education from preschool all the way through postsecondary. [LB381]

SENATOR SULLIVAN: So did I understand you correctly that if we didn't pay our dues, we wouldn't necessarily have to withdraw? I mean, what does that actually mean? [LB381]

JOHN BONAIUTO: Yes. I think that not participating, understanding that if we're not paying dues that we may not participate as active members, but Nebraska has been part of this compact of states nationally for, you know, I don't know how many years. It may be since the beginning of the Education Commission of the States. So I think not paying dues is one thing but withdrawing from the compact...and I would want to make sure that if we're striking this area in statute that it's not taking us out of the compact forever. There may come a time when Nebraska wants to be a participant in the Education Commission of the States, and then we'd be back here looking at how do we get back into the compact. So I am not opposing not paying the dues in these hard economic times and being part of the Education Commission of the States. And

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listening to the discussions, you can imagine what they're taking about in California and New York and some of the other states that have just unbelievably high deficits. The Education Commission of the States is prepared and they have been preparing for these difficult economic times, but I think that the message that I would deliver is that they want to continue to work with Nebraska and they'll be there when we are able to pay dues some time in the future. [LB381]

SENATOR SULLIVAN: One final question, and this has to do with the ESU situation. Did I understand correctly that in both Lincoln, LPS and OPS the school board also functions as the ESU board? [LB381]

JOHN BONAIUTO: That's correct. And it really is a matter of just not duplicating the efforts. In the other ESUs because they're working with multiple districts, they have their own boards. They're elected from their geographic area. But for Lincoln and Omaha because they serve just that one district, it has worked well to designate elected officials that are on the school board to also serve as members or the ESU board members. [LB381]

SENATOR SULLIVAN: Thank you. [LB381]

SENATOR ADAMS: Senator Council. [LB381]

SENATOR COUNCIL: Yes, thank you, Senator Adams. And, John, I apologize if I should have posed this to the representative of the ESU Coordinating Council. But in discussions on other legislation that we've been considering there was some discussion about virtual high schools and distance learning. And if you know, and probably the representative of the ESU Coordinating Council would be the better person to ask this question, but it was my understanding that both ESU 18 and 19 were assisting in the development of the distant learning programs that were being utilized statewide through the other ESUs. Am I correct in my understanding? [LB381]

JOHN BONAIUTO: Senator, I have limited knowledge of this, but I believe you are correct. And there has been discussion going on for some time that sharing expertise and working statewide would be a strength of the ESUs, and having 18 and 19 as part of that is very important. So yes. [LB381]

SENATOR COUNCIL: Okay. Thank you. [LB381]

SENATOR ADAMS: Senator Haar. [LB381]

SENATOR HAAR: I'm trying to get my mind around exacting what this means. So using another analogy, let's say Douglas County in Omaha. I know they're not absolutely contiguous, but if they were and we just merged those two and we just dropped the

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money that the county was getting, then you'd have services that aren't being provided it seems to me. Is that what's happening here? By dropping the ESU, there are services that are not being provided then to the students of Lincoln and Omaha? [LB381]

JOHN BONAIUTO: Senator, that is accurate. What would happen under this scenario I believe is that you would put much more pressure on the district's general operating budget because then you'd be asking them to pick up services that are currently being picked up by the ESU. And these are important services. They're not things that they will be able to just say, well, we're not going to do that anymore. So you're putting already limited funds from other areas to funnel or fund other areas that I think are critical. And, again, it's not because they're larger that they don't need to be doing these things. Over the years because the ESUs have delivered these services in a certain way, it's just evolved this way that the ESUs would provide staff development, that you work in technology. They've been integral in assessments. So all of these things are critical, and the money is going to have to come from somewhere. It's not going to be...these things will have to be funded somehow. [LB381]

SENATOR HAAR: Okay. [LB381]

SENATOR ADAMS: Other questions for John? Thank you, John. [LB381]

JOHN BONAIUTO: Thank you. [LB381]

MARK SHEPARD: Senator Adams and members of the Education Committee, my name is Mark Shepard, S-h-e-p-a-r-d. I'm currently the associate superintendent for business affairs for Lincoln Public Schools and due to our ESU administrator retiring this past year, this past fall, basically a position that our board chose not to renew. I'm also the current interim administrator for ESU 18. Today, I testify in opposition to LB381. And I'm going to talk in a little more depth on LB446 in a few minutes about some of the services that we do provide. But I think a lot of the questions that have been asked have been right on point. What happens if ESU 18 no longer exists as of July 1, 2011, which is in the proposed legislation? I think a couple of things happen. Number one, we have to go back into our budget process as a school district because the ESU would no longer exist and identify where approximately \$4 million worth of services would be funded. The question was asked earlier, how much of our funding comes from the state and how much of it comes from local? We're approximately one-third funded with state core service dollars and two-thirds funded with local property taxes. We also get a portion of our funding for the ESU through Lancaster County. Our ESU provides services to the...it used to be the youth detention center. I think now it's called the Lancaster County youth development center. That's part of the services that LPS through our ESU provides to the students that are housed in that facility. Another question that came up earlier is, what happens with the state funding if in fact ESU 18 and 19 no longer existed? In the current proposal, there isn't a proposal that would take

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that money out of the state budget. As was mentioned earlier, that would be a two-step process. The way it's currently set up, those funds would be redistributed to the other ESUs. I think another thing that's important to point out is the role that we play not only in ESU 18 but also statewide. We have a number of people--and I'll talk in depth in a minute on LB446 about that--that participate in the statewide programs. They not only participate, they provide leadership in those programs. And so I think you have to look beyond just the issue of a single-district ESU. I think when the legislation that was put into statute that currently exists that required us to either simulate with another ESU or have a school district or two join us as part of our ESU was thought out from a perspective of you still need to provide those kinds of services. I think the proposal of just eliminating us, yes, it does have the effect, if the second phase or the second step were processed, of eliminating some dollars from the state budget. I think it's going to have an impact not only in Lincoln and Lincoln Public Schools but also statewide. [LB381]

SENATOR ADAMS: Thank you, Mark. Are there question for Mr. Shepard? Senator Sullivan. [LB381]

SENATOR SULLIVAN: Thank you. Thank you. Thank you, Mark. Why did the LPS board decide not to hire an ESU administrator? [LB381]

MARK SHEPARD: I think as the board looked at...and they actually did hire an interim ESU administrator, which I'm serving in that role, not receiving any additional funding for it though or additional compensation, I think two things. Number one, they looked at the current economic times. They looked at that position was partially funded with the ESU, partially funded with the school district funds. They're looking at what the economic impact is going to be of this legislative session as well as the district in the ESU's overall assessed valuation and the type of dollars that would be generated from a revenue perspective. I think the other thing that we're doing is we're looking at every position when it comes open and identifying, is there a way to provide a more efficient model? I can tell you that my plate was full before this was added to it, so now I guess the plate is just a little more full. But they're looking at it from the perspective of other ways to economize. I think the other piece that is also related to that is there have been proposals out there and there's currently in statute the requirement that we either assimilate with another ESU or have another school district join us or, as this current proposal suggests, we're eliminated altogether. So they didn't want to turn around and hire somebody and then have to go through a process of letting them go. [LB381]

SENATOR SULLIVAN: You made reference to the fact that your ESU has been involved in some statewide programs. Why and who deemed it necessary that a local ESU should become involved in a statewide effort? [LB381]

MARK SHEPARD: Well, I think the way we view all of the statewide initiatives is,

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number one, they're important. They're important not only to Lincoln Public Schools but they're important to every school district across the state. And for us not to be involved would really not sit well from a perspective of we need to be involved statewide, we need to be involved in leadership role statewide. We have a vast amount of expertise within our ESU. I'll talk about some of them in a minute when we get to LB446. But we view our ESU as a leader in the state and as an organization that's part of the whole ESU structure. And I know we've talked a little bit about governance already, but I will tell you that our ESU is maybe a little different than some but very much like many of them across the state. Even though our board is our school board, we have a separate chair. We have at the end of a regular board of education meeting, we close that meeting, go into an ESU board meeting. Statutorily, we're required to have a separate hearing for our budget, for our levy. And so we do operate as a separate entity. Probably the big difference is we serve one school district as opposed to serving many. [LB381]

SENATOR SULLIVAN: Thank you. [LB381]

SENATOR ADAMS: Senator Haar. [LB381]

SENATOR HAAR: So in terms of the one-third and two-thirds, how many dollars are we talking about? [LB381]

MARK SHEPARD: We're talking about \$1.2 million roughly a little more than that for state core service dollars and \$2.4 million in property taxes. [LB381]

SENATOR HAAR: Okay. Are there some service...you know, when you stop your meeting and start the other meeting, are there services that are actually ESU services, and what are a few of those? [LB381]

MARK SHEPARD: Well, the services that we account for under our ESU budget include: instructional materials, as has already been mentioned; assessment and professional development; just about all of our technology services which includes our access to NETWORK Nebraska; it includes distance learning opportunities. We provide some coursework through the distance education system. We're also involved with, as has already been mentioned, the virtual high school project. We have an individual that has served on that committee from the beginning. I'm trying to see if there's anything else we left out. The other piece is what I mentioned earlier about the Lancaster County youth development center and the services, educational services, we provide there. [LB381]

SENATOR HAAR: Now do other ESUs have that same kind of special ESU function like instructional materials assessment professional development technology? I mean, are those sort of across the board what ESUs provide? [LB381]

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MARK SHEPARD: Those are across the board. Those are the statewide projects, if you will. And all of the ESUs provide some form of support in those areas and some of the ESUs go beyond that to include some special education services as well through some of the interlocals that were mentioned earlier. [LB381]

SENATOR HAAR: And the instructional materials, what would be examples? Math books or whatever? Are there certain specific things that come through? [LB381]

MARK SHEPARD: Could be evaluation of materials, support for those materials, staff development. When you go through an adoption cycle and an adoption process, you don't just hand teachers new textbooks and say, here they are. You go through a staff development process so that they can get up to speed on the changes and also, depending on the subject matter, provide some of the support necessary to be able to deliver the curriculum. [LB381]

SENATOR HAAR: Now is any of that across ESUs? [LB381]

MARK SHEPARD: For the most part that is across ESUs. When the state standards were being developed, a number of discussions took place across the state in regard to what school districts are currently teaching, what school districts need to be teaching. Now I don't know of any specific instances. Mr. Blomstedt may be able to give you more information in that regard to share textbook adoptions and that type of thing. I do know from my prior experience in ESU 5 or ESU 2, I'm sorry, in Fremont where we did do some coordination between Fremont and other school districts utilizing the ESU as the facilitator for curriculum adoption and for evaluation services. [LB381]

SENATOR HAAR: Do ESU monies leverage any federal dollars? [LB381]

MARK SHEPARD: That's, again, probably a question for somebody other than myself, but I can get you information on that. [LB381]

SENATOR HAAR: Okay. I would just...I'm trying to figure out how many dollars in services are being lost or merged or whatever. [LB381]

MARK SHEPARD: Well, for our ESU, ESU 18, you'd be looking at in excess of \$4 million. [LB381]

SENATOR HAAR: Okay. [LB381]

SENATOR ADAMS: Are there other questions for Mr. Shepard? Thank you, Mark. [LB381]

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MARK SHEPARD: Thank you. [LB381]

SENATOR ADAMS: Next opponent. [LB381]

LIZ STANDISH: Good afternoon. My name is Liz Standish, spelled S-t-a-n-d-i-s-h, and I'm here today to testify in opposition to LB381 on behalf of ESU 19. Many of what has been said before me stands true also for the Omaha Public Schools served through ESU 19. I do want to highlight that ESU 19 serves 49,000 students in the Omaha metro area but also reaches out to school students across the state. We do offer distance education courses across the state. This year, we're offering 14 courses. There's students in Arcadia, Wood River, Sargent, Ashland/Greenwood that all participate in courses through ESU 19. We also know that last year we touched students in Norfolk, Wind River (phonetic), Raymond Central, and Gibbon. There's about \$5 million in services in ESU 19 that would be eliminated with this bill. And as discussed before, that would put our board of education in a situation during this budget time where those services might have to cease and just not continue. So we do think that we contribute to a statewide network. We do participate in the efficiencies through procurement combined across ESUs. We participate in access to library media services, significant professional development opportunities, and a significant portion of technology across the state. So we believe ESU 19 has a lot to offer the state and that this would not only not provide the school district that's serving roughly 50,000 students access to the services but also impact statewide. [LB381]

SENATOR ADAMS: Thank you, Liz. Questions? Senator Council. [LB381]

SENATOR COUNCIL: Yes, thank you, Chairman Adams. And thank you, Ms. Standish, because I guess I just wanted to repeat when the question was posed to Mr. Bare as to, you know, what would happen if they, ESU 18 and 19, were eliminated and what would happen to the services. And the response was, well, the local school board would have to decide whether they wanted to pick up the provision of those services cost associated with it. So when you're talking about the distance learning, for example, programs and services, the expectation would be that the taxpayers in the Omaha Public School District would be expected to fund these distance learning programs? [LB381]

LIZ STANDISH: The challenge would actually be even greater than that because the Omaha Public Schools is already at the \$1.05 maximum levy. So if we were to choose to prioritize distance education and continue to contribute to the state network, something that's currently happening in the Omaha Public Schools would have to be cut in order to make that happen. [LB381]

SENATOR COUNCIL: Oh, okay. And I guess that's the other point I was getting to. The one-and-a-half cent that the ESU 19 is able to levy, OPS could not assume that levy

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authority and increase its budget accordingly. [LB381]

LIZ STANDISH: Correct. So you are looking at real loss of, for ESU 19, approximately \$5 million. [LB381]

SENATOR COUNCIL: Okay. Thank you. [LB381]

SENATOR ADAMS: Senator Sullivan. [LB381]

SENATOR SULLIVAN: Thank you, Senator Adams. Thank you very much. What kinds of courses do you offer to some of these outlying districts? [LB381]

LIZ STANDISH: Currently, well, last year I have a list of the courses that we did offer and they were nuclear science, nuclear energy, honors calculus III, and discrete mathematics. So very unique offerings that students might not have the experience of being able to even take without the opportunity to through distance education. Typically it is like AP US history, AP statistics. We are hoping in the '11-12 school year and do have plans to even expand those course offerings. For example, we have a course in "project lead the way" related to engineering at North High School as a magnet school. And that's something we're looking into see if that's something we could offer through distance education for students across the state with that highly-focused-but-very-unique interest in that level of engineering. [LB381]

SENATOR SULLIVAN: Do the receiving districts pay you? [LB381]

LIZ STANDISH: There's an agreement that goes on between the school districts. I don't have all the details with that agreement with me today. [LB381]

SENATOR SULLIVAN: But you do receive income from doing that? [LB381]

LIZ STANDISH: I'm not sure actually. I would look at Mr. Blomstedt with the ESU Coordinating Council as to the exact arrangement for the way that that goes because I've not been involved in any billing related to that. I typically work more on the finance side. So I'd have to check to see if we do receive funds for that. [LB381]

SENATOR SULLIVAN: So, and you may not know the answer to this question then, also in terms of how does OPS assign a priority I guess to doing distance education to other districts as opposed to meeting the immediate needs of their district? [LB381]

LIZ STANDISH: I think that's the challenge we would face. I mean, that would just be the hard challenge is I know that our board of education with the current cuts that's on the table, for example, they're hosting several public forums over the next couple of weeks to gather public input on where to prioritize and where to focus. And we do hear

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loud and clear, prioritize on our K-12 education classroom. And so it is possible that something like distance education that might have a great future might not be able to continue. But I can't speak for all the decisions the board would make as the summer goes on. [LB381]

SENATOR SULLIVAN: Um-hum. Thank you. [LB381]

SENATOR ADAMS: Senator Haar. [LB381]

SENATOR HAAR: One of the things Mr. Bare brought out is that it sounds like there's a lot of money in reserves or cash funds or whatever in these two ESUs. He was quoting some millions of dollars. Tell me about that. [LB381]

LIZ STANDISH: He quoted approximately \$4 million I believe for ESU 19. ESU 19 has \$5 million that would be state and property tax funded, but we also have interlocal agreements in partnership with the Omaha Public Schools and other school districts in the metro area, for example, our transportation interlocal agreement. There's a number of things that run through the ESU that are collaborative and cooperative in the region as far as that goes. So when you have a reserve of \$4 million, you're actually looking at total budget of \$16 million. So it's not really a budget of \$5 million, reserve of \$4 million, so the percentage isn't quite as high. But that is something that in these fiscal times we will absolutely take a look at. [LB381]

SENATOR HAAR: Um-hum. [LB381]

SENATOR ADAMS: Other questions? Thank you, Liz. Next opponent. [LB381]

JAY SEARS: (Exhibit 1) Senator Adams, members of the committee, I'm Jay Sears, J-a-y S-e-a-r-s, representing the 28,000 members of the Nebraska State Education Association. NSEA is opposed to Sections 1 and 5 through 10, which is the sections that eliminate Class IV and Class V school districts from being members of the single educational service unit. We'll also be testifying in support of LB446 later today. So if you have questions, I'd be glad to answer them. If not, that concludes my testimony and thanks for the opportunity to testify today. [LB381]

SENATOR ADAMS: Thank you. Thank you, Jay. Are there questions? Senator Haar. [LB381]

SENATOR HAAR: Well, I guess I see...this seems to me that we're not just getting rid of efforts that duplicate each other or administrators where you could hire two and you could hire one sort of thing, but you're actually eliminating services. [LB381]

JAY SEARS: Yes. And one of the things I think we need to keep in mind is when you

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look at Omaha or Lincoln's ESU, that individual service unit serves more children than any of the other services units combined when you're looking at, for example, ESU 3 in the Omaha metro area. The total number of students combined in those other school districts probably don't reach the total number that OPS's ESU provides. And so it's...to me, it's a balance of fairness. And then as OPS testified just earlier, a lot of the work that goes across the state is done among all of the ESUs, and so it's...you know, if you don't have one, then how do you take part in all of the services? So, you know, yes, it cuts some money out of the budget but it also cuts services, and so how do you provide services for children if you don't have the ESU, the core services, or the other special services that are unique to Omaha and Lincoln? [LB381]

SENATOR HAAR: Then we might have to put some back in TEEOSA. (Laughter)
[LB381]

SENATOR ADAMS: Other questions? Thank you, Jay. [LB381]

JAY SEARS: Thank you, Senator. [LB381]

SENATOR ADAMS: Any other opposition testimony? Neutral testimony? And the Speaker has waived closing, so that will end the hearing on LB381. Senator. [LB381]

SENATOR SULLIVAN: Okay. Thank you. We will now begin introduction and testimony on LB446. Welcome, Senator Adams. [LB446]

SENATOR ADAMS: Thank you, Senator Sullivan. My name is Greg Adams, A-d-a-m-s, representing the 24th Legislative District, and I bring to you LB446. I'm going to digress for a moment and try to bring this into a little bit of focus. We already have in statute language that in 2013 eliminates single-district ESUs. That's already there. So if you think about it, the options are, a) allow that law to continue to be implemented and ESU 18 and 19 go away. My concern has always been that they won't go away, that instead they will find another school district to attach to and in effect restore their status as an ESU but have done so out of necessity, because I think you've heard about the requirement for services. They have reached out, found another school district, brought them in, and for purposes of the law now, they're an ESU again. Could that happen right now? Yes, it could. Is it the best policy? I don't think it is. I just don't. On the other side of it, is it necessarily the best policy that we have single-standing ESUs? I don't know that it's the best policy but I think it's better maybe than having them go away or having them just cherry-pick a school nearby to become an ESU again. So what I'm doing is offering an alternative. And quite frankly I would not have brought you this bill this year. When the Governor's proposal came forward, I felt it was necessary to put another option on the table, one that I had been discussing with both OPS and LPS during the interim with no particular time line other than that year 2013 date. And the option was we either leave things alone or we find a better way to deal with this. And LB446 is an

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attempt to find what I think is a better way to deal with it. Now what LB446 does is this. It allows for single-district ESUs, specifically in Omaha and Lincoln. And you already heard some of the testimony of why that may be necessary and I'm sure that you're going to hear more of it from the same people again because we've been having these discussions. Now the language goes a little bit further and does a couple of other things. It doesn't allow, if you pass LB446, it wouldn't allow for cherry-picking. They couldn't go out and find just one more district to say, voila, well, we're an ESU again. Instead, they'd have to go out and find four more. So it starts to really look like a more cooperative ESU again. Or they could stand alone. They'd have that option. Either to find four other schools to enter into a new ESU arrangement with or they could stand alone. Now I think what's critical in my mind is this. If, in my mind, we're going to allow them to stand alone, it's one thing and a legitimate thing for them to say: we serve as 36,000, we serve as 46,000 students and we need to have access to the kind of core service dollars that other ESUs do to supply those kinds of services that other ESUs do for the students within those ESUs. That's one thing. I think it's something else for these two districts to also be a statewide player rather than just say: here's your penny-and-a-half and here's your core service dollars and here's your autonomy again and call it "we made a mistake". I think that we need to take this a step further. If we're going to allow them to stand alone, then what we also ought to say to them is, we need to see from you statewide initiative, statewide participation. We also have, I'm convinced now, ESU governance statewide that's gone through some catharsis and it isn't done yet. And as I see it, it is better...all 19 are better coordinated on a statewide basis, all 19 are participating more on a statewide level. And I want Omaha and Lincoln--the two biggest school districts in the state--to be statewide players, not just take your money and run back to your school district boundaries but be a statewide player the way a Columbus may be or the way that a Kearney or a Scottsbluff may be. And I think that what you will hear is that they're already doing that. And potentially in LB446, what we do is we step up the leverage to make sure that they're a statewide player. School districts of that size have something to offer the whole state not just themselves, not just themselves. So to encourage this, what LB446 also does is to say in effect, here's what we're going to do on your core service dollars. We want you...if you're going to be a stand-alone district, as a stand-alone district be a stand-alone ESU, we want you to commit 5 percent of your core service dollars annually to a statewide effort. Don't just put it in your pocket, but 5 percent of your core service dollars annually have to go to a statewide effort. In addition to that, if you are not an ESU that has more than one school involved, we're actually going to reduce your core service by 5 percent because you're a stand-alone school. If you're going to stand alone, we're going to reduce your core service by 5 percent and we want you to take of the remaining amount, take that 5 percent and show us that you're using it on a statewide initiative. And if it's a multiple-school ESU, we want to see some of that money core service dollar used for cooperative efforts between the schools within the ESU and we want to see some of that money used on a statewide level. So using the core service dollar formula within LB446, what we're saying is in effect we're not going back to the old days. The state can't afford that, and I'm not

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talking about just dollars, I'm talking about services. Whether it's professional development or distance ed, assessment, school finance, whatever it might be, the state cannot afford to not have cooperation. So we formulate in the way the core service dollars are used would compel some of that. So in essence what I've done is to put an alternative on the table for you to think about. And that would end my introduction, Senator. [LB446]

SENATOR SULLIVAN: Thank you, Senator Adams. Are there questions? Yes, Senator Haar. [LB446]

SENATOR HAAR: So does LB446 assume that ESU 18 and 19 really aren't participating or...? [LB446]

SENATOR ADAMS: I don't think it assumes that they aren't. It's been a learning experience for me over the last several months as we've been talking about this concept. I've found out more about their statewide efforts the way that you have already and will continue in the next few minutes. But at the same time, you know, from this seat I want to be sure that these big schools that have so much to offer are statewide players. [LB446]

SENATOR SULLIVAN: Any other...were you done, Senator? [LB446]

SENATOR HAAR: Yes. Thank you. [LB446]

SENATOR SULLIVAN: Okay. Thank you. Any other questions? Senator Council. [LB446]

SENATOR COUNCIL: Thank you, Senator Sullivan, and thank you, Chairman Adams. Just a point of clarification. LB446 provides for a reduction in core service dollars by 5 percent... [LB446]

SENATOR ADAMS: For the single stand-alone district. [LB446]

SENATOR COUNCIL: For the single stand-alone district. And, let me make sure I understand it, provides for a restoration of that if that 5 percent is going to statewide efforts or notwithstanding the 5 percent reduction, the remainder, 5 percent of the remainder has to... [LB446]

SENATOR ADAMS: Five percent of the remainder. [LB446]

SENATOR SULLIVAN: Okay. [LB446]

SENATOR ADAMS: Yeah. [LB446]

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SENATOR COUNCIL: Thank you. [LB446]

SENATOR SULLIVAN: A couple of questions, Senator Adams. Refresh my memory, when did the statute come into being that you refer to when you started out the two-thirds... [LB446]

SENATOR ADAMS: I'm going to speculate. I think it was about three years ago if I'm not mistaken. [LB446]

SENATOR SULLIVAN: Okay, okay. And so ESUs collectively as part of their mission have a statewide responsibility. [LB446]

SENATOR ADAMS: That's how I see it, yes. And I believe as I pointed out that they understand that too. I think that there has been some catharsis in terms of their governance, all 19 of them, and their commitment to more of a statewide process. I just think they needed to go through a bit of a renaissance in that regard. [LB446]

SENATOR SULLIVAN: And in terms of providing the oversight for whether they're measuring up to that, I assume that's what the coordinating commission...or the ESU commission would do. [LB446]

SENATOR ADAMS: Right. That's where the statewide effort will come from. [LB446]

SENATOR SULLIVAN: And then with the two larger districts opting either to go stand alone or have at least four districts... [LB446]

SENATOR ADAMS: Right. [LB446]

SENATOR SULLIVAN: ...that means that if they develop a new relationship with three other districts, that means those school districts are leaving another ESU. [LB446]

SENATOR ADAMS: Correct. [LB446]

SENATOR SULLIVAN: What's the process there or is that...? [LB446]

SENATOR ADAMS: You know, you'd have to redraw boundaries, voting boundaries, those kinds of things. Beyond that, I don't know the specifics. [LB446]

SENATOR SULLIVAN: So that would mean there would be votes taken in both...all of the cooperating districts. Is that correct or where does...? [LB446]

SENATOR ADAMS: I don't have an immediate answer for you. [LB446]

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SENATOR SULLIVAN: Okay, okay. All right. Any other questions? Thank you. We will now hear proponent testimony. Hello, again, Matt. [LB446]

MATT BLOMSTEDT: Hello. Again, committee, Matt Blomstedt with the ESU Coordinating Council. I was going to spell ESU for you but I guess (laughter) you can figure that one out. Blomstedt is B-l-o-m-s-t-e-d-t. Sometimes people had to explain that to me. Oh, it's not just the word. (Laugh) Anyway, I'm please to be here in support of Senator Adams' LB446 in part because it's been a long conversation that I've had a couple of years of history with when I was hired with the ESU Coordinating Council looking at what essentially we were going to be pulling together from a statewide perspective. And we have many, many, many conversations going and many, many projects going. Among our projects, I mean, that we include that we run through the coordinating council statewide professional development using what we have as something that, you know, refer to as ESU PDL. And we actually have activity for network operations folks, technology trainers, staff developers, our instructional materials folks, as well as special education. And, statewide, we have participation from every ESU including 18 and 19 on those projects. We also have our statewide student record system for special ed essentially for IEPs. That process is used by not both 18 and 19; 18 uses that, 19 has their own special ed record system. But I think it's like 97 percent of the districts use our SRS project, which is in cooperation with the Department of Ed. So that's another example of something that we do and interact on. Distance education. All of our ESUs participate in that and has been mentioned. We've had a lot of activity going on around that due to virtual high school conversations, but we had a lot of activity before that because distance ed, there's a lot of leadership that happened across the state, including folks specifically at Omaha, specifically at Lincoln that were part of that infrastructure and absolutely necessary to conversations I have almost every day. When I look at other projects that are co-op purchasing, Omaha participates in co-op purchasing statewide, and so that's a way to gain economies of scale through that program. Our instructional materials, we also have a buying project as part of that, so we actually buy materials and digital rights and have something that is called "powered media plus." It's actually how we deliver some of those digital materials across the state. I'm probably missing a couple others. But the fact of the matter is, every day those conversations are going on and we actually have projects going constantly with that. When you look at how else we might be able to integrate conversations about what other statewide services there are, we have conversations on how large districts have real benefit to me as being able to work with a large district from a large-district perspective. When I go to 18, I can also get immediately to what a district would be looking at and how that integrates. We've had conversations on how that helps us on building statewide capacities to address all sorts of things that really are state needs for the Department of Ed. I'll stop with the red light. I know you'll have questions, so. (Laugh) [LB446]

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SENATOR SULLIVAN: Thank you very much, Matt. Questions for...yes, Ken? [LB446]

SENATOR HAAR: So do you think this is really a good idea or are you just scared because money is tight? [LB446]

MATT BLOMSTEDT: No. I think it's really a good idea. I come at this from a philosophy of, you know, I've had a lot of history, I guess, maybe more history than I even deserve (laugh) on educational policy in this state. But the fact of the matter is, when you look at how you regionalize and how you multi...you know, you're taking multiple regions using those together to be able to do things that are effective for the state. If you have certain districts that would not participate at all, that would be a problem because then we couldn't interact with the Department of Education in the same way and you also lose I think the capacities and resources that are inherent in 18 and 19. If we were just...you know, I'm not big on just worrying about losing money. I'm really looking at what we can truly accomplish and build our capacities on top of, and I have this philosophy that no one entity, whether it's a school district, an ESU, the state can do any of this necessarily on their own, and we really have to be able to collaborate and work together to accomplish good things, so. [LB446]

SENATOR HAAR: And how does this ESU concept dance with the learning community? [LB446]

MATT BLOMSTEDT: Actually, we have some direct interactions with that as well. There's actually an evaluation component that was tied to some of the conversation with core services funding and I actually participated. In statute, there's actually a role for ESUCC working with the learning community on evaluation. We also play this dynamic I think of trying to figure out services that ESUs may have that would help assist the learning community, and in the past we've had that about data, we've had that about evaluation, we've had that about professional development. So I think there's a lot of ways that they actually do interact. [LB446]

SENATOR HAAR: So right now is 19, ESU 19, just Omaha Public Schools or does it spill over into the other parts of the learning community? [LB446]

MATT BLOMSTEDT: Well, as far as legally, sure. ESU 19 is just OPS, yeah. [LB446]

SENATOR HAAR: Okay, just OPS. Okay. [LB446]

MATT BLOMSTEDT: But there are things going on I guess that do spill into that world, so I could answer it both ways--on the one hand, the other hand, and the third hand, (laugh) whichever way, so. [LB446]

SENATOR HAAR: Sure, sure. But legally drawing boundaries they're the same. [LB446]

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MATT BLOMSTEDT: Yeah, legally, yeah. [LB446]

SENATOR HAAR: Okay. [LB446]

SENATOR SULLIVAN: Any other questions? Matt, I have a question on funding. All ESUs have capacity up to one-and-a-half cents... [LB446]

MATT BLOMSTEDT: Yeah, that's correct. [LB446]

SENATOR SULLIVAN: ...levy authority? Are they all at that? [LB446]

MATT BLOMSTEDT: I believe they all are. I haven't looked at...I mean, there were a couple that were just slightly under. Sometimes when you're dealing with large-scale property tax bases you're having to guess a number and you might have value differences, but I think pretty close. [LB446]

SENATOR SULLIVAN: And how long...I know that John had mentioned something about when that levy authority was reduced, how long have they been at one-and-a-half cents? Do you know? [LB446]

MATT BLOMSTEDT: It was 1997 I think was when that bill passed. I'm looking at Tammy to...(laugh) I think that was right. [LB446]

SENATOR SULLIVAN: So they've been static at that amount. And do you know are there significant cash reserves in a lot of the ESUs? [LB446]

MATT BLOMSTEDT: I don't know for sure but I think like the...Liz Standish's answer about OPS is very true for a lot of our ESUs. We have...they build coalitions around special education, so smaller districts can collaborate and put money into that so you end up having to try to build reserves for that. And then sometimes it's federal funds and sometimes there's a wait on federal funds as much as a year or I think we even had instances longer than that to actually get reimbursed after expenditures were made for certain things on a reimbursement basis from the federal government. And rather than having school districts stand up by themselves, ESUs are often used in that capacity, so. [LB446]

SENATOR SULLIVAN: Um-hum. Okay. Any other questions? Thank you. Any other proponent testimony? Welcome back, Mark. [LB446]

MARK SHEPARD: You bet. Thank you. Senator Sullivan, Senator Adams, and members of the Education Committee, for the record, my name is Mark Shepard, S-h-e-p-a-r-d. As I stated earlier, I'm currently the associate superintendent for business

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affairs for Lincoln Public Schools and also serving as the interim ESU administrator for ESU 18. We testify today in support of LB446. We really do appreciate the recognition by Senator Adams and hopefully by the committee that although our ESU only serves one school district, the district represents nearly 36,000 students. Our ESU serves a vital role in Lincoln similar to the role played by our counterparts across the state. We talked a little bit about some of those various projects and various programs. As mentioned earlier, our staff not only participates in the various projects and serves on the committees but they also serve in leadership capacities on many of those committees. We talked about the projects which include instructional materials, assessment and development, network operations, technology affiliate group, distance education advisory committee, and the virtual school committee. One example of our participation not only as a participant but also as a leader, Kurt Langer, our director of technology services who is an ESU 18 employee, has served on the steering committee for the network Nebraska. That's a network that our ESU and our school district utilizes. That's a network that many school districts and many ESUs across the state utilize for Internet services as well as delivery of distance education services. Kurt also participates as an active member of the NITC, the Nebraska Information Technology Commission, providing direction and guidance for the state on telecommunication issues. Several years ago when the Department of Education was embarking on implementing the statewide STARS assessment program, they called on Leslie Lukin and her staff at ESU 18 to help with the delivery and to move the program out to the ESUs across the state and eventually to the school districts. I currently serve alongside fellow ESU administrators on the ESUCC, the coordinating council. That council was put in place to ensure statewide coordination of efforts, and we currently are seeking out efficiencies in how services are delivered. Lincoln Public Schools is a growing school district. We talked about that in the past on other bills. I think the future of our school district and the future of this ESU are imperative to be able to meet the growing needs of our student population. Once we know what those reductions will be in the issue of funding and fully understand our budget implications, we'll put together a budget that meets those needs and assures that the end result has an impact on student achievement. I want to thank you for the opportunity to testify and thank you for your commitment to the students of the state of Nebraska. [LB446]

SENATOR SULLIVAN: Thank you, Mark. Questions? Senator Haar. [LB446]

SENATOR HAAR: When do we expect an ESU like Lincoln or Omaha to develop more in the way of distance learning since you're bigger and deal with more students? [LB446]

MARK SHEPARD: Well, it's kind of interesting when you look at I think the evolution of distance learning in particular, when it first was started, it was out of a necessity. Several small school districts could get together and...or remote school districts could get together and deliver programs and save a teacher, if you will or save a position in

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their budget. I think now what we're seeing is the delivery of distance learning has gone to some of the higher-level courses, and I think that's what you're referring to, courses that maybe a Lincoln Public Schools is able to offer that maybe other districts either wouldn't have the expertise to offer or wouldn't have the need to offer based on the number of students that they would be serving. [LB446]

SENATOR HAAR: So I'm just curious about developing this kind of coursework. Do you somehow within yourself sit down and say, here's something we need to have or how do you decide what kind of courses...or here's a fantastic teacher that could do this part of it, how do you...? [LB446]

MARK SHEPARD: I think both of those are part of the thought process that goes into identifying what types of coursework we would be offering via distance learning. I think the other thing is, what types of upper-level courses are we offering that other districts could benefit from? And the way that process works, you put that coursework out there as an opportunity for other districts to take advantage of and you talk about the timing of when it's going to be delivered because most of those courses are delivered simulcast. They're live. The teacher at LPS can see the students wherever they are located. The students can see the teacher. They can interact. It's two-way. So I think, you know, those thought processes all come into play. [LB446]

SENATOR HAAR: Now is there some distance learning that's kind of canned that you could watch most any time or does it have to...or are they pretty much time slots? [LB446]

MARK SHEPARD: Well, the distance learning that we're currently operating is more of the time slots not a canned proposal. I think part of what's being thought about and discussed with the virtual high school, some of those courses could be delivered in more of a format that would not be as interactive. I think what we're looking at in the emphasis that we've placed on it is the interaction between the students and the teachers and students and students. And if they're operating in isolation, it's hard to achieve that. [LB446]

SENATOR HAAR: Well, when I was in high school which is now a long time ago, we started the process where there's a big room, maybe cafeteria or something and have a bunch of TV sets around and 200 of us sat and watched the TV, but that's not at all what's going on anymore. [LB446]

MARK SHEPARD: Not at all. These are classrooms where the instructors delivering instruction to students that are there in the classroom. We also, through technology now, have the ability for the two-way communication as well as two-way video. You know, I mean it's pretty impressive. They can put information up on the screen that both or multiple classrooms can see. They can, by moving their mouse and clicking, they can

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then ask questions and the cameras will automatically zoom to the person talking. I mean, it's very impressive. [LB446]

SENATOR HAAR: I'd like to observe one of these sometime. [LB446]

MARK SHEPARD: Um-hum. [LB446]

SENATOR SULLIVAN: Any other questions? Mark, do you know in these relationships with participating districts, do they pay LPS if they're having a distance ed course? [LB446]

MARK SHEPARD: That's a piece of information I'll have to gather for you. But there are multiple ways to do that and some districts charge, some districts don't charge. There's also incentive within the school aid TEEOSA formula for offering those types of courses. [LB446]

SENATOR SULLIVAN: With respect to LB446, how do you think LPS will react? Do they...do you think they'd prefer to be a stand alone or will they look for three other cooperating districts? [LB446]

MARK SHEPARD: Well, I think the difficulty is finding the three others that are willing to pull out of an ESU that's currently working for them and go into somewhat of an unknown territory. It's been one of the challenges as we've thought about and talked about finding one other school district. The governance issue will be a huge issue. You know, not only do we have 36,000 students, we have a quarter of a million people. And so if we pick up even three other communities, because of the way the population-based board would be assembled, I'm not sure what type of representation they would have on that board. And that would be I think a concern if I were one of the school districts that surrounds a Lincoln or an OPS in joining that ESU. [LB446]

SENATOR SULLIVAN: Okay. Thank you. Any other questions? Thanks. [LB446]

MARK SHEPARD: Thank you. [LB446]

SENATOR SULLIVAN: Any other proponents? Hello, again. [LB446]

LIZ STANDISH: Hello. Good afternoon once again. My name is Liz Standish, spelled S-t-a-n-d-i-s-h, and I'm here to testify on behalf of ESU 19. We already highlighted a little bit of the distance education that's reaching out across the state. And I would just reflect on the conversation and say that that truly is something that the Omaha Public Schools could offer the state. When you have high schools with over 2,000 students, you just can get to some unique and differentiated curriculum that a smaller high school might not be able to accomplish. So that's why when we review the distance education

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courses that are being broadcast, those are very unique courses that could be a high level of interest for a student that might not otherwise access that. The ESU 19 also does participate in the cooperative purchasing, as indicated, also the PD, the various committees and structures around the technology. And I don't think that ESU 19 would hesitate at all in this bill as far as committing to be a state player if not in one project but many projects. I think we already are there and see that as part of the future. [LB446]

SENATOR SULLIVAN: Any questions? So, Liz, do you see it as a challenge as was indicated by the previous testifier that it might be difficult for you to look at bringing in other districts rather than being a stand-alone one? [LB446]

LIZ STANDISH: I think that the governance would be a challenge. And also looking at the idea that if you have school districts that have an ESU that's functioning for them, their systems and structures such as their accounting software or something like that might already be built on an existing ESU and it would be challenging to move that over to a different ESU. We would look forward to the opportunity with this legislation...with this legislation, ESU 19 could continue in the future to serve the Omaha Public Schools, which is a positive for us and I think we'd be committed to that. I don't know that we would seek other school districts to join us, but I don't necessarily know what the future would hold either, so. [LB446]

SENATOR SULLIVAN: Okay. Thank you. Hello, John. [LB446]

JOHN BONAIUTO: Hello, senators. Senator Sullivan, members of the committee, John Bonaiuto, J-o-h-n B-o-n-a-i-u-t-o, executive director of Nebraska Association of School Boards. I would also say "me too" in support of LB446, and thank Senator Adams for bringing this bill because I believe this is a good state policy discussion. And the previous legislation that was passed looking at single-district ESUs and the requirements to have other districts join the ESUs, I think Senator Adams just described it perfectly that the single-district ESUs would try to recruit or to form those partnerships or those affiliations with other districts but that's not a given and the governance issue is a problem. But I can tell you from attending meetings of the ESU board members and the ESU administrators that the ESUs that serve multiple districts, those boards and administrators have worked very closely with the districts within their ESUs. And there's also provisions in law that say that a certain percentage of your membership have to agree and act on where you prioritize your resources. And this was done through the study years ago that...and these provisions put into place when Senator Hartnett had looked at ESUs and put them under a magnifying glass. So there is a very...there's an ingrained relationship there that these ESUs have agreed to and receive customized, if you will, or very specific services in some instances depending on the size of the district. I know that ESU 3 has to work very hard to make sure that they're addressing Millard's needs or Bellevue's just as some of the other ESUs are looking at the smaller districts. So those relationships that are formed, it would be difficult to undo and join

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with someone else. So with that, I think this is a really good direction and offers opportunity. Our largest districts have much to offer the entire state. And if we look at Nebraska students as all of our students, this fits into that type of state policy. [LB446]

SENATOR SULLIVAN: Thank you. Questions for John? Thank you, John. Hello, Jay, again. [LB446]

JAY SEARS: (Exhibit 2) Hello again. For the record, I'm Jay Sears, J-a-y S-e-a-r-s, representing the Nebraska State Education Association and its 28,000 members. We appear before you today to support LB446. We wanted to thank Senator Adams for bringing this alternative to us. I think it's an appropriate bill as we're looking at the possibility of legislation that would do away with the two largest services units for our two largest school districts. And, again, thank you to Senator Adams to put something on the table as we're looking at how ESUs serve all of the students across the state of Nebraska and keeps the conversation ongoing. So with that, I thank you for the opportunity to testify today. And maybe the next time you have a hearing I won't be here and it won't go so long. So thank you very much. [LB446]

SENATOR SULLIVAN: (Laugh) Questions for Jay? Thank you very much. [LB446]

JAY SEARS: Thank you, Senator. [LB446]

SENATOR SULLIVAN: Further proponent testimony? We'll now hear opponent testimony on LB446. Neutral testimony? Well, I guess that closes the hearing then on LB446. Thank you. [LB446]

SENATOR ADAMS: Thank you, Kate. And let's move right on to the next hearing, which is LB403 and, Senator Council, you're our introducer today. [LB403]

SENATOR COUNCIL: Chairman Adams, members of the Education Committee, for the record, I'm Senator Brenda Council, last name is spelled C-o-u-n-c-i-l, representing the 11th Legislative District and I appear before you this afternoon to introduce LB403. And I introduce LB403 knowing full well that there are some who may very well consider this subject matter of LB403 to be moot as a result of the committee's action last week advancing LB333 to General File. I introduced LB403 without the benefit of having participated in this committee's LR542 process, and as a result I introduced LB403 which quite frankly provides for the distribution of an additional \$500,000 annually from lottery funds for the Enhancing Excellence in Teaching Program. I would not have introduced it when the committee was looking at that time at using additional lottery funds to reduce General Fund expenditures in the educational programming area. Consequently not only has the committee taken action to accomplish the reduction of the amount of funds being distributed from lottery funds to the Excellence in Teaching Cash Fund, it has totally eliminated the current allocation to the Enhancing Excellence

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in Teaching component of that fund for the next two years. So in essence where LB403 was looking to increase from \$600,000 to \$1.1 million the amount of dollars taken from the lottery funds for the Enhancing Excellence in Education Program, which is a program for those who are currently teaching and the intent being to provide student loan funding for current teachers who are going back seeking to improve, at least in my mind, their particular discipline area. So if you have a science teacher going back working on an advanced science degree or a math teacher going back working on advanced math degrees, at least that was the primary objective for me in introducing LB403. But as it stands now with LB333 having been advanced to the General File, the committee has essentially spoken as to its priorities under the Excellence in Teaching Cash Fund Program, and that is to provide funding for those entering the teaching profession who are receiving benefits under that program currently. And under LB333 over the biennium, that amounts to approximately \$270,000 compared to \$800,000 as the law currently reads. Also with the action of LB333, funding would be restored to the current level after the 2012-13 school year. So with that, colleagues, I introduce LB403 and principally to provide an opportunity for those who are proponents of this measure to have an opportunity to attempt to persuade the committee to alter the decision it's made on LB333. And I also felt compelled to go forward with a hearing on this bill because of the number of cosponsors on the bill. I did not feel comfortable merely withdrawing the bill on the basis of the committee's action on LB333 because we had a number of cosponsors on the bill. With that, unless there are any questions, I would return to my seat and provide an opportunity for proponents and opponents to address LB403. [LB403]

SENATOR ADAMS: Okay. Thank you, Senator Council. And let me begin by saying I appreciate the comments you've made. You weren't part of our LR542 process and I felt that for that reason you went one way and we end up going another, but we understand each other and I appreciate your statesmanship on this. Are there questions for the senator? Thank you, then. [LB403]

SENATOR COUNCIL: Thank you. [LB403]

SENATOR ADAMS: First proponent? [LB403]

JERRY HOFFMAN: (Exhibit 3) Chairman Adams, committee members, my name is Jerry Hoffman, J-e-r-r-y H-o-f-f-m-a-n. I'm here representing the Nebraska State Education Association. I want to thank Senator Council for introducing LB403. We had several conversations with Senator Council even when the committee advanced LB333. Senator Adams, I want to thank you for developing this program, first of all, in 2007 and for this committee to stand behind it and support it. At this point, recognizing that LB333 is on General File agenda and it places a two-year moratorium on this program, we're asking that the committee consider, particularly as the economy improves and we look at the late February forecast and April forecast that there would be some consideration

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of this important program for public schools and public school students as well as the teachers receiving tuition reimbursement across the state. And with that, would just simply open it up for any questions that the committee may have at this point. [LB403]

SENATOR ADAMS: Thank you, Jerry. You're right. That is a bill that pained me a bit this summer to have to take that direction, and I hope you and your organization understands the dilemma that we have faced. [LB403]

JERRY HOFFMAN: Oh, certainly. [LB403]

SENATOR ADAMS: Thank you. Are there questions for Jerry? Any? Thank you, sir. [LB403]

JERRY HOFFMAN: Thank you. [LB403]

SENATOR ADAMS: Next proponent? Any proponents? Then we'll move to opposition testimony. Is there any? Neutral testimony? Senator, would you like to close? All right. Senator Council waives closing. That will conclude the hearing on LB403. And we'll proceed on to LB445. [LB403]

SENATOR SULLIVAN: Welcome, Senator Adams. Are you ready to introduce LB445? [LB445]

SENATOR ADAMS: Thank you, Senator Sullivan. My name is Greg Adams, A-d-a-m-s, representing the 24th Legislative District and I introduce today LB445. And very simply what this is, is the Department of Ed's technical bill that they bring in every year. Hurray! This year, it is extremely short compared to other years where it may take me a long, long time to go all through (laugh) the specified items in it. Basically what the tech bill does this year is, as I see it, three things. First of all, it eliminates the language that allowed the commissioner and the State Board of Education to have discretion in terms of assessment. Now we eliminate that language because when we pass the current language that we have, the Quality Education Accountability Act, it requires the state board to assess, so there's no point in having that discretionary language in there. So it's a matter of elimination. However, as we prepared that language, there were concerns raised by those who represent students from exempt schools and private schools who wanted to make crystal clear that we were not mandating that the state board assess those students. So I'll be bringing an amendment that will clarify very specifically that the requirement is it...for assessment is imposed on Nebraska's "public" schools, and it literally has that language--public schools. The next thing is to eliminate the requirement that the state board develop rules and regs for the governance of educational lands and funds. That's redundant also given that we have a board for educational lands and funds. So we would clarify that, clean that language up. The last thing it does is to simply update some language. That language has to do with monies

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in lieu of tax monies that the state of Nebraska gets from the federal government for federal lands from the US Department of Interior--public grazing lands, federal forests, I think if I'm right some floodways, that kind of property. When the federal government takes...in effect has possession of them, there's no property taxes paid. And so the federal government pays in lieu of tax and is apportioned out by the Commissioner of Education. And this would clarify that language and that it is in effect the Commissioner of Education that does that. So more than anything else, this is truly very, very just technical in nature and short. Thank you. [LB445]

SENATOR SULLIVAN: Thank you, Senator Adams. Are there questions for him? Thank you. Will you be closing? [LB445]

SENATOR ADAMS: I think I'll pass on this one. [LB445]

SENATOR SULLIVAN: Thank you. Proponents. Welcome, Brian. [LB445]

BRIAN HALSTEAD: Good afternoon, Senator Sullivan, members of the Education Committee. For the record, my name is Brian, B-r-i-a-n, Halstead, H-a-l-s-t-e-a-d. I'm with the Nebraska Department of Education. We are here in support of LB445. I think Sections 2, 3, and 4 are what the department brought forward to the Education Committee this year. They are attempting to clean up some language in statute that has the education lands board doing some work with respect to each one of these funds which they don't do and they never have done. So in that regard that's all we are doing. I noticed as the bill was introduced, the bill strikes the subparagraph (1) in each one of those statutes about the treasurer providing us, the commissioner, with information on July 1. That still needs to be there. That was an oversight and the stricken language that's always in the first subparagraph for each one of those three sections need to be in place. Now technically you can strike it. We're still going to ask the treasurer on July 1. He's going to have to tell us anyway. It's a public record. But the only thing that should be stricken is what the Board of Educational Lands and Funds shall do for the flood control funds, the grazing funds, and for the forest reserve funds because they don't get that information. The US Department of the Interior sends it directly to us at the Department of Ed. So that's what the technical proposals are aiming to do. I'd be more than happy to answer any questions you might have. [LB445]

SENATOR SULLIVAN: Any questions for Brian? Thank you. Further proponent testimony? Any opponent testimony? Welcome. [LB445]

DAVID LOSTROH: (Exhibits 4-5) Well, thank you. Thank you very much. Senator Adams, members of the Education Committee, my name is David Lostroh, L-o-s-t-r-o-h. I serve as a board member and legislative liaison for the Nebraska Christian Home Educators Association, an organization that advocates, encourages, and supports home education. NCHEA strongly opposes LB445 as currently written due to the confusion it

creates and the resultant possibility of testing for homeschool students as a near or distant future consequence. And, as written, it's to us the same as LB1141 from 2008. However, Senator Adams has assured me that LB445 is not intended to apply testing to homeschools, exempt schools. Additionally, Senator Adams has assured me that AM178, which is being circulated, generated in his office is a good solution to any unintended implication that homeschools could or would be tested under LB445 and that he and the Education Committee would support AM178. So in view of this, the NCHEA is neutral regarding LB445 as long as the Education Committee sends it out to the floor along with the bill. It's also very important to us that the full Legislature adopt AM178. The phrase struck in the next paragraph, I won't read that, that's stricken is the phrase that causes us the concern. Simply striking that phrase removes any discretion that the state board has with regard to testing. The LB445 statement of intent says that, "The State Board is already required to implement a statewide system of assessment for public school students pursuant to the Quality Education Accountability Act." Why does this...does the LB445 phrase need to be stricken? The general language of 79-318 surely is trumped by this subsequent, very specific language of the Quality Education Accountability Act. However, if it is deemed necessary to use 79-318 to override the state board's inaction to implement other more specific law, that is the Quality Education Accountability Act, then we could expect that striking this same phrase could force the state board's optional testing in Section (2) of 79-1601 to be mandatory as well. So we are concerned about that. Home school families generally do not consider themselves to be part of the state's school systems. We believe that officials in state government may view that otherwise, so that's part of our concern. However, AM178 satisfies our concerns. Should LB445 be forwarded to the legislative floor without AM178 and/or if the full Legislature fails to adopt it, then we would resist the bill. We will not talk about testing in general. We've covered that before. I don't think that's necessary today. I do want to thank Senator Adams, members of the Education Committee, and the Education Committee staff, specifically Kris who's sitting over here who took my phone calls and worked with Senator Adams, and for that, we really appreciate that very much. So the NCHEA encourages you to either pass it with the amendment or to kill it. So in our view, we like the language in AM178 better than LB635. I know that's not the hearing for LB635, but I'll just put that in. That's my testimony. [LB445]

SENATOR SULLIVAN: Okay. Thank you very much. Questions? Senator Haar. [LB445]

SENATOR HAAR: David, unfortunately with term limits it's kind of a revolving door in terms of (laugh) knowledge. I'm a supporter of homeschools but would you just talk real briefly about the testing that goes on to make sure the kids are up to speed on...? [LB445]

DAVID LOSTROH: Well, generally the parents who are willing to take the time and effort to homeschool don't want to be ignorant of how their children are doing and they test them regularly. And we have homeschooled our children for over 30 years as of last

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month and we test our children regularly because we don't want to short them. And I think in some cases there are parents who are...tried homeschooling and they're not able to make it work and they put their children back in a private or a public school. So those who stay in the homeschooling for the long term are tested in that way. And I think the 30 years or close to 30 years that homeschooling has been in existence, that has worked well here in Nebraska and many other states across the country as well. [LB445]

SENATOR HAAR: Do they take a certain kind of standardized test or...? [LB445]

DAVID LOSTROH: Not really. There's a range of standardized tests that are available on the market that are used by parents but there's not one test that you have to use. [LB445]

SENATOR HAAR: Gotcha. Thank you very much. [LB445]

DAVID LOSTROH: Sure. [LB445]

SENATOR SULLIVAN: Any other questions? Thank you very much, David. [LB445]

DAVID LOSTROH: Thank you. [LB445]

SENATOR SULLIVAN: Any other opponent testimony? Any in a neutral capacity? Hello, Jim. [LB445]

JIM CUNNINGHAM: Good afternoon. Senator Sullivan and members of the committee, my name is Jim Cunningham, that's spelled C-u-n-n-i-n-g-h-a-m. I'm executive director of the Nebraska Catholic Conference representing the mutual interest and concerns of the archdiocese of Omaha and the diocese of Lincoln and Grand Island, in particular in this context, the schools operated under the jurisdiction of the three dioceses. I would just like to as a matter of the record confirm that there is some confusion about the effect of striking that wording on page 3 of the bill. We were unsure exactly what the consequences of that were and has some concern once we read the statement of intent that perhaps that was...would have the effect, even if unintended, of applying the educational quality...the Quality Education Accountability Act to other than public schools even though that act is clearly applicable only to public schools. So want to confirm that from our perspective, some clarification of that would be good. And we appreciate the fact that Senator Adams and the staff have addressed that issue. Thank you. [LB445]

SENATOR SULLIVAN: Any questions for Jim? [LB445]

JIM CUNNINGHAM: Thank you. [LB445]

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SENATOR SULLIVAN: Thank you very much. Senator Adams has waived closing on LB445, and so that concludes testimony on this bill. [LB445]

SENATOR ADAMS: Thank you, Senator Sullivan. And we'll move on to the last bill of the day. And I think Senator Pahls is with us, is he not? LB544: Senator Pahls, you're up. [LB544]

SENATOR PAHLS: Good afternoon. I thought I'd be around 6:00. [LB544]

SENATOR ADAMS: Well, normally, but... [LB544]

SENATOR PAHLS: That's typical? Well, I just left a roomful of people, so I will be here to 6:00 on my particular committee. And I want to thank you for allowing me to present this to you today. Chairman Adams and Education Committee, I'm Senator Rich Pahls, P-a-h-l-s, and I represent District 31, the Millard, of Omaha. As you read the section of the bill that...changing--you can see it's a very--very short and to the point. This bill stems from my work with the Civics Nebraska Partnership advisory committee, which was formed in 2007 by our Legislature. The Civics Nebraska group has worked to assess the health of civics education in Nebraska and to come up with some ideas how we can show some form of accountability and, actually, promote civics in the state. And what I'm trying to say, also, with the way the society is moving now, our intent is to promote civics, not add to the curriculum but to reemphasize; because basically we talk an awful lot about math, reading, and writing, and civics probably has slipped a little bit. And that's simply what this bill is, to bring attention to that particular area. And since I'm looking at a former government teacher, I feel secure in that. Thank you. [LB544]

SENATOR ADAMS: Thank you, Senator Pahls. Are there questions? Senator Sullivan. [LB544]

SENATOR SULLIVAN: Thank you, Senator Adams. And thank you, Senator Pahls. Can you tell me the makeup of the membership of the advisory committee on civics? [LB544]

SENATOR PAHLS: Right. That consisted of several teachers throughout the state, all the way from both sides of the state; from the Department of Education; we had somebody also from the judiciary branch. We had probably about eight different people from different sections of society, you might say. [LB544]

SENATOR SULLIVAN: And this commission was really the driving impetus behind your introducing this bill? [LB544]

SENATOR PAHLS: Right. They have spent an awful lot of time on...and come up with some really good ideas. And that's what it basically is--sort of promote some of those

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ideas on civics. [LB544]

SENATOR SULLIVAN: And you indicated that this wouldn't really add an additional burden or additional curriculum, so how do you envision this playing out, in terms of meeting this mandate? [LB544]

SENATOR PAHLS: Okay. Well, one of the outcomes of this advisory group--they have come up with a way of showing an evaluation, let me say, of civics. And it's a portfolio they have developed and giving the options of schools to--I'm using the word, actually, "evaluate" civics, the kids' citizenship. And some schools already do that. [LB544]

SENATOR SULLIVAN: So does it need the weight of law for it to be accomplished? [LB544]

SENATOR PAHLS: Well, I think civics is...if you listen to the dialogue in the public today, I think we've lost some of that civilization-type thinking, and we've moved to be more on the edge. And this is, hopefully, will bring a little balance to that. [LB544]

SENATOR ADAMS: Yes, Senator Council. [LB544]

SENATOR COUNCIL: Yes, thank you, Chairman Adams. And thank you, Senator Pahls. As kind of a follow-up on Senator Sullivan's question, as a long-ago-certified social studies teacher... [LB544]

SENATOR PAHLS: Yeah. [LB544]

SENATOR COUNCIL: ...I'm sitting here thinking about--when I'm looking at the curriculum, the section that this addition is--this is basically second to the sixth grade curriculum, if I'm understanding correctly what I'm reading--this section as being amended is basically talking about what I recall as the old fourth grade curriculum and then grades three through five and then the sixth grade. And I see the two--at least two grades of high school. But I'm just sitting here thinking, what is it that the group saw being absent from the instruction today that would be now promoted or it would be assured to be delivered? I guess I'm just trying to--if they gave some examples of what they may believe is absent from the instruction... [LB544]

SENATOR PAHLS: Well, I think what we're trying to do...in other words, if you took reading, math, and writing, there is some type of assessment. [LB544]

SENATOR COUNCIL: Um-hum. [LB544]

SENATOR PAHLS: Well, if we can promote the concept of schools utilizing portfolios...in other words, a student does research on a particular project, and then they

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go out and work that project. Here's an example--one of the...and we did do this in front of Transportation. Last year a group of Lincoln students came up with the idea of a bill, and it was presented to the Transportation. Showing how to actually work the system, what I call real-life situations, would be one thing. And a number of schools do this. But we're thinking about if we can spread this across Nebraska, that this would probably bring people more aware of what's going on. [LB544]

SENATOR COUNCIL: I, again from an old social studies teacher perspective, I think civic education and civic involvement is extremely important. The question is I'm just...how do we evaluate...? Some of the schools--I know high schools in the metropolitan area have community service... [LB544]

SENATOR PAHLS: Right. [LB544]

SENATOR COUNCIL: ...requirements. And for some, that satisfies the active citizenship... [LB544]

SENATOR PAHLS: Right. [LB544]

SENATOR COUNCIL: ...component described in the amendment. I know of occasions where students have decided to pursue a particular legislative change. [LB544]

SENATOR PAHLS: Right. [LB544]

SENATOR COUNCIL: And I'm just trying to figure out, I mean, when we urge the districts to do it, will they have any kind of template or some suggested curriculum from the NDE or... [LB544]

SENATOR PAHLS: Right. [LB544]

SENATOR COUNCIL: ...somewhere else to guide them? [LB544]

SENATOR PAHLS: On this advisory group we have several social studies teachers, and they have really been providing a lot of insight into how this should be approached. They've come up with ideas. They have developed some portfolio ideas that schools can utilize. I think what we're trying to do, to some degree, is actually even to promote civics, because we do feel that it has slipped a little bit because of the demands placed on other content areas. And I agree with you: lots of schools are doing these things. And some of that, to some, you know, degree, depends on the--how the school or the teachers approach it. [LB544]

SENATOR COUNCIL: Thank you, Senator Pahls. [LB544]

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SENATOR ADAMS: Senator Haar. [LB544]

SENATOR HAAR: Thank you for coming today, Senator. You say--this is on the introduction, the bill summary: "the value and practice of civil discourse between opposing interests." And this is just a concern of mine--how do you teach this to kids, when you look at the federal level and all the kind of stuff that's going on? I mean, if adults don't practice this, how do you teach it to kids? And that's my concern. [LB544]

SENATOR PAHLS: Well, some of it, we know, is teaching by example. But, you know, one of the things how you--actually, starting with kindergarten, children need to know that they line up, they sign in; there are various small tasks that we build, and then we just keep building. Will we ever be a perfect society? Probably not. But I think if we think about how we can get people to disagree with each other civilly, that would be a step in the right direction. You know, at one time we did have more...I think 24/7 type of news has caused us to be more--have more angst. But, again, if you look back--and I hate to be talking to two former teachers who have taught this--but, you know, Lincoln was not appreciated; George Washington was not appreciated. So even today our current leaders may not be appreciated. Those--in their day, they're not either. But I think it's a dialogue that we need to promote. And that's the intent of this, is to bring--to stimulate some thinking in this area. [LB544]

SENATOR HAAR: Well, maybe you could have five minutes to preach this occasionally in the Chamber later in the session. (Laugh) [LB544]

SENATOR PAHLS: (Laugh) I should do that by example--by example; that's what my mom would say. [LB544]

SENATOR ADAMS: Other questions? Thank you, Senator. [LB544]

SENATOR PAHLS: And I'll just say, I had several people want to be proponents of this, but I told them it's going to be late in the day, so they did... [LB544]

SENATOR ADAMS: I guess these wrong every Monday and Tuesday. [LB544]

SENATOR PAHLS: Yeah. [LB544]

SENATOR ADAMS: So I apologize. [LB544]

SENATOR PAHLS: (Exhibit 7) No, no, no, no, no. That's...and so they did give a couple letters to me. [LB544]

SENATOR ADAMS: Okay. Did you say you had to take off, or are you going to stay and close? [LB544]

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SENATOR PAHLS: No, I--I'm going to--I need to get back. [LB544]

SENATOR ADAMS: Okay. Thank you, Rich. [LB544]

SENATOR PAHLS: It's more fun here, though. (Laughter) [LB544]

SENATOR ADAMS: Yeah, I can imagine. [LB544]

SENATOR PAHLS: Thank you. Thank you. [LB544]

SENATOR ADAMS: First proponent. [LB544]

BRIAN HALSTEAD: (Exhibit 6) Good afternoon, Senator Adams, members of the Education Committee. For the record my name is Brian, B-r-i-a-n, Halstead, H-a-l-s-t-e-a-d. I'm here on behalf of the Department of Education in support of Senator Pahls's bill. I have distributed--or had distributed to you a letter from the State Board of Education--their support for the bill. In response to, I think, Senator Council's questions--what are we going to do to guide school districts or the teachers in social studies? Well, this fall the department is going to start working on updating the social studies standards, which, by law, we are required to have in this state. It has to be completed by 2013. It is the one subject area in which we have content standards that measure--or are supposed to identify what students know and are able to do in social studies. It's one area we have no assessment for. So in that regard, that will probably be a guiding force of this. Senator Pahls has been on that civics advisory committee. They are still working, and they just had a report to the state board at their last meeting. So it's an ongoing activity of the social studies teachers--individuals in civics, the Secretary of State, members of the judicial branch are part of that committee. So with that, I'd answer any questions you might have. [LB544]

SENATOR ADAMS: Questions for Brian? [LB544]

SENATOR COUNCIL: Just a quick one. [LB544]

SENATOR ADAMS: Yes, please. [LB544]

SENATOR COUNCIL: Thank you, Brian. When was the last time the social studies standards were reviewed and assessed? [LB544]

BRIAN HALSTEAD: Well, they've never been assessed. We were required to have them adopted; I believe 1998 or thereabouts is when they were first adopted by the state board. They've been sitting there ever since. And it is one of the last requirements of LB653 from 2007 to update those standards, as we have in the language arts,

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mathematics, and science. And that's a project we're going to be undertaking starting this fall. [LB544]

SENATOR COUNCIL: Thank you. [LB544]

SENATOR ADAMS: I was on the committee that helped draft. [LB544]

SENATOR COUNCIL: In '97--ooh. [LB544]

SENATOR ADAMS: Yeah. [LB544]

SENATOR COUNCIL: I was a kid then. [LB544]

SENATOR ADAMS: And I knew NCLB was on a downhill slide. (Laughter) That was the beginning right there. Senator Haar. [LB544]

SENATOR HAAR: Well, more and more I'm coming to appreciate that the school itself is the curriculum, wouldn't you agree--in how students are treated in schools teaches...not only do we teach textbook civics and so on, but it's how schools treat children and how children treat each other and so on. [LB544]

BRIAN HALSTEAD: Senator, I think, you know, that's been the ongoing discussion from the beginning of schools. There is the academics, which you learn by reading or experiencing. And then there's the social interaction and the ability to relate and get along with other people and understand different, varying viewpoints and perspectives. And they are both present in our schools. Unfortunately, sometimes our beliefs and our attitudes and our behaviors don't match the curriculum that we read. And we learn that every day. The discourse that's gone on in this country since January and the shooting in Tucson has changed somewhat. Question is, are we as adults going to continue to act civilly, or will we regress back to our previous behavior? And that's a challenge we all have. So in respect--sure. How are children treated in the school setting? How are parents treated? How are adults treated? How do we interact with each other if we disagree--if I have a different viewpoint than you do or you have a different viewpoint than Senator Adams? I think that's what Senator Pahls is trying to address through this statute, by adding in that language that's currently--he's proposing here. [LB544]

SENATOR HAAR: One of the reasons I bring this up is I'm going to have a bill that's going to come before the committee a little later on student free expression. [LB544]

BRIAN HALSTEAD: Yep. [LB544]

SENATOR HAAR: And there are, really, elements of civics in how we treat student expression in schools, whether we--to what extent we allow it and how we deal with it

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when we disagree and so on. [LB544]

BRIAN HALSTEAD: Sure. And, obviously, this committee--I think one of the first hearings you had this session dealt with cyberbullying and expansion of the student disciplinary act. Free speech is a great thing, but sometimes what I think is free speech other people think is harmful to them. And the discord in which we create that--that's all part of it. It's a learning environment for all of us. [LB544]

SENATOR HAAR: Okay. Thank you. [LB544]

SENATOR ADAMS: Other questions for Brian? Thank you, then, Brian. Other proponents? Are there any opponents to the bill? Any neutral testimony? And we know that Senator Pahls has waived closing, so that will end the hearings today. Committee, if you could stay with me for just a few moments. [LB544]