

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

Floor Debate  
February 13, 2014

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SPEAKER ADAMS PRESIDING

SPEAKER ADAMS: Good morning, ladies and gentlemen, and welcome to the George W. Norris Legislative Chamber for the twenty-sixth day of the One Hundred Third Legislature, First Session. Our chaplain for the day is Pastor Roger Criser from the Harrison Street Baptist Church in La Vista, Nebraska. That is Senator Smith's district. Please rise.

PASTOR CRISER: (Prayer offered.)

SPEAKER ADAMS: I call to order the twenty-sixth day of the One Hundred Third Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

ASSISTANT CLERK: There is a quorum present, Mr. President.

SPEAKER ADAMS: Are there any corrections to the Journal?

ASSISTANT CLERK: I have no corrections this morning.

SPEAKER ADAMS: Messages, reports, or announcements to make?

ASSISTANT CLERK: Mr. President, I do. I have a communication from the Governor regarding the withdrawal of an appointment to the Board of Emergency Medical Services. Committee reports: Committee on Banking reports LB750, LB819, and LB876 all to General File with committee amendments attached. An announcement that various agency reports have been filed electronically and are available through the Legislature's Web site. And I have a list of additions to the list of registered lobbyists for the current week. That's all I have. (Legislative Journal pages 531-533.) [LB750 LB819 LB876]

SPEAKER ADAMS: Thank you, Mr. Clerk. We'll now proceed to the first item on (recorder malfunction)...Mr. Clerk, we're going to move to Final Reading. Members, you need to return to your seats in preparation for Final Reading. Mr. Clerk, the first bill is LB56. [LB56]

ASSISTANT CLERK: (Read LB56 on Final Reading.) [LB56]

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SPEAKER ADAMS: All provisions of law relative to procedure having been complied with, the question is, shall LB56 pass with the emergency clause attached? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB56]

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 533-534.) Vote is 41 ayes, 2 nays, 1 present and not voting, 5 excused and not voting, Mr. President. [LB56]

SPEAKER ADAMS: LB56 passes with the emergency clause attached. We'll now proceed to LB588. [LB56 LB588]

ASSISTANT CLERK: (Read LB588 on Final Reading.) [LB588]

SPEAKER ADAMS: All provisions of law relative to procedure having been complied with, the question is, shall LB588 pass? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB588]

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 534-535.) Vote is 44 ayes, 0 nays, 5 excused and not voting, Mr. President. [LB588]

SPEAKER ADAMS: LB588 passes. We'll now proceed to LB371, Mr. Clerk. [LB588 LB371]

ASSISTANT CLERK: Mr. President, with respect to LB371, Senator Mello would move to return the bill to Select File for a specific amendment, that amendment being AM1863. [LB371]

SPEAKER ADAMS: Senator Mello, you are recognized to open on your motion. [LB371]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. AM1863 is designed to address the revised fiscal note for LB371. While the adoption of the committee amendments eliminated nearly all the General Fund impact to the bill, the Office of the Capitol Commission reported that they would need a half-time staff assistant in order to comply with the reporting requirements. Since the Capitol Commission has a small percentage of the overall contracts within the Department of Administrative Services, AM1863 would simply remove the Capitol Commission from the bill, eliminating any of the remaining General Fund impact. I'd urge the body to bring back LB371 from Final Reading and urge the adoption of AM1863. Thank you, Mr. President. [LB371]

SPEAKER ADAMS: Thank you, Senator Mello. Members, the floor is now open for discussion on the motion. Senator Mello, there are no lights on. Senator Mello waives closing. Members, the question before the body is the motion to return to Select File. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB371]

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ASSISTANT CLERK: 41 ayes, 0 nays on the motion to return the bill, Mr. President. [LB371]

SPEAKER ADAMS: Motion passes. [LB371]

ASSISTANT CLERK: Mr. President, Senator Mello would offer AM1863. (Legislative Journal page 486.) [LB371]

SPEAKER ADAMS: Senator Mello, you are recognized to open on your amendment. [LB371]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. As I mentioned, AM1863 simply removes the Office of the Capitol Commission from the auspice of LB371. It would reduce--or eliminate, I should say--the entire General Fund impact on the fiscal note. The fiscal note bill, LB371A, is on Select File. With the adoption of AM1863 I'll be bringing amendment on that fiscal note bill. If the body adopts AM1863 there would be a remaining fiscal note attached to LB371. It would be purely revolving funds within the Department of Administrative Services and will not affect the General Fund impact. With that, I'd urge the body to adopt AM1863. Thank you, Mr. President. [LB371 LB371A]

SPEAKER ADAMS: Thank you, Senator Mello. Members, the floor is now open for debate on the amendment. Senator Mello, there are no lights on. You're recognized to close. Senator Mello waives closing. The question before the body is the passage of AM1863 to LB371. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB371]

ASSISTANT CLERK: 43 ayes, 0 nays on the adoption of the amendment, Mr. President. [LB371]

SPEAKER ADAMS: The amendment is adopted. Senator Murante for a motion. [LB371]

SENATOR MURANTE: Mr. President, I move to advance LB371 to E&R for engrossing. [LB371]

SPEAKER ADAMS: Members, you have heard the motion. All in favor indicate aye. Opposed? It is advanced. While the Legislature is in session and capable of transacting business I propose to sign and do hereby sign LB56 and LB588. [LB371 LB56 LB588]

SENATOR KRIST PRESIDING

SENATOR KRIST: Mr. Clerk, next item.

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ASSISTANT CLERK: Mr. President, the next bill is LB438 which is on General File. LB438 was introduced by Senator Adams. (Read title.) The bill was considered by the Legislature on February 11 and yesterday, February 12. At that time, the committee amendments were offered by Senator Sullivan. There was an amendment to the committee amendments from Senator Sullivan that was pending at the time that we adjourned yesterday. (AM1580, Legislative Journal page 113.) [LB438]

SENATOR KRIST: Senator Adams, would you like to refresh us? [LB438]

SPEAKER ADAMS: Thank you, Mr. President. Briefly, members, what the bill does is take Nebraska's current assessment system and adds to it an accountability system. In essence, it gives to the state board the authority to develop matrix for determining those schools that need our most attention and then it gives statutory authority to the State Board of Education to intervene and establish corrective actions. Thank you, Mr. President. [LB438]

SENATOR KRIST: Thank you, Senator Adams. Senator Sullivan, would you like to refresh us? [LB438]

SENATOR SULLIVAN: Thank you, Mr. President. I will do that. AM1240 makes two substantive changes to this legislation. First, it changes the number of priority schools that will be designated from five down to three, and also removes any reference to the creation of community schools and operating councils. In AM1580, it changes the operative dates because this bill was originally introduced last session. So with AM1580, the operative date would be 2014-15 school year, and it gives a deadline of August 1, 2016, for the state board to approve priority plans. Thank you. [LB438]

SENATOR KRIST: Thank you, Senator Sullivan. The floor is open for debate. Senator Chambers, you are recognized. [LB438]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, on a bill of this kind that I take as seriously as I do, between the time we will leave the bill on one day and come back on another, which is the situation we face now, I will do what I can to talk to those who are sponsoring the bill and supporting it. I've had the opportunity to do that. And I am not going to resist Senator Sullivan's motion to reduce the number of schools that will be looked at from five to three. The reasoning that I thought was behind it is not what is motivating that amendment. So in order that we can get to the bill itself, I will agree with Senator Sullivan's amendment, and that's all I have to say on it. Thank you. [LB438]

SENATOR KRIST: Thank you, Senator Chambers. Senator Larson, you're recognized. [LB438]

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SENATOR LARSON: Thank you, colleagues. Yesterday, I think we had a long and lengthy debate on this and it might continue on today for a little while. And one thing that really caught my attention yesterday was a quote from Senator Harms. And he said, as they go through the...talking about children, as they go through the school system, they will not make up the five years, and we're going to evaluate children and the teachers about whether or not they meet certain guidelines and certain levels of quality. They're not going to meet the quality and we're going to punish them, but the simple fact is that you have a large number of children coming in already with deficiencies. I would hope that we focus before a child gets there because that's where we're failing. That's the problem we have. If you don't deal with that, I don't care what kind of evaluation system you put in. I don't care what system you establish, it will not be successful. I do not think that you do...I do not think what you do in regards to these schools will make a lot of difference. I don't think what you can make up in five years...everything--intelligence, wellness--at this point is determined. So if Senator Harms would yield, I'd appreciate it. [LB438]

SENATOR KRIST: Senator Harms, will you yield? [LB438]

SENATOR HARMS: Yes, Mr. President. [LB438]

SENATOR LARSON: Senator Harms, and if I didn't catch your quote perfectly, I apologize. But in the sense I think that was the essence of it. So my first question is, what happens when you take a five-year-old and put them into a failing school for the next 13 years? I understand your concern of early childhood ed and I've supported it in Appropriations just as you've been a strong advocate. But what happens to that five-year-old when you put him in a failing school? [LB438]

SENATOR HARMS: Well, first of all, Senator, you have to determine why the school is failing, and that was my point in my comments yesterday that so many children who are now coming into our school system do not have the basic skills to be able to be successful in the school. As I said, and you quoted me correctly, that you're not going to make up five years. So if they have a bulk of children, like for example in Scotts Bluff County, 61 percent of the children who entered our school system this last year is a risk. And a risk means they don't have the skills. So I think that when you look at that aspect, I think that's part of the problem. And unless you correct that part and move across with those children, it's going to be difficult. I don't think you can make up five years. But don't misunderstand the fact that by grouping these schools together and providing the kinds of assistance of people coming in to intervene, intervention, will make a big difference and we'll get some of these things better identified in regard to that. In fact, I gave Senator Lathrop and even Senator Chambers some data in regard to what the Planning Committee discovered in regard to your districts and the number of children that are living in poverty. All those things fit into the picture, so it's a little hard to...just to

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say that it's because they have poor teachers. I don't think they probably do in many cases. It's just the fact that children are coming in unprepared. And we can fix that along with what we're trying to do here. But the intervention is really important because I think through that...and I don't want to take too much of your time here... [LB438]

SENATOR LARSON: Please. [LB438]

SENATOR HARMS: ...with the intervention of a team coming in, I think we'll get a better handle on really what the issues are. And what I'm saying hopefully is correct, but we don't know that for sure. Okay. [LB438]

SENATOR LARSON: And I'll keep going and you did take a little bit of time and if you want to yield me back time at some point I'm okay with it. Senator Harms? If you're okay can we still keep going? [LB438]

SENATOR HARMS: I'm always okay. [LB438]

SENATOR LARSON: All right. And you kind of touched on those...on teachers and it's not always about bad teachers. [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR LARSON: And there are concerning schools out there. And like I said, we've talked a lot about early childhood ed. Do you think, and this is going to be a little more specific because you touched on teachers, but how much do you think teachers matter and how much a child learns each year? And I'll move onto a second question, maybe you can answer them together. Do you know that some teachers can help students from poverty gain a year and a half or more of learning in one specific year? Have you seen those studies? Because there are good teachers and, as you said, there are bad teachers. But what do you think about those concepts? [LB438]

SENATOR HARMS: So what is your question then here? [LB438]

SENATOR LARSON: Well, it's two. No, how much essentially...did you realize that some teachers studies are showing that, you know, they can help students gain a year and a half for every year? And from that, do you think...you know, how much in your mind do teachers matter when it comes to what a child learns each year? [LB438]

SENATOR HARMS: Well, I think teachers are the key to the whole thing. [LB438]

SENATOR KRIST: Time, Senators. [LB438]

SENATOR LARSON: Thank you. [LB438]

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SENATOR KRIST: Senator Schilz, you're recognized. [LB438]

SENATOR SCHILZ: Thank you, Mr. President, members of the body. I would yield my time to Senator Larson. [LB438]

SENATOR KRIST: Senator Larson, you're yielded 4:49. [LB438]

SENATOR LARSON: Thank you, Senator Schilz and members of the body. I'll just continue on with Senator Harms from where we were in terms of how much teachers matter in your mind or... [LB438]

SENATOR HARMS: Teachers matter. But, first of all, you have to understand that even though the teachers are...they're the critical part of children learning and you're not going to learn unless you have teachers with the right skills, but the point of this bill as I understand it is through intervention. And if we can get this identified that what I'm telling you is truly the issue, which I think it is, there's a lot of things a school can do. There are special things you can do on the weekends with children. There are special things you can do throughout the whole summer with children. There's a lot of opportunities here to bring that child up to date. It's a long, difficult road, but you can make a difference and teachers do make a difference as long as the children have been put into a program that helps them try to make up that differences. But it's a long, long, long road to hoe to be honest with you. [LB438]

SENATOR LARSON: And you led right into my next question, Senator Harms, and I appreciate that, with those comments. Do you think that we should do more to make sure that poor students are more likely or those like that are at risk, like Scotts Bluff County is at 61 percent and I know many of the counties that I represent are also at high risk, do you think we should do more for those poor students or students that are at risk and are more likely to get the teachers who have been...make sure that we do more to make sure they get the teachers that have shown the experience to give the students gains in excess of, as I said, the more learning at a faster rate than just one year to one year, you know, they pick up the year and a half. How do we as a body get these teachers in the school districts that they need to be in? [LB438]

SENATOR HARMS: Well, I think that's a question that's really up to...beyond what we're capable of doing here in regard to teachers and getting them lined up with the right students. I think when a child comes in and we have identified the child by when they're in kindergarten that this is a child at risk. The schools should and can and many do have special options for those children to go into that will get the kind of support help that they need, and that can work very well, Senator, just depends on the school and whether or not their resources will allow them to do that or not. [LB438]

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SENATOR LARSON: And my last question for now, and this is...and we've talked a lot about pre-k and the early childhood ed and I'm going to kind of round it back into LB438 right here, do you know of any studies that show what happens when you take a child from a high-risk area or poverty and put them in a pre-k program and then subsequently put them into a failing K-12 system by the time they've reached third grade? Do you know what happens, you know... [LB438]

SENATOR HARMS: No, I don't. I can tell you though the difference it makes when a child is in pre-care (sic). There's all kinds of studies that show the difference... [LB438]

SENATOR LARSON: And I would agree with you. There are some great studies and I...you go ahead and... [LB438]

SENATOR HARMS: Yeah, there are, but I have no idea and I don't even know if they have the research on that aspect of it, so. [LB438]

SENATOR LARSON: There have been studies and I'll be short with the answer. And the answer is essentially for all the good the pre-k programs have shown, and as I've said, we've supported early childhood ed on Appropriations... [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR LARSON: ...together, that when they go from a pre-k program and we've built these kids up and enabled them with the tools to learn that these programs do offer, and then we put them into a failing K-12 program or K-12 system, by the time they've hit third grade, nearly all the gains they got from the pre-k program disappear. [LB438]

SENATOR HARMS: Senator, that's the beauty about this bill. That's what this bill is all about. I'm not defending the bill. The people who wrote it should defend it, but that's what this bill is about is to identify quite frankly that the schools that have problems and then send a team in there to help them adjust that, and then help the superintendent and the school boards understand that they need to have greater...maybe greater staff development or move teachers around. But that's what this bill is all about is to get into those schools that are failing and the children to come along that are not doing well, to intervene with that and put a team together to help them get there. [LB438]

SENATOR KRIST: Time, Senators. Senator Larson, you're next in the queue. [LB438]

SENATOR LARSON: Thank you, Mr. President. And I think that's one thing that we as a body and this LB438 does look to do is work to turn around those failing programs. If Senator Adams would yield, I'd appreciate it. [LB438]

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SENATOR KRIST: Senator Adams, will you yield? [LB438]

SENATOR LARSON: Thank you, Senator Adams. Are there teams...and as I read through the amendment and the bill and how these schools are going to get diagnosed and whatnot, are there teams that specialize in school turnaround? And will this bill require those specialists to be used? [LB438]

SPEAKER ADAMS: I'm going to take your question as I sense it, and that is, are there teams of people out there in this state or otherwise that are designated as school turnaround people and does this bill require that they specifically be hired? Those people probably do exist. The bill does not require that they're the ones that go in, no. [LB438]

SENATOR LARSON: Do you think the Department of Education will look to those people or who...how are they going to move forward if there are those people out there? And it's my understanding there are. [LB438]

SPEAKER ADAMS: Well, there...go ahead. [LB438]

SENATOR LARSON: Do you think they'll be used in the turnaround program? [LB438]

SPEAKER ADAMS: I would think that they would be considered. I don't have any reason to believe that the department is going to put blinders on to those people who within the state or outside the state...directly within the education community within this state or outside of it that couldn't help us. [LB438]

SENATOR LARSON: Well, I've seen the department put blinders on, on a lot of things such as, well, if we want to go from charter schools or the teacher certification aspect in which you have teachers across the state that...I mean, and I'm going to go off on the department here in working on teacher certification that they do have blinders on. There in...I know for a fact I think it was in Senator Watermeier's district that in Syracuse, there's a retired college professor, and I might be wrong but I think he was the chair of the engineering department at Northwestern. And he said that Syracuse was having trouble finding a science teacher, and he said he'd do it for two years. But the Department of Education after he'd chaired the engineering department at Northwestern said he wasn't qualified to teach high school students. So, I mean, we can talk about the blinders of the Department of Education. And you brought it up and I just had to...that to me is absolutely ridiculous. And also the Department of Education when it comes to their certification requirements, we can't get things like Teach for America--you know, teachers that go into these low-performing schools straight out of college from some of the highest-performing universities in the nation. And because of requirements on teacher certification, they can't go into schools like Santee or Walthill or Macy, yet they're going into schools like Rosebud in South Dakota. The Department of Education

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does put blinders on. And I don't know whether it's the teachers union that is pushing those teacher certification requirements or the university because all the specific classes that need to be taken are for the most part only offered within the university system. I don't know if it's the university trying to get more money. But there are blinders. So when it's to say that they might not be putting blinders on, on this subject actually worries me because to me they've historically done that. And then they're looking to a new commissioner. [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR LARSON: They had a candidate that did look forward, was looking forward to education reform and he didn't get hired. Now that's up to our Board of Education and they did that and I disagreed with that decision. But that's neither here nor there. And if Senator Adams would yield again. I'm sorry, I went off on a tangent there. [LB438]

SPEAKER ADAMS: I'll yield. [LB438]

SENATOR LARSON: Senator Adams, there are very high performing schools in high-poverty areas in Nebraska. Wasmer Elementary in Grand Island is one of those that Senator Lautenbaugh mentioned. Another is Wakefield in my district in Wakefield, Nebraska, Miller Park in OPS, and another one. Will this plan require that we find out that those schools are doing...what those schools are doing and spread those best practices? [LB438]

SENATOR KRIST: Time, Senators. Senator Murante, you're recognized. [LB438]

SENATOR MURANTE: I'll yield my time to Senator Larson. [LB438]

SENATOR KRIST: Senator Larson, you're yielded 4:50. [LB438]

SENATOR LARSON: Senator Adams, will you yield? [LB438]

SENATOR KRIST: Senator Adams, will you yield? [LB438]

SPEAKER ADAMS: I will. [LB438]

SENATOR LARSON: Do I need to repeat the question? [LB438]

SPEAKER ADAMS: Yes. [LB438]

SENATOR LARSON: All right. As I said, there are high performing schools. Senator Lautenbaugh mentioned Wasmer Elementary yesterday. Wakefield, Nebraska, is a rated an A...graded an A school and it has high poverty or high-risk children. Miller Park

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in OPS is another one. Will this plan that LB438 is starting to try to institute, will it require that we find out what those schools are doing and help spread those best practices? Because, I mean, Wakefield is an A school and its demographics are very similar to Madison which is an S school. So how does this work with all of that? [LB438]

SPEAKER ADAMS: Well, I'm going to go back to what I sense your original question was. There is nothing specifically in the statute that requires them to go to any specific school. That's going to be up to the state board. That kind of action at looking at schools that are having success goes on every day from school district to school district let alone what the department may do. [LB438]

SENATOR LARSON: All right. And, finally for now, why don't we say if the priority school has not improved in five years we will convert it to an Achievement First charter school or a KIPP charter school or an Aspire Public School charter school? Because we've made them a priority in LB438, they still can't get their stuff together, we've seen it in other states that these charter schools, KIPP schools are some of the best schools in the nation, highest rated public schools in the nation. Why can't we do that in LB438? [LB438]

SPEAKER ADAMS: I'm going to be straight up with you and we can do the charter argument if you want as we proceed with this. This bill doesn't go that far obviously. That's a whole other issue, whole other issue that is currently being dealt with in the Education Committee. [LB438]

SENATOR LARSON: Thank you, Senator Adams. And it may be another issue but it's an issue that needs to be discussed. We're talking about turning around failing schools in the state of Nebraska. And LB438 designates...with the amendment from Senator Sullivan, designates three schools that can be turned around or not necessarily turned around but prioritized to be looked at. Three. Yet we have a charter school bill in Education that can help far more than three schools and have studies and results from all across the country that show certain charter schools are very effective and do work. We know it works. We know there's been turnarounds, yet we're willing to pass or look at something that's watered down in a...there still could be a school that's a priority school for five years or ten years with no conversion to...with...if they just keep failing, and I understand that we've used the stick, doesn't work. This is more the carrot, soft-handed approach, let's see if this works. [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR LARSON: At some point we have to realize that we are behind the nation in education and school reform. We are. And we, 49 of us, and actually I'll put it farther down to the Education Committee, have yet to let a charter school bill out in my four years here. And I don't know if they will this year. But we're resistant to something that's

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been shown to actually work. And then we have the Department of Education as I just talked about on my last time on the mike of Senator Adams can't guarantee that they won't put up blinders to these specialists... [LB438]

SENATOR KRIST: Time, Senator. [LB438]

SENATOR LARSON: Thank you. [LB438]

SENATOR KRIST: Senator Schilz, you're recognized. [LB438]

SENATOR SCHILZ: Thank you, Mr. President, and I will...I'd yield my time once again to Senator Larson. [LB438]

SENATOR KRIST: Senator Larson, 4:50. [LB438]

SENATOR LARSON: Thank you, Senator Schilz. Let me back up. I can't remember if I mentioned that charter schools actually are working across the country, have been proven to work, but have yet to make it out of the Education Committee. And, again, I don't...I'm not on Education so I can't speak to why they haven't. I didn't sit through the hearings. I didn't introduce the charter school bill; Senator Lautenbaugh did. But we talk about...and again I'll go back to the first question, Senator Adams said he can't guarantee that the Department of Education, he'd hope that they wouldn't put their blinders on and not hire these specialized teams that go around helping schools and fixing schools, but we don't know who's going to be hired. I just don't have a lot of confidence in the Department of Ed seeing their historical results. They tell teachers, educators, I'll say, educators that have led one of the most prestigious university's engineering departments in the country, he's an educator, I'll call him, because the Department of Education determined that he wasn't a teacher. He wasn't qualified in the state of Nebraska. Yet we're going to hope they don't put on blinders to those that can help these school districts. And we as a state, no, we as a body have put on blinders to what charter schools can do for this state, what they can do in areas. And maybe they have a role in rural Nebraska, they might, but they definitely have a role in Omaha and Lincoln. They work. They've been proven to work. And not only do we lose out on turning around these failing schools or should I say the opportunity to turn around these failing schools on systems that have been shown to work, systems like KIPP, systems like Achievement First. We lose in things such as federal funds on Race to the Top. [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR LARSON: Race to the Top. I don't agree with our President on many things, but our President and Arne Duncan put a market-based solution to education reform in the country and offered billions of dollars to states that took a proactive approach to

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education reform and worked to change the failing schools in this nation, and we turned a blind eye to that money. We, in Nebraska, had our blinders on, yet we're going to hope that the Department of Education in the state of Nebraska doesn't keep their blinders on in LB48...438, I'm sorry. [LB438]

SENATOR KRIST: Time, Senator. [LB438]

SENATOR LARSON: Thank you. [LB438]

SENATOR KRIST: Senator Wightman, you are recognized. [LB438]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I come from a school district, Lexington, Nebraska, that ranks low and has ranked low probably for the last 20 years in most testing. And we probably have the highest number of foreign-born students probably in the state of Nebraska. Many of our "elementaries" are close to 90 percent foreign born, not all foreign born but minorities but most of them foreign born. So just getting them to where they speak English is frequently a problem and I think the school system has done many things to try to overcome this and I think they've been very progressive but, nevertheless, are going to rank low on scores because of their slow learning perhaps, not slow considering they're...what they come in with, but slow learning the English language. They've done...school districts have done many positive things, however. So I do have a couple of questions of Senator Adams if he would yield. [LB438]

SENATOR KRIST: Senator Adams, will you yield to some questions? [LB438]

SPEAKER ADAMS: Yes, I will. [LB438]

SENATOR WIGHTMAN: Thank you. Senator Adams, I think you're familiar somewhat with the Lexington school system and the high minorities that it has, high foreign-born students that it has within the district. We have both a large number of Hispanics and then a large number of African students at the present time. As a matter of fact, almost a tenth of our population from some of the figures I hear are African born. And yet we would, as you might suspect, be in one of the lowest performing schools, we're not the lowest I don't think but we're among them, what...the chances are that a school like Lexington but possibly even Lexington would be one of the three selected. But if they're not, whatever comes from that examination of schools and the three are probably going to have a lot to do with Lexington. What does your bill, I know we're reading some of the lower scoring districts, what would it do with schools that have a number of foreign-born students? [LB438]

SPEAKER ADAMS: Thank you, Senator Wightman. I would tell you first of all, and I'm not trying to be flippant with you, but remember we're dealing with 249 school districts

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and well over a thousand school buildings, and this is also building specific. So I can't set the odds for you. But I understand the demographics of your school district. And, you know, we've talked about schools that are in need of improvement based on AYP as it is reported under the federal guidelines and shows up on the State Department of Ed's site. What we've not talked about, and I don't know that anybody in here wants to, is to drill down into that data and how those numbers are arrived at. What LB438 would do is not necessarily say to Lexington, we're not going to worry about you, but what it is going to do is to allow the State Board of Education to add to its evaluative process indicators... [LB438]

SENATOR KRIST: One minute. [LB438]

SPEAKER ADAMS: ...or measurements that reach beyond the simple AYP of the federal government under which Lexington now is identified as a school in need of improvement. For instance, a growth model. If a kid in the third grade in reading is not doing real well, gets to the fourth grade, that school has worked with him, and in the fourth grade shows improvement under Nebraska methodologies, we identify that on the report card. On the federal it is not. [LB438]

SENATOR WIGHTMAN: Thank you, Senator Adams. And I really think I will vote in favor of the bill and the amendments, but Lexington does have an unusual situation and we'd like to know that that's covered when we put into effect LB438. Thank you. [LB438]

SENATOR KRIST: Thank you, Senator Wightman and Senator Adams. Senator Lautenbaugh, you're recognized. [LB438]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. All too often we stand up here at the mike and say, well, I think this has been a good discussion. This time I actually mean it. And, again, I've said it about three times, this is not a filibuster or an attempt to delay this bill, derail this bill, and it is not, nor delay it. I think we'll vote on this fairly soon; this morning is my hope if it's up to me. But this is crucially important as I keep saying, and Senator Larson made some key points. Pre-k is what's in vogue now. We need to get money to pre-k. We need to do more for pre-k. What you have to understand is if we don't get our house in order in K through 12, we're wasting that money. The benefits of pre-k studies show disappear if our K through 12 isn't up to snuff. So we might as well not do it. I can't make it any plainer than that. We're being told we need to pay attention to pre-k. Fine. But we already have K through 12 and we aren't doing enough to fix it. And the bill that we have here, we've been very up-front from the start. If we pass this bill, then we have a way to seek a waiver of the federal requirements. So that's an important reason for some to move this bill forward. But it's also important in my mind that the bill do something. And, again, this will address three schools. That does not mean that we will be providing adequate support for those kids that we then want to have pre-k and more importantly want to spend millions and

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millions of dollars providing pre-k for. Some of you...no, scratch that, all of you should be angry about this and not just because you're having to listen to me more. You should be angry about the underlying issue. And yet how has this debate gone? It's been a good discussion. But yesterday when I said poverty can't be an excuse, it's an obstacle, there was an immediate knee-jerk reaction as to how can you say that: How can you say that? Of course poverty is an issue. Well, I never said poverty wasn't an issue. But it isn't the only issue, and somehow, as Senator Larson pointed out today and I pointed out yesterday, some schools rise above it. Some fail to. We need to know why the ones that fail to continue to fail to. The new board at OPS is doing wonderful things trying to address a past that didn't have a lot of wonderful things to talk about. And they commissioned a rather lengthy study that we just got the results of. And you can look through all the things that are wrong in here and all the things they need to address. And we were told yesterday that the people that say poverty is no excuse, well, that's part of that corporate group that is trying to take over education or this corporate group that's pushing education reform. Every one of you should be pushing education reform because education needs reform, he said to a largely empty and inattentive Chamber. Every one of you should be pushing education reform because education needs reform. This is not an attack on public education. This is not an attempt to privatize education. This is an attempt to sound an alarm. [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR LAUTENBAUGH: And you should be alarmed. This report says incredible things. The Omaha Public Schools needs analysis. That's my district. There are a lot of things in here that are wrong that don't seem to have much to do with poverty. The findings: Despite the quality of and support for the action plan, it is not yet being implemented at the classroom level well. That's not a poverty issue, folks. The report cites as a problem too many teachers believe poverty is an issue to the point that it gets in the way of teaching. So to that extent, poverty is a barrier because teachers believe it's a barrier. Observers found a lack of effective instructional techniques. That's a problem. That's not poverty. [LB438]

SENATOR KRIST: Time, Senator. [LB438]

SENATOR LAUTENBAUGH: Thank you, Mr. President. [LB438]

SENATOR KRIST: Thank you, Senator Lautenbaugh. Senator Mello, you're recognized. [LB438]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I appreciate Senator Lautenbaugh getting up and reminding the Legislature that, yes, education reform is a priority for all of us. But I'm sure Senator Lautenbaugh has looked on-line and looked at the Department of Education's poverty plan allowance plan of the all

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200-plus districts and looked at, evaluated that on his own, the extensive work that districts provide back to the state in regards to their poverty plan allowance. But wait, if you look at it, you'll see it's roughly one page per district. And I would argue most districts don't do a good job of explaining that. Why, you may ask. Because the Legislature cut the funding for the poverty allowance, I would...the staff member in the Department of Ed who evaluated those poverty plans and provided some accountability to school districts regarding their poverty plan allowances a couple of years ago when we had a budget deficit. For every action there is an equal or greater reaction. And to simply try to say that, yes, poverty is part of the issue. We have accountability measures in statute. Districts provide this information. But when the Legislature chooses not to provide funding to provide that accountability, we can't simply throw up our arms and say, well, obviously everything is wrong, everything is failing. We've got to completely throw the baby out with the bath water. What Senator Larson mentioned today on the floor, for every good charter school there is, there's five or six that are not good charter schools, that have had problems in regards managing their financing, have not shown the results that a few select charter schools have shown when they get an abundance of resources from the private sector. If we want to make LB438 a debate about charter schools, then we can. I'm not completely writing off charter schools. But the reality is what we have in front of us is an acknowledgment that there are districts that we know have challenges. And, yes, pre-k funding and investing in birth to three is important. But what Senator Lautenbaugh and Senator Larson have not mentioned on this floor is still the social inequalities that exist. I've not heard them say that Nebraska ranks second in the country in regards to working parents in the work force. I've not heard once be discussed in regards to why our children are going to failing schools, is why our parents are making barely above minimum wage in our state and why we're one of the lowest wage states in the country. If we want to talk about education reform, let's talk about the impacts on education from the family unit. And when you have two parents in the work force making less than \$40,000 a year, that has a pretty big impact, colleagues, in regards to the ability to provide food in children's stomachs, to provide quality time for parents to be able to spend with their children when they're not working multiple jobs, and/or being able to play an active role in their child's education at the school. Because why? Because parents are in the work force trying to earn a living. So, yes, poverty is not an excuse and if there's an agreement we can say that. But the social inequalities that have plagued certain areas of our state for a number of years cannot go unnoticed. And simply trying to say that this is an issue of teachers or we need to refocus on best practices, look, I don't think anyone disagrees with that, Senator Lautenbaugh or Senator Larson or myself or Adams. Yes, we need to focus on best practices. But as Senator Lautenbaugh and I were discussing yesterday, Indian Hill School in my district is one of the persistently low-achieving schools in the state. What he didn't say or what we didn't talk about was the Omaha Housing Authority projects that were down the street where a significant number of those students who go to Indian Hill are refugees from Africa who don't know English, who are trying to learn English. But yet they're still required to take our standardized tests the same way that any other child who does

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learn English and knows English is required to do. So when we want to make arguments about challenges in education or why some schools are failing over others, let's not take a blind eye, colleagues, to the accountability systems that we've constructed... [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR MELLO: ...that requires all students to be able to do something and requires all students to take the same kind of test, makes them...there's no exceptions in regards to students who are English language learners, students who are special education students, which no doubt brings down test scores, which shows why some schools are performing at a lower level than others. Not once have we discussed that in this grander education debate. Do we want to make exceptions for special education students when they have to take the same standardized tests that every other student does? Do we want to make exceptions when we require English language learners who don't understand the English language, require them to take tests in the English language? Is that what we want to start talking about? Because if we're going to talk about the need to reform failing schools, if that's not at the top of the list, colleagues, nothing should be. You can't construct a system that has some students who will automatically be disadvantaged regardless and then say, well, it's the teacher's fault, it's the principal's fault, my goodness... [LB438]

SENATOR KRIST: Time, Senator. [LB438]

SENATOR MELLO: ...it's the school's fault. [LB438]

SENATOR KRIST: Time, Senator. [LB438]

SENATOR MELLO: Thank you, Mr. President. [LB438]

SENATOR KRIST: Thank you, Senator Mello. (Doctor of the day introduced.) Returning to debate, those that wish to be heard, Senator Lautenbaugh, Larson, Schilz, Nordquist, and Mello. Senator Lautenbaugh, you're recognized. [LB438]

SENATOR LAUTENBAUGH: Thank you, Mr. President, members of the body. I wonder if Senator Mello would yield to a question. [LB438]

SENATOR KRIST: Senator Mello, will you yield? [LB438]

SENATOR MELLO: Absolutely. [LB438]

SENATOR LAUTENBAUGH: Senator Mello, I appreciate you sharing with me that you're passionate about education reform and your belief that everybody else here is

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too. What bills have you introduced in that regard? [LB438]

SENATOR MELLO: Senator Lautenbaugh, you know what, I don't believe I specifically looked or introduced a specific bill to change the intricacies of public school districts in our state. [LB438]

SENATOR LAUTENBAUGH: Anything else that you've done in that regard? [LB438]

SENATOR MELLO: Oh, I think, Senator Lautenbaugh, I think you and I have had strong disagreements in regards to why I've advocated for more public education funding the last six years in the Legislature, as well as more funding in the Department of Education to provide for staff persons to be able to do more accountability in our school districts. I think that's arguably, from an appropriations standpoint, is something that I'm very proud of that work of advocating for more public education funding. [LB438]

SENATOR LAUTENBAUGH: And were there appropriations that you didn't get that you wanted? [LB438]

SENATOR MELLO: Oh, I think there's been throughout the years education funding both in regards to where federal stimulus dollars went or where I wanted to see them go in regards to Title I schools where those federal stimulus dollars would have went to more high-poverty, priority schools, where instead I lost that battle on this legislative floor where instead the money went into the TEEOSA formula. That being one without wanting to take up a lot of your time was probably one of the bigger ones as well as generally advocating for more public education funding for Omaha Public Schools over the last three biennial budgets. [LB438]

SENATOR LAUTENBAUGH: Thank you, Senator Mello. Folks, I think you're seeing probably the problem here with having a serious discussion about education reform is that you can't actually discuss any sort of specific about education without being told, as was when I was testifying in Education Committee last year, someone comes up and says, well, you just have to end poverty, you have to do something about poverty. I'll be sending around a handout that demonstrates that just spending more is not the answer, which I guess I understand that's what Senator Mello was proposing there, to spend more. OPS does not have a crisis of resources. But as you look through this report that finds the problems with OPS, and, again, this is not the fault of the current board. This is to the current board's credit for exposing this and the current superintendent. There is a lack of instructional rigor and low student engagement in almost all settings, including both relatively low-poverty and high-poverty schools. So that can't be a poverty issue. Skipping a bit here because this goes on and on and on and on. Schools lack a comprehensive approach to identifying students in need of academic intervention and providing those interventions. Well, that doesn't sound like a poverty issue really. Skipping a bit because we do get to some things about poverty in here. And what they

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found was that per pupil expenditures are not closely correlated to student need as measured by poverty. So here's a criticism of how OPS has been doing things. Per student expenditures are not closely correlated to student need as measured by poverty. So what does that mean? Here is restated: There is no clear pattern between per pupil expenditures and free and reduced lunch rates for the middle schools and high schools. So they have the money; there's just no pattern of them spending it where poverty is greatest. So that might suggest, Senator Mello, that if you believe that we just have to spend more money where there's poverty, at least the history of OPS doesn't suggest... [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR LAUTENBAUGH: ...that they're doing it. So if that would work, they haven't tried it yet despite having the money. And it is exasperating to me to stand here and have to say this again and again, education reform cannot be a discussion of poverty. Education is the way out of poverty. And when you say, well, the problem is people have to work two jobs, of course that's a problem. But we're not going to fix that. When you say the problem is people are poor, yes, but we're not going to fix that by saying that's the problem. We have to fix education. When you say, well, the problem is people have English as a second language or people come from a foreign country, well, we can't make them come from somewhere else. We can't make them have had English in their background. We have to overcome that. And if you believe that these tests don't take into account that we test non-English-speaking people the same as English-speaking people against all the results... [LB438]

SENATOR KRIST: Time, Senator. [LB438]

SENATOR LAUTENBAUGH: Thank you, Mr. President. [LB438]

SENATOR KRIST: Thank you, Senator Lautenbaugh. Senator Larson, you're recognized, and this is your third time. [LB438]

SENATOR LARSON: Thank you, Mr. President. I think Senator Lautenbaugh raises some interesting points. And we heard Senator Mello say how the state is failing and every action has an equal reaction and when we're in a tight budget year we cut this coordinator. Well, Senator Mello, what I'd say to that is you have to have an action to have a good reaction, too, and we haven't had an action on education reform yet. If you don't act, nothing will happen, and that's what we've seen in Nebraska. Senator Mello talks about certain charter schools that have failed. He's right. There have been charter schools that have failed. But they're allowed to fail. In our public education system if you're failing, you just keep on failing. He talks about the failures but he doesn't talk about how some of the best rated public schools in the nation are charter schools. There are good districts that aren't charter schools. I raise Wakefield, Randolph, both in

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my legislative district are A schools. There are bad schools. I saw Niobrara and Newcastle on the S school list, both in my district. To have the reaction, Senator Mello, there has to be the action, and we have not taken the action to reform education in this body yet. Senator Mello also talks about how it's not necessarily teachers, there's other aspects. Senator Mello, will you yield? [LB438]

SENATOR KRIST: Senator Mello, will you yield to a question from Senator Larson? [LB438]

SENATOR MELLO: Of course. [LB438]

SENATOR LARSON: Senator Mello, yesterday I think you kind of had a comment of this nature, and then today you did as well, displaying that study after study shows the impact of poverty in student learning. Are you aware that also study after study shows the impact of the "importantness" of an effective teacher? [LB438]

SENATOR MELLO: Of course I've read studies that show the effectiveness of teachers have an impact on students' education. [LB438]

SENATOR LARSON: Because there's one that I'll bring up specifically from the work of Bill Sanders at the University of Tennessee's Value-Added Research and Assessment Center that says the results of this study well document that the most important factor affecting student learning is the teacher. Yet we have the Department of Education, again, I will come back to it, that don't allow teacher certification for young, willing, very intelligent people that want to do things like Teach for America, an effective program that sends teachers in high-risk areas in schools that have a hard time finding teachers willing to go there and give up two years of their lives to fight for education reform. [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR MELLO: Is there a question? [LB438]

SENATOR LARSON: And, Senator Mello, are you aware that poor...another study shows that poor and minority students are much less likely to get those highly effective teachers? And I'm looking at an article that was put in L.A. Times. Are you aware of that? [LB438]

SENATOR MELLO: I'm not aware of the L.A. Times article you're referring to, Senator Larson. [LB438]

SENATOR LARSON: Well, essentially it says in poor neighborhoods they're less likely to get those effective teachers, yet are, again, I will come back, that we cannot...Teach

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for America can't come into this state because of teacher certification requirements. And they would be going to those school districts. There is education reform to be had and we, as I said earlier, have had our blinders on. They'd go to school districts like Lexington. They'd go to school... [LB438]

SENATOR KRIST: Time, Senator. [LB438]

SENATOR LARSON: Thank you. [LB438]

SENATOR KRIST: Thank you, Senator Larson and Senator Mello. Senator Schilz, you're recognized. This is your third time. [LB438]

SENATOR SCHILZ: Thank you, Mr. President, and I will give my time to Senator Lautenbaugh. [LB438]

SENATOR LAUTENBAUGH: Thank you, Mr. President. Thank you, Senator Schilz. [LB438]

SENATOR KRIST: Senator Lautenbaugh, could you stand by for one second. My fault. We need to make an announcement. That does not count against your time. Thank you. [LB438]

ASSISTANT CLERK: I do have an announcement. The General Affairs will meet in Executive Session at 10:30 in Room 2022. [LB438]

SENATOR KRIST: Sorry, Mr. Clerk, and thank you. And, Senator Lautenbaugh, you may proceed. [LB438]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. And, again, I do want this to come to a vote and so I'm not going to go on and on about this. But it just rankles when I hear someone say, yes, we support education reform. Well, what is that? Well, that means spending more money. Folks, that's not reform; that's what we do now. And I'll be sending around a handout which has a nice graph on there that shows the results and increases states have been getting and increases in funding. And the correlation isn't there between increasing funding and getting better outcomes. Correlation really isn't there--this will cause a gasp--between shrinking classroom sizes necessarily and getting better outcomes. Those are not reform issues, folks. Those are just things that cost more and things that we've done or tried or talked about, and they have some very well-paid advocates, but they don't get us where we need to go. That's not reform. And when someone stands up and says, well, I have been an advocate for reform, it's fair to say, well, what have you advocated, and ask them is that really reform, especially if that person happens to have a lot of failing schools in his legislative district because, again, as I read this report from OPS, quoting again, there is no clear

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pattern between per pupil expenditures and free and reduced lunch rates. So the money the school district does have isn't really being allocated in any sort of patterned way to the higher poverty areas. This is a point that Senator Chambers has made from time to time. This is a point that I was making yesterday. Poverty is an issue but it's "overcomable," but you have to allocate resources but you can do it. And the resources are there. They're apparently just not being allocated in any sort of rational way historically, uniformly, I should say, in a patterned way. So that doesn't sound like a poverty problem that is the fault of the people in poverty. That sounds like an administrative issue. And I don't want to go through this whole report because as you can see it's kind of a lengthy thing I'm holding here, not to use a prop. But what I'm getting at is this. There are things in this report that the district is being told to do, and these are not things that are the fault of the students as they walk in the door. These are things the district can do. These are things we can make districts do. These are things districts should be doing on their own. These are things that schools and districts would figure out if the department were coming in and saying, you will do this, you will do better, or, by god, we'll come in and do it for you. And that's what I keep talking about or was talking about yesterday as far as the endgame. There has to be someone will come in and do it if you won't because it can be done. And to say, well, there's charter schools that have failed, of course. People who don't want charter schools always say some have failed. We seem to want to trumpet the fact that some of those have gone poorly. But when public schools fail, well, we intervene maybe in a couple of years in three of them, but... [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR LAUTENBAUGH: ...what are we going to do when that doesn't work and what are we going to do about the rest? I don't think this bill as currently written even looks like a shot across the bow at the rest. If you're not one of the three that's getting intervened in, what are you going to take from it? What are you going to do? I don't...well, I do mean to sound harsh because I am angry. I wish you were all angry. We have more we can do I believe. I'm working with...I have a couple of bills in Education. I've not tried to attach them as amendments or pull them. I'm working with other people who are interested in this. I hate the term stakeholders because, again, this is education. I hope we all recognize that we are all stakeholders in education. But I think there's more that can be done. I appreciate the committee working with me. I appreciate those outside working with me. And I've continued to meet with anybody who will meet and talk to anybody who wants to talk. [LB438]

SENATOR KRIST: Time, Senator. [LB438]

SENATOR LAUTENBAUGH: Thank you, Mr. President. [LB438]

SENATOR KRIST: Thank you, Senator Lautenbaugh. Senator Nordquist, you're

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recognized. [LB438]

SENATOR NORDQUIST: Thank you, Mr. President and members. I certainly appreciate Senator Lautenbaugh's passion and the discussion that he's generating here in the body and in the state on school reform. Just to go back to just the broader charter discussion for a while, I had a family member through marriage, in my wife's family, who worked in the administration of KIPP in New York for a number of years. And it is a fabulous program. The problem is they're not expanding to everywhere. They don't have unlimited resources. So to say that all of a sudden we're just going to bring in one of these national providers and, Shangri-la, transform a whole bunch of schools in Nebraska is not realistic. The concern that Senator Lautenbaugh is talking about--the money is there, it's just not being spent well--well, I don't believe that moving away from public accountability and a public board would make it any better. Now I know Senator Lautenbaugh may have other proposals that don't necessarily take us away from public oversight, but a traditional charter school, turning them over to some other corporation or some other entity, a for-profit or nonprofit, I don't think is the direction we need to go and does not ensure that the dollars, the public dollars that we're putting into education are spent well. There was a discussion about some charter schools failing, that there are a few. Well, depends on where you're at. In Ohio, since 1997, this is out of The Columbus Dispatch, from a January 2014 article, since 1997, 29 percent of Ohio's charters schools have closed. The median life of an Ohio charter school is four years. Another article from February 13...actually, is it...oh, is that today? Oh, all right. Yesterday, actually, it says that 9 of 17 schools that closed in 2013 lasted only a few months in the fall. When they closed, more than 250 students had to find new schools. The state spent more than \$1.6 million in taxpayer dollars to keep nine schools open from August to November. Now what if it's your child in that school and, come November, the private entity that we gave the authority to run our schools can't make a go? So just to say that, oh, there's been a few failures, state of Ohio is wrestling with significant failures. But there are some positive things that charter schools do and there's no reason we can't take those positive things and integrate those into public education. When you boil down the successful programs, like KIPP, what they do is they hire young teachers who are willing to work a lot of hours, sometimes for less pay than in traditional public schools. They give the kid breakfast, lunch, and dinner. The kids that are behind get 12 hours a day of intervention. There is no reason we can't and we shouldn't do that for every kid that's behind. Now are all the dollars there that are needed? I don't know. I can't answer that. But I think that's the direction we have to go. But you take one charter school and you set it up across the street and, you know, just changing to some other organization administering it isn't going to move the results. What moves the results is providing the kid breakfast, lunch, and dinner, and giving the kids that are behind 12 hours of instruction. And we can do that in our public schools. That's the reform agenda we need to move forward with. I had a bill that went through Health Committee last year that tried to expand after-school programs with some of our TANF dollars. It was actually called the Preparing Kids for Educational Success Act. It

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was one direction to help expand that educational time that kids have in the classroom. But the charter school... [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR NORDQUIST: ...model is just taking a few kids here and a few kids there from different schools. There are kids who are behind in every school and we need...the reform that needs to happen is that the kids that are behind, whether it's 90 percent of a school building or 5 percent of the school building, we need to get them the additional time they need. And Senator Lautenbaugh is right when he spoke yesterday about the 3rd grade reading. We know that that is the indicator. And one of the problems that I have and Senator Lautenbaugh has talked about it, too, we don't know, when kids come in the door at kindergarten, where they are. And we don't test them until 3rd grade, on a state assessment anyway. I'm sure the educators in the room knows who's behind. But if we don't have intensive interventions for those kids that are behind from kindergarten to 3rd grade, it's game over in 3rd grade reading for so many kids, because half of the 4th grade curriculum you have to be able to read at least at a 3rd grade level to get it. So if you can't read at a 3rd grade level in 4th grade, you're not understanding half of the curriculum. [LB438]

SENATOR KRIST: Time, Senator. [LB438]

SENATOR NORDQUIST: Thank you. [LB438]

SENATOR KRIST: Thank you, Senator Nordquist. Senator Mello, you're recognized. [LB438]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. And thank you, Senator Nordquist, for shining some general light on, I think, the policy, Senator Lautenbaugh, we introduced two years ago in LB1124. As I mentioned to you yesterday off the mike, if you were looking for a reform bill, that was your reform bill. In LB1124 what we did, Senator Council, Senator Nordquist, myself, Senator Ashford, and Senator Harr worked on this collaboratively prior to the 2012 Session. And what we did do is we did try to provide a different kind of accountability system that created a kindergarten readiness system that took in consideration low-income students' academic achievement, and the growth that they're seeing in respects to the upper quintile of students in regards to their academic achievement growth, knowing that research shows in our own Department of Education--get on [education.ne.gov](http://education.ne.gov)--will show you students with free and reduced lunches perform less or achieve less in standardized tests than those who are not. So the OPS report you're reading in regards to per-pupil funding in respects to free and reduced lunch, if we want to get in a public debate in regards to micromanaging Omaha Public Schools, then that's a whole other policy consideration. But the Department of Education standardized tests and their

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accountability system shows students who are on free and reduced lunch perform at a lower rate than those who are not. That's data that our own state collects and publishes. So I know we're hearing theoretically from other reports from different think tanks and other stories from across the country. Our own state data shows students who qualify for free and reduced lunch perform at a lower rate than students who don't, on all of our state's academic achievement tests, all of them. Math, science, reading, writing--they all perform at a lower rate. So that's a fact that is not to be misconstrued with all of these other anecdotes that we're hearing from across the country. Outside of LB1124, I've never heard my school district, and I think Senator Lautenbaugh and I both represent the same school district, I've never heard them come down every year I've been in the Legislature and say, you know what, we're fine with TEEOSA; we're fine; whatever you guys do, we're okay; we don't need more money. I've never heard them do that, Senator Lautenbaugh. And I know Senator Sullivan and Senator Adams, as the Education Committee Chairs, had never heard the same thing either. So if the issue is not really about funding then I anticipate hearing Mark Evans, the superintendent, and the school board put out a public statement today saying we don't want any more education funding; we're fine. If that really is the issue, I want to hear that from them, and then that will change the debate. And I know Senator Sullivan would love to hear them say that, if that really is the issue. Colleagues, with all due respect, the issue that I think Senator Lautenbaugh really is trying to raise, it's an ideological issue in respects to charter schools and teachers. That has been the national debate in respects to charter schools, is trying to challenge teachers' associations and teacher unions in respect to trying to change public education to a different kind of model that reforms the relationship between public servants who are educators in school district, and taxpayers. That's fine. If that's the debate we want to have, that's okay. I agree with Senator Nordquist, though. Some charter schools do a really good job because they do the things that every group says we should be doing--extended school days; providing breakfast, lunch, and dinner at public schools. Those are things that some public schools and charter schools are doing across the country. That has nothing to do with the relationship of whether or not a teacher is effective or ineffective, whether or not that ties to that teacher's ability to earn tenure or earn a certain kind of salary. That is the general nature of what the schools are providing students. And I've not heard... [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR MELLO: ...in this conversation over the last two days Senator Lautenbaugh or Larson mention the issue of behavioral health access for our children in Nebraska. Not once have I heard the access to healthcare as being part of the greater education reform debate. Senator Nordquist brought a bill that failed, after the Governor vetoed it, that would have provided more education funding for school-based health centers. That's a reform initiative that's been traveling across the country, and yet we ultimately didn't override the Governor's veto on that one. So to provide access to quality behavioral healthcare failed because it wasn't part of the reform ideology that we're

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talking about today. I support LB438 because it's a positive first step. Is it the silver bullet? No. But as I mentioned yesterday, it's a step in the right direction to try to address what we know is a comprehensive issue in regard to schools that are not performing at the way we want them to perform, in regards to addressing the underlying issue that we know in urban Nebraska is the high level... [LB438]

SENATOR KRIST: Time, Senator. [LB438]

SENATOR MELLO: ...of poverty students are facing. Thank you, Mr. President. [LB438]

SENATOR KRIST: Thank you, Senator Mello. Senator Lautenbaugh, you're recognized, and this is your third time. [LB438]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. And to be clear, I wasn't suggesting that we come in and micromanage OPS. I think it's clear what I was saying. Yesterday, I pointed out that poverty is a problem in education, not an excuse for failing to educate children that come from a background of poverty. And the immediate knee-jerk response was, well, how can you say poverty is not a problem, which is not what I said. Everyone recognizes it's a problem. What I'm pointing out with this report from OPS is that they've got a bunch of problems that they have self-identified that have nothing to do with poverty except the fact that they're not responding to poverty properly. They have funds, and this very report says they're not allocating them to where children have needs based upon poverty in a rational, coherent, planned way. So, no, I'm not saying we need to go micromanage them. I'm saying that we can require school districts to do better. And of course our studies are showing that children in poverty in Nebraska are doing poorly vis-a-vis the other students in education performance. That's the point I was making. This backs that up. OPS is not allocating or has not historically allocated its resources to where poverty is prevalent in a planned, coherent way. That's the way their own report reads. So of course they're not doing well by the kids in poverty. And of course our numbers show the kids in poverty aren't doing well. That's the point I was making yesterday. But that isn't...the reason they're not doing well isn't because they're in poverty. It's because we're not allocating the resources and having the right policies in place at the district level. And this report is replete with failings that don't have anything to do with the fact that these kids come from a background in poverty. And, no, this is not some ideological crusade by me to challenge the union, but the knee-jerk reaction yesterday I can kind of speculate where that came from when I first mentioned that poverty can't be an excuse for all failings, because it can't be. We play the hand we're dealt with the kids that walk in the door. Whether they come from a different country, whether they come from a disadvantaged background, we need to educate them and we can educate them. But we have to have rational policies and we have to have education choice and we have to demand performance, demand performance. And we're not being critical of teachers unfairly if we demand performance and expect better. That's not what we're saying. But

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when you read things like what OPS found in its own report, this isn't an indictment of teachers. This is an indictment of a system. This is an indictment of a district. And they did it themselves. To their credit, the board went out and said, we need to know how we can do better because we can do better. The board didn't say, we have a huge percentage of kids with free and reduced lunches so let's not try. That may have been an historical approach, but that's not the approach of this board. They want to know how to fix it. They know they can do better. They will do better and they've identified the problem. And this report didn't come back and say, well, you've got a lot of kids in poverty; you don't have to try. They know they can do better. That was my point yesterday. [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR LAUTENBAUGH: It's an obstacle. It's not an excuse for failure. You get of people what you expect of them, and I'm speaking of administrators and districts. We need to expect more. And I think we need to be crystal clear that we expect more and I think there has to be an "or else," and that's what I'm hoping to develop into this bill. Thank you, Mr. President. [LB438]

SENATOR KRIST: Thank you, Senator Lautenbaugh. (Visitors introduced.) Returning to debate, those still wishing to be heard: Senator Cook, Conrad, Carlson, and Harms. Senator Cook, you're recognized. [LB438]

SENATOR COOK: Thank you, Mr. President. And good morning, colleagues. I rise in support of LB438 and to add my voice to the conversation about public schools' funding, how best to target that funding toward the students that need it most. I'm going to offer a little bit of my personal history about my involvement with education. In addition to being the daughter and granddaughter of schoolteachers, the daughter of two Omaha Public School District schoolteachers, an administrator, I spent a summer, a very hot and humid summer, in the Washington, D.C., area working as a researcher in the area of urban education for a conservative Presidential candidate named Steve Forbes. I got the opportunity to meet Mr. Forbes once, a very friendly gentleman. He is a graduate of Princeton University. Apparently he and a friend of his helped to fund the beginning of Teach for America. I think the narrative is that the daughter founded it, but really the money came, of course, from the father and from Mr. Forbes. So I'll offer that to offer some perspective for the body on my experiences in looking at different factors that go into the success of a student. During that summer, I was charged with doing research and writing in the area of urban education. And even though, obviously, Mr. Forbes was a great supporter of private education--as a man who grew up in a rich family, he'd had those kinds of experiences, and as a funder of Teach for America, the campaign obviously had a bent toward vouchers, charter schools, those sorts of things--I was still charged with identifying success stories among public schools, private schools, charter schools, schools that used vouchers. And you know what? The schools that had

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success, whether they had poor children, black children, immigrant children, all over the country weren't necessarily charter schools or KIPP schools or Teach for America teachers or the kinds of teachers that you see in movies where they just walk in there with a baseball bat and cause discipline and then the kids are respectful all of a sudden and learn stuff. Those weren't the schools. There were just as many schools that were public and publicly funded and publicly managed with public accountability that were successful schools. So I wanted to offer that to the body when we are having a conversation about whether or not we have thoroughly considered the idea of charter schools for Nebraska. This body, many of you, are fond of using the term "the Nebraska way" when you talk about something, and when I think about that I kind of recognize that as something people put out there. When I hear that I think, you know what, not everything done the Nebraska way is the right way. But you know what, the one thing I am proud of when I go around the country and talk to other people from other states is that we are maintaining control, ownership, responsibility for the education of our children. We're not turning it over to a private organization, for-profit or nonprofit or not-for-profit, in turning it over to the governance of people who we would not be able to go and visit at a public meeting. These are our schoolchildren. As Senator Sullivan has said more than once, it is our one and only constitutional obligation in this body. We talk about novelty lighters and amber lights and tax credits and LB775. The one and only thing we, in theory, could talk about for the rest of the session and every session is our commitment to public education. [LB438]

SENATOR KRIST: One minute. [LB438]

SENATOR COOK: Now for charter schools, as I mentioned as part of my history, I've done work in this area and come up on the side of public schools and public education. The states that are often referred to when we're talking about these success stories, in my observance, have thrown up their hands and given up on publicly funded educational systems. The charter schools and vouchers and all that probably seems like a really, really good idea when you have the kinds of situations that you would see with an example like the Harlem Children's Zone or the schools in Florida. I just want to mention one fact in some of the ways that charter schools choose children is that they, indeed, choose children through a lottery. Can I get a gavel, please? Thank you. [LB438]

SENATOR KRIST: Actually, you're out of time, Senator. [LB438]

SENATOR COOK: Oops, well, then I guess I don't need one. Thank you. [LB438]

SENATOR KRIST: Yes, ma'am. Sorry. Senator Conrad, you're recognized. [LB438]

SENATOR CONRAD: Thank you, Mr. President. Good morning, colleagues. I support LB438 and I haven't had an opportunity to speak yet on this legislation. But let's be

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clear, this is an ideological debate, and that's okay because we have ideological differences. But let me be clear about my position, in case you were wondering. I support public schools. I support teachers. I support families and kids. Strong public schools are the cornerstone of our democratic system, and our public schools in Nebraska are strong. Of course there are issues. Of course there is always room for improvement. But let's not throw out the baby with the bathwater. Let's utilize LB438, which is a very targeted approach to address very targeted issues. Opponents have been cherry-picking from a variety of studies and pieces of information within those studies to make their case, and that's okay. They're entitled to make their case however they see fit. And the research is important, but I think it's much broader than some of the snippets that have been injected into the debate thus far. And I think what else is important is common sense. It takes a little common sense to recognize the fact that if you have a hungry tummy, you're not going to be at your full potential in terms of learning in the classroom. If you have a language barrier, you're not going to be able to fully engage at your highest potential. If you have stress at home, you're going to have trouble engaging at your highest potential. If you lack access to basic medical care, you're going to have trouble engaging at the highest level. That affects all of our performances. This isn't unique to a school setting. Think about yourself. When you don't get a good night's sleep, when you don't take care of yourself, do you perform at your best here or in other aspects of your life? Of course not. And common sense also tells us, by removing support, removing families, restricting access to medical care, restricting access to nutrition, that doesn't help solve the problems. And the folks that are making the most hay out of this today are providing those very solutions: take resources away from our public schools, take families away from our public schools, restrict access to basic medical care, restrict access to basic nutrition. We need targeted solutions to targeted problems, and that's what LB438 does. Additionally, you know what else doesn't help solve problems? Bashing public schools and bashing public school districts and bashing public schoolteachers who work hard every day because they care about our state, they care about our future, and they care about our kids. We should be grateful, thankful that we have strong public schools in Nebraska, all across this great state. And we should be working on targeted solutions to make targeted issues better. But we shouldn't be bashing public schools, we shouldn't be bashing public teachers. And I just simply have an ideological disagreement with a lot of the statements that have been brought forth in this debate. Thank you, Mr. President. [LB438]

SENATOR KRIST: Thank you, Senator Conrad. Seeing no one else wishing to speak, Senator Sullivan, you're recognized to close on your amendment. [LB438]

SENATOR SULLIVAN: Mr. President, AM1580 simply changes the operative dates of this bill. Thank you. [LB438]

SENATOR KRIST: You heard the closing. The question is, shall the amendment to the

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committee amendment to LB438 be adopted? All those in favor vote aye; opposed, nay. Senator Sullivan, for what reason to you rise? [LB438]

SENATOR SULLIVAN: I request a call of the house, please. I wish to with... [LB438]

SENATOR KRIST: Please record, Mr. Clerk. [LB438]

ASSISTANT CLERK: 26 ayes, 0 nays on the adoption of Senator Sullivan's amendment to the committee amendments. [LB438]

SENATOR KRIST: The amendment is adopted. Senator Sullivan, there's no one else in the queue. You're recognized to close on your amendment to LB438. [LB438]

SENATOR SULLIVAN: Thank you, Mr. President. Just to remind the body, AM1240 makes two substantive changes to the legislation. It drops the number of priority schools down from five to three, and removes the reference and designation of community schools and operating councils. Thank you. [LB438]

SENATOR KRIST: Thank you, Senator Sullivan. You've heard the closing. The question is, shall the committee amendments to LB438 be adopted? All those in favor vote aye; opposed, nay. Please record, Mr. Clerk. [LB438]

ASSISTANT CLERK: 34 ayes, 0 nays on the adoption of committee amendments, Mr. President. [LB438]

SENATOR KRIST: Committee amendments are adopted. Mr. Clerk. [LB438]

ASSISTANT CLERK: Mr. President, Senator Lautenbaugh had FA199, but I understand he wishes to withdraw. [LB438]

SENATOR KRIST: It is withdrawn. [LB438]

ASSISTANT CLERK: I have nothing further pending on the bill, Mr. President. [LB438]

SENATOR KRIST: Seeing nothing...no one else wishing to speak, Senator Adams, you're recognized to close on your bill. [LB438]

SPEAKER ADAMS: Thank you, Mr. President. Members, I wish I had more time to close. I've listened to everything that's being said and there's truth in just about all of it. I was kind of a crotchety old teacher: no pop, no food, get your cap off, put that cell phone so far away you can't even find it. And I remember one morning a senior walked into my class and he waved me out in the hall and he said, Mr. Adams, can I get a bagel? I said, no, you know the rule. Yeah, I know, but, he said, I had to work until 1:00

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a.m. and when I got home my mom and her boyfriend were fighting and I couldn't get to sleep and I'm hungry, and I'll pay attention better. And I said, go eat it, inhale it, and get in here. Now aside from my rules, that has always stayed in my mind, not as an excuse for me not getting the job done with that young man, but I realize every day those kids, they come to school with whatever baggage they come to school with. And it's not an excuse for educators not to get to the learning business, but you have to overcome some of those kinds of things. And I'm not going to stand here and tell you more dollars will overcome it. And silver bullets? Thirty-one years of teaching, I can't remember a year that we didn't start out the school year with somebody saying, boy, have I got a great idea, this is going to fix it. And I must tell you, this crotchety old teacher would go to his classroom and shut the door and let all that stuff just kind of float around and realizing there was no silver bullet; a little bit of benefit in all that I heard but no silver bullet. When we talk about failing schools, before I walk away from this microphone, something that all of you need to be aware of, you can go on to the NDE Web site and you can see a list of schools in need of improvement, and you can call them failing schools or schools in need of improvement, whatever you want. I want you to be careful of something. It's easy to grab that label and say they're failing. Dig into the reason. Dig into the reason, under the federal accountability, why they are, all right? Before you cast the net out there and say there's something terribly wrong with that school, be sure you know why. LB438 gives the state of Nebraska an opportunity to add to the federal accountability system. It gives the state of Nebraska an opportunity, statutory authority, to intervene in these schools that don't seem to get it turned around. Maybe they're not looking at the best methods. Maybe they don't care. I don't know. But here's the method. It's not a silver bullet either. It's a start. And when you're thinking about that, I'm going to leave you with this. Be real careful. And we're all guilty, me too. [LB438]

SENATOR KRIST: One minute. [LB438]

SPEAKER ADAMS: We get into a discussion like this, all the focus is on the failure and you forget about all the successes out there. Thank you, Mr. President. [LB438]

SENATOR KRIST: Thank you, Senator Adams. You've heard the closing on LB438. The question is the advancement to E&R Initial. All those in favor vote aye; all those opposed, nay. Have all those voted that wish to? Please record, Mr. Clerk. [LB438]

ASSISTANT CLERK: 35 ayes, 0 nays on the motion to advance the bill, Mr. President. [LB438]

SENATOR KRIST: LB438 advances. Items? [LB438]

ASSISTANT CLERK: Mr. President, I do. I have notice of committee hearings from the Education Committee, the Revenue Committee, and the Judiciary Committee. A confirmation report from the Natural Resources. The bills that were read on Final

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Reading this morning have been presented to the Governor at 9:25 a.m. (Re LB56 and LB588.) Committee on Enrollment and Review reports LB838 to Select File. A message from the Governor that LB33, LB76, LB174, LB215, LB272, LB278, LB403, LB446, LB470, LB513, LB514, LB597, LB656, LB657, LB658, and LB659 have been signed and delivered to the Secretary of State's Office. That's all that I have. (Legislative Journal pages 536-538.) [LB56 LB588 LB838 LB33 LB76 LB174 LB215 LB272 LB278 LB403 LB446 LB470 LB513 LB514 LB597 LB656 LB657 LB658 LB659]

SENATOR KRIST: Thank you, Mr. Clerk. Next item.

ASSISTANT CLERK: Mr. President, LB740 was introduced by Senator Crawford and others. (Read title.) The bill was read for the first time on January 9 of this year, referred to the Education Committee. That committee reports the bill to General File with committee amendments. (AM1723, Legislative Journal page 446.) [LB740]

SENATOR KRIST: Thank you, Mr. Clerk. Senator Crawford, you're recognized to open on your bill. [LB740]

SENATOR CRAWFORD: Thank you, Mr. President. And good morning, colleagues. LB740 grants immediate in-state residency for tuition to recently separated veterans and their families who become Nebraska residents. LB740 is supported by the University of Nebraska, Nebraska state colleges, and Nebraska community colleges, among others. Veterans are a highly skilled, disciplined, and experienced work force. Nebraska's colleges and universities are enriched by their contributions in the classroom and our state economy benefits with their participation in the work force. Between now and 2016, an estimated 1 million service members will leave the military. Policies in our state should encourage these veterans to move to Nebraska. Let me speak for just a minute about the inclusion of military spouses in this bill. As a long time resident of Bellevue, many of my friends and neighbors are military spouses. These spouses pick up and move whenever we ask them to. They then have to work on transferring their credits. When their military member retires, that is often a time when the spouse gets to focus on her...his or her career and education. Military spouses often joke that they have 11 years of college and no degree. LB740 will help these spouses get to school quickly and finish what they've started and also help our universities here in Nebraska to recruit those spouses into the classrooms to help them finish their college degree. One of my constituents, Julia Converse, testified at the bill's hearing. She shared that frequent moves means she has been unable to finish her degree. Faced with the costs of transferring credits each time she moves, she will likely postpone her education plans until her husband leaves the military. She shared the following statement with the committee: I'd love to be able to come back and complete my degree in Nebraska. This bill will give veterans, spouses, and their dependents a chance to finish their goals by welcoming them into a community that has benefited from their service. LB740 grants immediate residency for the purposes of tuition for

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veteran students who register to vote and either register their vehicle in the state or obtain a Nebraska driver's license. This allows those students to start school and begin their benefits quickly. I'm pleased to report that all the public colleges and universities have agreed to offer this in-state tuition to veterans and spouses without a General Fund expense. The fiscal note that you may see for this bill reflects lost revenue from the fees that the few veterans who now are in those universities would have paid if the bill had not passed and that now when the bill passes they will actually be granted in-state tuition. We have an amendment coming...committee amendment that actually cuts that...that should cut that about in half. But again, there is no General Fund impact to this bill. And I'm pleased to say the universities are willing to step up and make this happen in our state and I'm very grateful for that. In 2008, President George W. Bush signed the Post-9/11 Veterans Educational Assistance Act into law and the largest expansion of education benefits since the passage of the GI Bill in the 1940s. Under the Post 9/11 GI Bill, service members on active duty or deployed at least three months since September 11, 2001, are eligible for education benefits. The amount of benefits depends on the length and number of deployments. Under the Post 9/11 GI Bill, the VA only pays the cost of in-state...excuse me, the VA pays the cost of in-state tuition at the public universities. If the veteran doesn't meet the residency requirements of the state, the veteran must pay that difference between in state and out of state, unless they qualify for the Yellow Ribbon Program. And there should be a sheet at your place that explains many of these different policies if you want to see some of the details. A provision of the GI Bill created the Yellow Ribbon provision, it was just a state matching program, to help veterans who don't qualify for in-state tuition where the VA pays part and the university pays part. However, it's only available to veterans who have been on active duty for three years or more since 9/11. In Nebraska, less than 150 students enrolled in our Nebraska University or state college currently meet those Yellow Ribbon requirements. Military families move frequently with an average time between moves of two years. Only 9 percent of service members stay in one assignment for four years or more. As a result, military families often do not establish residency with each move. If a military family decides to live off base at one of these assignments, either by choice or necessity, they must change their home of record and their residency. I hear from military families all the time about how much they enjoy their time in Bellevue and in Nebraska, especially from those who come from other states. LB740 will allow these families to return to Nebraska when they leave the military which could be multiple placements later. A veteran who is eligible for 90 percent of the Post 9/11 GI Bill would still have out-of-pocket costs for tuition and fees at the University of Nebraska-Omaha of over \$50,000 for four years. That same veteran would owe only \$3,000 of out-of-pocket costs over the same period if he or she was considered a resident of Nebraska. Faced with that bill, many veterans would delay their education, or worse--choose not to further their education or attend a school in another state that allows them to qualify as a resident. Currently, Nebraska is one of only three states whose Big Ten school does not offer this option for its veteran students. In addition to tuition benefits, Post 9/11 GI Bill recipients also receive stipends for books and living expenses. These stipends total

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approximately over \$46,000 over a 36-month period. These dollars can directly impact our local economy. We want veterans to use these benefits to buy their books, pay their rent, and purchase school supplies in Nebraska. According to a recent Nebraska Chamber survey, one in four respondents indicated a lack of skilled labor was a key issue limiting their growth, and over half surveyed experienced difficulty finding qualified employees in the past year. The Coordinating Commission for Higher (sic) Education...for Postsecondary Education's 2013 Higher Education Progress Report outlines three key priorities for our postsecondary education institution: one, increase the number of students who enroll in a Nebraska college or university; two, increase the percentage of students who successfully complete a degree; three, reduce, eliminate, and then reverse the net out-migration of Nebraskans with advanced degrees. LB740 helps meet these goals and recruitment and degree attainment. Waiving residency requirements for veterans allows Nebraska to recruit and retain student veterans who experience the "Good Life" firsthand and want to return and remain in Nebraska and to use their book stipends and monthly living allowances and tuition benefits here in Nebraska. It also allows our universities to market and recruit in Texas, Colorado, and other states with high numbers of separating service members. And again, we can do this with no General Fund impact. Because of the work force development and economic development opportunities these students and this bill presents, I ask for your support for LB740. Thank you, Mr. President. [LB740]

SENATOR GLOOR PRESIDING [LB740]

SENATOR GLOOR: Thank you, Senator Crawford. As the Clerk stated, there are amendments from the Education Committee. Senator Sullivan, you're recognized to open on your amendments. [LB740]

SENATOR SULLIVAN: Thank you, Mr. President and members of the Legislature. LB740 with AM1723 attached was advanced from the Education Committee by a 7-0 vote with one member absent. AM1723, which becomes the bill, makes several clarifications to LB740 which are supported by Senator Crawford. The clarifications are as follows: It clarifies that this act does not apply to a veteran who qualifies for benefits under the Yellow Ribbon Program. As Senator Crawford indicated, the Yellow Ribbon Program is a joint program between several postsecondary institutions in the state and the Veterans Administration that pays the difference between in-state and out-of-state tuition for eligible veterans and military personnel. The second change with this amendment clarifies that the spouses and dependents of veterans who are eligible for Yellow Ribbon benefits still qualify for the in-state tuition benefit under this bill in their own right. That's the spouses independent of the veterans. Thirdly, this amendment also clarifies that the requirement to register to vote under this act does not apply to a spouse or dependent under 18 years of age at the time they receive the benefits. But such person must register to vote in the state once they turn 18. They are, however, subject to the requirements that they obtain a Nebraska driver's license or state ID.

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Quite frankly with these changes, LB740 becomes a better bill and provides a benefit to those who have served in our country's military, as well as helps our postsecondary institutions recruit students to our schools. I ask for your support in the adoption of this amendment and the passage of LB740. Thank you. [LB740]

SENATOR GLOOR: Thank you, Senator Sullivan and Senator Crawford. Members, you've heard the opening on LB740 and the committee amendment, we now move to floor debate. Senator Harr, Burke Harr, you are recognized. [LB740]

SENATOR HARR: Thank you, Mr. President. I just have a question for Senator Crawford if she would yield to a question, please. [LB740]

SENATOR GLOOR: Senator Crawford, would you yield? [LB740]

SENATOR CRAWFORD: Yes. [LB740]

SENATOR HARR: So I was reading the legislation last night. One of my concerns is, and tell me if I'm wrong, you can have an individual who moves here from a state that has a lower vehicle tax than we do, say South Dakota, they could still attend school and their vehicle wouldn't be registered in Nebraska? Is that right? [LB740]

SENATOR CRAWFORD: Well, this...one of the condition that you would meet to show that you are a resident, one of them is to license your vehicle here. [LB740]

SENATOR HARR: It says "or" not "and." [LB740]

SENATOR CRAWFORD: "Or," it does say "or." [LB740]

SENATOR HARR: So you technically could have your vehicle registered in South Dakota and still get a subsidized education here, is that correct? [LB740]

SENATOR CRAWFORD: Well, I think if you...I don't know all of the DMV rules about who is allowed to have an out-of-state plate. So I don't know under what condition someone can be in our state with an out-of-state plate. I don't know what those...all of those...details of those rules. [LB740]

SENATOR HARR: Well,... [LB740]

SENATOR CRAWFORD: It does encourage, and I mean, I see a lot of Oregon plates in Bellevue. I mean it does encourage people to register their...to register in the state; but the bill makes that one of the conditions. It does not go in and change the other existing rules that may be there that lay out what the conditions are for having an out-of-state plate. But...the "or" is in there, but not everybody, necessarily, has a vehicle. So we felt

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it was appropriate to leave it as an "or." [LB740]

SENATOR HARR: Okay. Well, that kind of sticks in my craw a little. I have a little indigestion about that because if you get the advantage of our roads, and now we're providing another tax advantage to you, another advantage, it almost seems as though we should require them, if they have a vehicle, to register that vehicle so we get the money instead of the money going back to South Dakota or, as you mentioned, Texas. And maybe we can work on an amendment between now and Select. So, thank you very much, I appreciate your time. [LB740]

SENATOR CRAWFORD: All right, thank you. [LB740]

SENATOR GLOOR: Thank you, Senator Harr and Senator Crawford. Senator Krist, you're recognized. [LB740]

SENATOR KRIST: Thank you, Mr. President. Good morning, colleagues; and good morning, Nebraska. Thank you, Senator Crawford, for bringing this forward, and to the committee for bringing it out. Those of you who have spent some time with us at Offutt Air Force Base for our legislative symposium a few months ago understand how critical the base structure is. You also had a picture of what the Guard and Reserves do for the state in terms of economic impact. And I worry, to take a book out of another...chapter out of another verse, I worry that if we would have another BRAC, base relocation closure commission (sic), at the federal level that that would affect our bases across the state of Nebraska both active duty at Offutt Air Force Base and our Guard and Reserve installations because, as Senator Schumacher points out over and over again, we should be wary that we will see another downturn in the economy and if that happens, from the federal level, we may see another downturn or scrutiny applied to our base closures. Senator Garrett is also very aware in the time that he spent in the Air Force, he and I in leadership positions, how critical it can be for one factor to tip the scale to close a base or eliminate a mission from a base structure. What Senator Crawford is trying to do is a laundry list of things that would apply, that would be those factors that could tip that scale. When they look at us and say, how does Nebraska treat its active duty base, its active duty personnel, its Reserve and its Guard? This is a critical item. It weighs, it tips the balance, we cannot afford to allow that balance to be tipped unfavorably toward the state of Nebraska. So again, thank you, Senator Crawford. As far as Senator Harr's comments, I would love to give him a Roloids and help him with his indigestion. And if it is a case that this bill needs to be amended between now and Select so that a prerequisite is there that your driver's license and your licensed vehicle has to be applied, if that's a condition we need to apply, then I think Senator Crawford should consider that. We need to make sure that this goes forward. In its current form, I think, there's a little or no issue; however, I do understand Senator Harr's concern. Please look favorably on AM1723 and LB740. It's another step to "deBRACing" our military structure in the state of Nebraska. And again, if some concession needs to be

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made in terms of the concerns that Senator Harr brought up, we should consider those. Thank you, Mr. President. [LB740]

SENATOR GLOOR: Thank you, Senator Krist. Members in the queue: Garrett, Nelson, Mello, Wallman, and Hadley. Senator Garrett, you're recognized. [LB740]

SENATOR GARRETT: Thank you, Mr. President, members of the Legislature. I want to thank my friend and colleague, Senator Crawford, for bringing this bill. It is a tremendous bill and for all the reasons that you highlighted. I would especially like to thank you for including the spouses. Being a retired Air Force officer, having spent 26 years in service and having moved 17 times, you very much encapsulated the challenges faced not just by the active-duty members, but their spouses and dependents as well. And Senator Krist brings up some great points. We are very fearful, if there is another downturn in the economy and there's a base realignment and closure committee, we want to do everything in our power to make sure that Offutt remains an active base and doesn't come out on the BRAC list and anything we can do to support veterans and active duty folks is very much helpful. So, thank you, Senator Crawford. Thank you. [LB740]

SENATOR GLOOR: Thank you, Senator Garrett. Senator Nelson, you are recognized. [LB740]

SENATOR NELSON: Thank you, Mr. President, members of the body. I'm reading the amendment and taking a look at some of the fiscal things here and I do have some questions for Senator Crawford. [LB740]

SENATOR GLOOR: Senator Crawford, would you yield? [LB740]

SENATOR CRAWFORD: Yes. [LB740]

SENATOR NELSON: Thank you, Senator. I'd like a little clarification, when we're talking about nonresidents, are you talking about people that have...I mean, veterans, they've just come off of active duty and it's within that two-year period, are they physically residing here in the state of Nebraska? [LB740]

SENATOR CRAWFORD: Yes, they are. So current rules for in-state residency are that you would need to come to the state and be here for a year before you're considered in-state resident. And you have to make sure that you didn't come to this state to go to school here. So you need to come here and live for a year before you start your education in order to get residency. So this makes it so they come and right away they can be residents, if they register to vote, and then register...and register their car or get a driver's license. [LB740]

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SENATOR NELSON: Well, thank you. I'm looking at the estimate provided by University of Nebraska and they talk a little bit about the terms here. And they say in the fall of 2012, the university had nearly 180 nonresident students from 34 different states who qualified for the 9/11 benefits, which...in addition to the Yellow Ribbon. So that indicated to me that under those plans, they could be in Iowa or Illinois or someplace else and still get the reduced tuition or the in-state tuition here in Nebraska. Is that correct? [LB740]

SENATOR CRAWFORD: The students who qualify for Yellow Ribbon are students who...the VA and the university together make up that difference. So the students who...and that's not all veterans. So that's only students who qualify for 100 percent benefits also qualify for Yellow Ribbon. So those students come into the state and the Yellow Ribbon Program makes up the difference. So what we did with the committee amendment is that we said, let's go ahead and take...let's go ahead and keep the Yellow Ribbon in place for those students and really focus our effort on the students who don't qualify for that benefit. [LB740]

SENATOR NELSON: Okay. But what you're telling me, under the amendment here and under your plan, is that the intent is that these veterans physically reside within the state of Nebraska? [LB740]

SENATOR CRAWFORD: Oh yes, yes. They are physically residing in the state and they are registered to vote in the state and they have a driver's license or their vehicle registered in the state. [LB740]

SENATOR NELSON: Right. Right. [LB740]

SENATOR CRAWFORD: Yes. [LB740]

SENATOR NELSON: Because as active duty members of the services, they can be registered in North Carolina or other places, they can vote elsewhere and things like that. So this is going to require...require that for our purposes here. [LB740]

SENATOR CRAWFORD: Correct. Correct. They're registering to vote here, establishing their residency here in Nebraska. And this is for people who are leaving the military. [LB740]

SENATOR NELSON: Um-hum. [LB740]

SENATOR CRAWFORD: So, the active duty rules about residency and things don't apply for these students because they are separated from the military. [LB740]

SENATOR NELSON: Okay. One final question: It would appear for me that the university is stating that lost income from Yellow Ribbon funding, federal VA funds, is

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about a half a million dollars and then another \$400,000 under...for nonpaying residents. And there's an estimate, maybe Senator Mello will speak to this, but of about a million dollar loss...cash loss. [LB740]

SENATOR CRAWFORD: Oh, I can answer that. I can answer that. [LB740]

SENATOR NELSON: So, part of that loss is going to come about anyway, isn't it, under the Yellow Ribbon? [LB740]

SENATOR GLOOR: One minute. [LB740]

SENATOR CRAWFORD: Well, actually the...as the bill was initially drafted, it did not have the Yellow Ribbon amendment in it. And so the bill initially drafted, they would have been giving up the Yellow Ribbon revenue. [LB740]

SENATOR NELSON: Oh. [LB740]

SENATOR CRAWFORD: And so we put the amendment in to allow them to keep that Yellow Ribbon revenue. [LB740]

SENATOR NELSON: All right. All right, well, thank you for your response to my questions. Thank you, Mr. President. [LB740]

SENATOR GLOOR: Thank you, Senator Nelson, Senator Crawford. Senator Mello, you are recognized. [LB740]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. Just wanted to draw the members' attention to the fiscal note associated with LB740. The original fiscal note you see on your computer says there's a \$1 million revenue loss to the University of Nebraska System. In speaking with the Fiscal Office, with the adoption of AM1723, that fiscal note loss to the university system would be cut in half to \$500,000. Now it should be known, and this is something that we haven't seen a bill like this in awhile in regards to a revenue loss to an agency like the university or the state colleges or another state agency entity. The reality is, is moving forward with LB740 there is not really a policy for us to appropriate money to the university to cover this loss. So if we move forward with LB740, which I believe is a good concept, it's a good bill, and it's good public policy, it simply will be a loss of revenue to the university moving forward. There's not an accompanying A bill that would go with LB740, it simply is a projected loss of revenue that they would see through tuition and in the future. So I wanted to make sure the body is well aware of that. It's not going to have, arguably, it won't have an impact on the green sheet that we will start to see when the Appropriations Committee releases our final budget, but as the university would not tell you, they are anticipating losing revenue based off LB740 and that is a conversation that I want to

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make sure for full disclosure the body had as they choose to move forward with LB740. With that, as I mentioned, I support the concept Senator Crawford has brought forward in LB740. I support the bill, but I wanted to make sure to provide full disclosure to members who have approached me on the impact of the fiscal note. With that, thank you, Mr. President. [LB740]

SENATOR GLOOR: Thank you, Senator Mello. Senator Wallman, you are recognized. [LB740]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. Would Senator Crawford yield to a question, please? [LB740]

SENATOR GLOOR: Senator Crawford, would you yield? [LB740]

SENATOR CRAWFORD: Yes. [LB740]

SENATOR WALLMAN: Thank you. I do like this amendment and the bill. And is there a cap on this? Is it first-come first-serve or do you think that's...? [LB740]

SENATOR CRAWFORD: There is no limit on how many veterans or families in the bill, no. [LB740]

SENATOR WALLMAN: Thank you. I think it's a good bill. We should support this and try to keep our brightest and best in the state. And thank you, Senator. [LB740]

SENATOR CRAWFORD: Thank you. [LB740]

SENATOR GLOOR: Senator Hadley, you are recognized. [LB740]

SENATOR HADLEY: Mr. President, members of the body, I want to thank Senator Crawford for bringing the bill. I certainly stand in support of AM1723 and LB740. Would Senator Crawford yield to a question or two? [LB740]

SENATOR GLOOR: Senator Crawford, would you yield? [LB740]

SENATOR CRAWFORD: Yes. Yes. [LB740]

SENATOR HADLEY: Senator Crawford, would there be situations where people enlist from the state of Nebraska and are residents of the state of Nebraska that change their state of residency while they're in the service to take advantage of other states' more lenient tax laws toward active duty personnel and then come back to Nebraska when they leave the service to take advantage of this particular act? [LB740]

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SENATOR CRAWFORD: That is a possibility. But they would be coming back to Nebraska, and then when they're here in Nebraska, in education, again those benefits would be spent here and they would be residents of Nebraska paying taxes here from this point forward. I mean, while they're in school. [LB740]

SENATOR HADLEY: That is a point though. This is only while they're in school. There's no guarantee that they will stay in Nebraska after they finish their schooling. Is that correct? [LB740]

SENATOR CRAWFORD: That's not a condition of receiving in-state tuition. We had different discussions on that in the hearing. One of the schools, Central Community College which has been...is a very big advocate of this and has been working on recruiting veterans to come. And they said in their case they had, I believe, 98 percent of their graduates stayed in that community. So I think that's something that working on...I think one of the other...there's no...I don't have statistics behind this, but one of the other issues was...that was raised is if we're bringing people in after they're separated from the military and recruiting them here with their families, they were hoping that they are more likely to stay here after their education because they're more...you know, they're more established when they're starting school to start out with. [LB740]

SENATOR HADLEY: I have one last question. [LB740]

SENATOR CRAWFORD: Sure, thank you. [LB740]

SENATOR HADLEY: The military, when they...a military personnel change what they call their home of record, there are four criteria. And I wonder if these four are implied in your bill. They are: establishing a permanent address, registering to vote, registering your vehicle, and getting a driver's license. [LB740]

SENATOR CRAWFORD: The criteria that the bill lists does not have that first one of a permanent address, but if that's important, I can talk to you about that in terms of if we feel that's important to add. The list that we added is similar to that. [LB740]

SENATOR HADLEY: I guess my only point, it would be, basically, using the same criteria that the military uses to find a...define a permanent residence. And these four then would be...they would be...to me they would be familiar to the military personnel. [LB740]

SENATOR CRAWFORD: Sure. [LB740]

SENATOR HADLEY: And I don't think that's a big deal, but I just put that out there. [LB740]

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SENATOR CRAWFORD: That's a fair point, it wasn't left out intentionally. [LB740]

SENATOR HADLEY: Okay. Thank you. Thank you, Mr. President. [LB740]

SENATOR KRIST PRESIDING

SENATOR KRIST: Thank you, Senator Hadley and Senator Crawford. Seeing no one else wishing to speak, Senator Sullivan, you're recognized to close. Senator Sullivan waives her closing. The question is: Shall the committee amendments to LB740 be adopted? All those in favor vote aye; opposed, nay. Senator Sullivan. [LB740]

SENATOR SULLIVAN: Yes, Mr. President, I request a call of the house, please. [LB740]

SENATOR KRIST: There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; opposed, nay. Please record, Mr. Clerk. [LB740]

ASSISTANT CLERK: 21 ayes, 0 nays to go under call, Mr. President. [LB740]

SENATOR KRIST: The house is under call. Senators, please record your presence. Those unexcused senators outside the...please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Burke Harr, Senator Lathrop, Senator Karpisek, Ashford, Kintner, Smith, Bolz, Christensen, Avery, Murante, Chambers, Davis, Johnson, please return to the Chamber. The house is under call. Senators Ashford, Kintner, Bolz, Chambers, Christensen, and Avery, please return to the Chamber. The house is under call. Senators Ashford, Kintner, and Bolz, please return to the Chamber. The house is under call. Senator Sullivan, would you like to continue? How would you like to continue? [LB740]

SENATOR SULLIVAN: Machine vote. [LB740]

SENATOR KRIST: You can either call-in, Ma'am, or we'll do a roll call, but we've already had a machine. [LB740]

SENATOR SULLIVAN: Call-in. [LB740]

SENATOR KRIST: Call-in, okay. [LB740]

ASSISTANT CLERK: Senator Wightman voting yes. Senator Lathrop voting yes. Senator Chambers voting yes. Senator Mello voting yes. Senator Janssen voting yes. Senator Smith voting yes. Senator Hadley voting yes. Senator Lautenbaugh voting yes.

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Senator Garrett...had voted yes, Senator. Senator Bloomfield voting yes. Senator Burke Harr voting yes. Senator Karpisek voting yes. Senator Avery voting yes. Senator Carlson voting yes. Senator Pirsch voting yes. Senator Davis voting yes. Senator Johnson voting yes. Senator Coash voting yes. [LB740]

SENATOR KRIST: Please record, Mr. Clerk. [LB740]

ASSISTANT CLERK: 38 ayes, 0 nays on the adoption of committee amendments, Mr. President. [LB740]

SENATOR KRIST: The amendments are adopted. Raise the call. Seeing no one else in the queue, Senator Crawford, you're recognized to close. [LB740]

SENATOR CRAWFORD: Thank you, and I'll close quickly before people escape. I just want to thank the Education Committee and Senator Sullivan for their help with this bill. I want to thank everyone who offered positive comments and also want to thank Senator Harr and Senator Hadley for your suggestions. Happy to talk to you about those suggestions between now and Select File to see if those are changes that are...that we're able to make. And also, I also want to thank the universities for their support. I don't take the loss of revenue lightly. In fact, one of the very compelling discussions at the hearing was the discussion with the state colleges who had decided to adopt a policy of a very small change between in-state and out-of-state tuition to recruit out-of-state students to their universities. And they found that after a short cut that they took at the beginning, it actually allowed them to recruit so many more students and bring in more revenue. And so I do think the...when I talked to the veterans...the people who work with veterans at the universities, they're very excited about how this will help them go out and recruit more students into our universities. So, I am glad that the university is willing to step up and recognize that this will be a long-term gain. And I appreciate their support in that. And I appreciate all that the universities are doing in their many services for our veterans at the universities. Thank you. [LB740]

SENATOR KRIST: You've heard the closing. The question is the advancement of LB740 to E&R Initial. All those in favor vote aye; opposed, nay. Have all those voted that wish to? Please record, Mr. Clerk. [LB740]

ASSISTANT CLERK: 39 ayes, 0 nays on the motion to advance the bill. [LB740]

SENATOR KRIST: Items for the record.

ASSISTANT CLERK: Thank you, Mr. President. Your Committee on Natural Resources reports LB671 to General File with amendments. New bill, LB438A offered by Senator Adams. (Read LB438A by title for the first time.) That's all that I have at this time.

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(Legislative Journal page 539.) [LB671 LB438A]

SENATOR KRIST: Thank you, Mr. Clerk. Next item.

ASSISTANT CLERK: Mr. President, LB191 was introduced by Senator Nordquist and others. (Read title.) The bill was read for the first time on January 14, 2013. It was referred to the Revenue Committee. That committee reports the bill to General File with committee amendments. (AM707, Legislative Journal page 1736, First Session, 2013.) [LB191]

SENATOR KRIST: Senator Nordquist, you are recognized to open. [LB191]

SENATOR NORDQUIST: Thank you, Mr. President and colleagues. LB191 is a bill that will incentivize redevelopment and preservation of historic properties, creating jobs and driving economic development in both rural and urban communities across our state. Areas and buildings of a historic value can be found, I'm sure, in every one of our legislative districts, and too often, unfortunately, these properties can be an eyesore. But they all have the potential to be valuable, to have a valuable purpose, or fulfill a need in our community, whether that be housing, commercial space, or tourist attractions. This bill would create a 20 percent tax credit. The original bill would create a 20 percent tax credit up to \$10 million of investments and then 10 percent above \$10 million. There will be a committee amendment coming which will scale that back to a 20 percent credit on expenditures up to \$5 million, which means the maximum that any project could qualify for would be \$1 million of tax credits. To be eligible for the credit the property must either be individually listed on the National Register of Historic Places, located in a district that is listed on the National Register, be designated by a local designee...the local ordinance, either individually or part of a district, but that individual district and/or property must be approved by the State Historic Preservation Office, or SHPO. In order to receive the credit the rehabilitation must meet historic standards, either the federal standards, which SHPO currently oversees on federal qualified projects, or locally adopted standards that, again, SHPO, who has great expertise in this area and, my understanding is, has a great track history of being stringent on the standards. They would have to sign off on any local standards. So there isn't...this isn't willy-nilly, locally chosen buildings and standards. It will have a state check on it. The credits are transferable, which is critical both for small developers and if a nonprofit wanted to develop a historic building, and we can talk about the importance of that as the debate unfolds. This credit will only be for income-producing properties and does not apply to owner-occupied single-family residences. All Nebraska's neighboring states with an income tax have implemented very successful state historic tax credits, and theirs range from 20 percent, which is where we're at, up to 25 percent for our neighboring states. And I will hand out a map when I'm done opening. We are one of the few states in the country, a handful of states in the country, without an income tax...with an income tax that does not have some sort of historic tax credit

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program in place right now. The methodology varies in the studies that have been done on this, but the studies show that these have been successful in state after state. The Iowa Department of Revenue has shown that for every dollar that has been invested, over \$3.77 of federal and private money has come to their state. Missouri has shown that each tax credit is associated with 25 new or retained jobs. The credit in Kansas has created over 4,000 jobs and \$271 million in investment in historic preservation and nearly \$15 million of additional revenues. There is a committee amendment, as I said, that will cap it and also require a report to the Legislature. This bill has a sunset in 2020, so we can take a step back and make sure it has been effective and is delivering for our state. A state historic tax credit returns the initial investment back to the state. And we are...to qualify for these credits you would have to put up 80 percent capital. And these investments all go into Nebraska. These aren't equipment that is bought for some manufacturing company that they can take with them if they leave the state. These investments are here, in the ground, in Nebraska. And with the standards that are in place to ensure the renovations are done properly and meeting historical standards, those buildings, those renovations will be around for 50 to 100 years. I believe this is a bill that is a win for Nebraska. It's a...as we go on, I can talk about the list of communities that we've heard from developers. And I'm sure many of you have already received e-mails in your districts, but we have heard, both through an interim study that's been done on this issue, the committee hearing that's been done, the list of communities in Nebraska is long for potential projects and most of them are small projects and we will talk...on the fiscal impact, the committee amendment does bring down the fiscal impact from the fiscal note, but not substantially, because we are just capping at that \$5 million level. And looking at our other states, most of these projects are smaller projects. That's what the data has shown us from Iowa, from Kansas, from Colorado, all of our neighboring states that have an income tax that have these programs in place. And the state of Kansas, I have a map of all the counties that have received those projects, and a similar one in Iowa, but in Kansas, over 50 counties have had at least one project, historic preservation project done. So this is really a statewide...it has been shown to be a statewide credit in every state that it's been done in, and I hope that you will give it favorable consideration. Thank you. [LB191]

SENATOR KRIST: Thank you, Senator Nordquist. As the Clerk stated, there are amendments from the Revenue Committee. Senator Avery...I'm sorry. Senator Hadley, as the Chair of the Revenue, you're recognized to open. [LB191]

SENATOR HADLEY: Mr. President, members of the body, I don't know whether I should be...take that as a compliment or a backhanded slap in the face. So anyway, we did...we had the hearing on LB191 and you have AM707, which is a Revenue Committee amendment. The Revenue Committee advanced LB191 with AM707. Senator Nordquist has described the bill. These are the changes made to AM707. I am referring to the green copy of the bill. First, we tightened up the language and clarified that this applies to all political subdivisions, not just cities, other political subdivisions.

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Three, on page 3, we set a minimum cost for projects to qualify--at least \$25,000 for a project to qualify. We adjusted the amount of the credit. It was 25 percent of qualified expenses up to and including \$10 million. It is now 20 percent of expenses up to and including \$5 million. Ten percent of expenses up to and including \$10 million stays the same. Page 9 clarifies the credit is used against only income taxes. And lastly, on page 10, there is a new section that requires a joint report from the State Historical Society and the Department of Revenue by December 31, 2020. I would ask for your green light on AM707 and the bill, LB191, and I know there will be other amendments coming. [LB191]

SENATOR KRIST: Thank you, Senator Hadley. Mr. Clerk, there is another amendment? [LB191]

ASSISTANT CLERK: Mr. President, Senator Nordquist would move to amend the committee amendments with AM1918. (Legislative Journal page 530.) [LB191]

SENATOR KRIST: Senator Nordquist, you are recognized. [LB191]

SENATOR NORDQUIST: Thank you, Mr. President and members. AM1918 is a simple change. The bill sunsets at the end of 2020. At that time there was a report that was supposed to come to the Legislature in the committee amendment to ensure a little more timely engagement by the Legislature. We decided to run an amendment that would move that to the end of 2017. So after the first two years of operation of the credit the Legislature will get a report about its success and inform the discussion should changes need to be made at the...to the program, to the credit at that time. So the bill simply changes the timing of the report. The first report...the report would come at the end of 2017. Thank you. [LB191]

SENATOR KRIST: Thank you, Senator Nordquist. You've heard the openings. Those wishing to speak: Senator Dubas, Senator Johnson, and Senator Schilz. Senator Dubas, you're recognized. [LB191]

SENATOR DUBAS: Thank you, Mr. President, and good morning, colleagues. I stand in strong support of LB191 and the underlying amendments. I believe this bill really complements what we already have in place with the civic and cultural center grant program. And I have done a lot of work on that particular program. And communities across the state of all different sizes are looking at that on how they can build new facilities such as that. That grant program can also be used for historical buildings as well. So as I said, this, I think, really dovetails nicely in to that. You know, when you travel across the state and, like I said, from the smallest to the largest of communities, we have some very beautiful historic buildings in these communities. But unfortunately, a lot of those are just falling into disrepair for a variety of reasons, aren't being seen as viable buildings anymore or the cost is too prohibitive. So these buildings either just sit

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and fall into disrepair, they become a fire hazard. It's just, for me, someone who really appreciates the history of our state and our communities and what it took to build our communities, makes me very sad to see these beautiful buildings falling by the wayside. So if...and oftentimes these buildings are ultimately destroyed and then we end up with some kind of a metal structure or something that is far less attractive. We've lost the historical value of that building, the historical impact on the community of that building. So if there are ways that we can help building owners and communities and individuals in communities look at these buildings as a resource rather than a liability and to refurbish those buildings for use, whether it's office buildings or apartments or whatever they fit into. You know, quite often we're seeing some old hospital buildings, old auditoriums. An auditorium in my district, in Hampton, they just celebrated their anniversary of that building, and that building was built with WPA dollars. And it had gotten to the point where the community was deciding, oh, it's going to need a lot of money, is it really worth the investment, should we just tear it down and build something new? But that community decided to invest in that facility and, as I said, they just had the open house in celebration of how long it's been in existence. And I attended that event and just, you know, the facility is used for junior high basketball games. Now, the way they've fixed it up, they use it for wedding ceremonies, they have a lot of community activities there that I've attended. And again, the historical significance of that building being one of the only projects of its kind in the area is allowed to stand and people can continue to pass that history down to their citizens. So I think this bill is a great tool that will help support these kinds of projects and keep some of our history alive and well in the state of Nebraska. So I hope that the body will support the amendments. I think the amendments have taken a lot of the concerns into consideration and support the underlying bill as well. Thank you, Mr. President. [LB191]

SENATOR KRIST: Thank you, Senator Dubas. Senator Johnson, you're recognized. [LB191]

SENATOR JOHNSON: Thank you, Mr. President. Before I make my comments I want to thank those people that saw my note yesterday: Starting to think red. I think the message got out and happy Valentine's Day to all that are here since we're not here tomorrow. I made this my priority bill and I'll give you a little background. For those of you that are with me as being a conservative, I think this is a great investment of funds and that's the reason I support this. But tie it back to my experiences I've had during my career and what I proposed on this...on the floor last year, the main street funding. And I supported that. That was one of my bills. And I went through Appropriations and there was some concerns about it. I do want to comment on where it's at right now. The main street is functioning as a nonprofit and I'm serving on that board as kind of a liaison between the funding of it and to keep a little bit of a connection with this body. We do have a board meeting tomorrow and we'll be talking, of course, about LB191. I do support the bill very heartily and the amendments. I'll talk about my experience that I referred to during my career as I was involved with the Nebraska Community

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Improvement Program and visited and evaluated or judged communities in the past on projects that they have completed and how they were able to accomplish that. But they always talked about things that they wanted to do yet, things that they needed to get done. I don't have the list with me, the ones that have responded lately, but I'm going to read the list of communities that I have visited in the past ten years that probably have projects that will fit into this: Alexandria, Strang, Pawnee County, Eustis, Farnam, Gothenburg, Lexington, North Platte, Potter, Alliance, Ravenna, South Sioux, Papillion, Columbus, Nebraska City, Aurora, Hartington. And communities that I've lived in that I know personally a little more about that have some projects that would include: Dorchester, Shelby, McCook, and now Wahoo. Again, I think preservation of older buildings, the historic buildings, and I think everything is in place so that this bill is quantified in what is to be accomplished, how it's to be accomplished, and how they might qualify to receive funds for this. Personal experience, and I've probably talked about it before, I've purchased an old lumberyard building and some people around me said, you're going to tear that down, aren't you, because the buildings around you are newer. And I said, no, I'm not. And I started taking off the old siding and I could see where, in 1903, what the printing was on the front of that building and I enhanced that by bringing it back to its original color and the lettering that was on that. And the person that was most critical of my project came to me and said, you made the right decision. I had to do this all on my own because it's not an income-producing property. It's there for my personal use. Now this same person that said this was thing to do has now taken another building in town, instead of tearing it down has restored it on its own. So there is a lot of value in seeing these old buildings restored. Most of these buildings are still pretty sound, they just need some manicuring and some internal work. So I do support LB191 and the amendments to it and I'm interested now in what the discussion might be. Thank you, Mr. Speaker. [LB191]

SENATOR KRIST: Thank you, Senator Johnson. (Visitors introduced.) Returning to discussion, Senator Schilz, you are recognized. [LB191]

SENATOR SCHILZ: Thank you, Mr. President and members of the body. Good morning. I'd like to thank Senator Nordquist for bringing this bill and putting it up. I think that as we look at this across the state, whether you're an urban senator or a rural senator, this bill has a real utility here to be able to help us move in that direction of what we're all heard talked already about. And as I see this, this isn't a bill that...this is a bill that crosses party lines. It's a bill that works to bring everybody together and bring ownership and...to communities. A lot of times what we see is the eyesores of these buildings as they deteriorate and they fall down. This gives people of those communities the opportunity to do something and to step up, and it gives them a reward for doing it. I like the idea of private citizens stepping up to help communities make a better place around them. It makes sense. And a tax credit to be able to move this forward I think also makes sense. I can count numbers of opportunities that we would have had to use this in even my hometown, and my hometown is a town of about 5,000 people. So if I

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could see the opportunities there, then there's opportunities all over the state. And I think that it's these types of bills that can really move forward and help us to see and help us to realize all those things that we can see out there that needs to be done on some of these historical buildings. So once again I'd like to thank Senator Nordquist. I am in full support of both the amendment and the underlying bill and I would appreciate everyone's support on this. Thank you very much. [LB191]

SENATOR KRIST: Thank you, Senator Schilz. Senator Mello, you are recognized. [LB191]

SENATOR MELLO: Thank you, Mr. President. Members of the Legislature, I want to draw the body--Senator Nordquist and Senator Hadley had mentioned in the bill introduction and the committee introduction--to the fiscal note associated with LB191. As it appears on your computer, the original draft has about a \$4.8 million fiscal note loss next year where instead, actually, it would show, with Senator Nordquist's amendment to the committee amendment, that number will be lowered with the adoption of the amendment. But there still will be a minimum of a \$4 million revenue loss with the adoption of the committee amendment and the underlying bill, in part because, as Senator Nordquist had mentioned, the credit in the bill is transferable, which means credits that are actually granted will be permanent, they will be used in comparison to when we use other kinds of tax incentives. Sometimes tax incentives, other kinds of programs we have, all of those credits are not always used. They do expire, thus, they do not have always the General Fund impact that we have in front of us today with LB191. With that said, as we've started down a process, I know, with a couple other bills that have been before us this session, there will be...there is a limited amount of funding available post the Appropriations Committee preliminary budget and our final budget for the Legislature to consider in respects to funding available both for any kind of spending and/or tax revenue changes for the Legislature as a whole to consider. That number right now, as I mentioned, with this bill is going to be a minimum \$4 million. We have other bills that have been before us and will come afterwards that we will have to consider and weigh as well as we put together, as we do every year, a final product, so to speak, of bills, priority bills of senators on the floor. With that being said, obviously I'm a cosponsor of LB191 because this is a policy that was brought forward back in 2012. It's a concept that is, I think, long overdue for the state to consider as a tax credit and an incentive not just for rehabilitating historic properties in historic areas, such as small-town Nebraska and/or eastern Omaha and certain parts of downtown Lincoln where we have historic buildings that would qualify for this credit, but it also has, I think, a longer-term sustainability component to it. As Senator Schilz mentioned, and Senator Johnson, there are buildings that it's more advantageous for us long term, economically, and environmentally, to keep those buildings and rehab them and redevelop those instead of building more towards greenfield development that occurs on the outskirts of communities both urban and rural. That, I think, is an underlying issue that we may not have a lot of conversation about. But believe me,

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when the city of Omaha is considering expanding its growth as a city, it's much more economically advantageous for a city like Omaha to redevelop existing areas in our inner-city core, in comparison to spending property tax dollars, sewer and water rate dollars to expand in westward expansion, which just ultimately shifts those costs to a higher amount to property taxpayers in the long run. That's something that obviously what is an underlying component of LB191 is encouraging that inner-core development not just in urban Nebraska but, as Senator Johnson said, and Senator Schilz, across the state in historic downtowns from Ogallala to Wahoo to Plattsmouth to a variety of other communities around the state. With that, I'd urge the body to move forward, adopt LB191, and understand that while this and many other bills we'll have plenty of time to be able to sit down as a Legislature together and figure out what are our financial priorities moving forward to the end of session. Thank you, Mr. President. [LB191]

SENATOR KRIST: Thank you, Senator Mello. (Visitors introduced.) Seeing no one in the queue, Senator Nordquist, you're recognized to close on your amendment to the committee amendments. [LB191]

SENATOR NORDQUIST: Thank you, Mr. President. I know we won't move on this bill today because there is another amendment pending yet. But this amendment hopefully we can move this and the committee amendment. This just changes the date, again, on the report. Legislature would receive a report on the credit at the end of 2017 that would inform future policy choices on the historic tax credit. So I'd appreciate your support of this and the committee amendment. Thank you. [LB191]

SENATOR KRIST: Thank you, Senator Nordquist. You've heard the closing. The question is the advancement of AM1918 to AM707 to LB191. All those in favor vote aye; opposed, nay. Please record, Mr. Clerk. [LB191]

ASSISTANT CLERK: 25 ayes, 0 nays on the adoption of the Nordquist amendment to the committee amendments, Mr. President. [LB191]

SENATOR KRIST: The amendment is adopted. Items for the record? [LB191]

ASSISTANT CLERK: Mr. President, thank you. Your Committee on General Affairs reports LB888 and LB899 to General File. Senator McCoy has designated LB670 as his priority bill. New resolution: LR441 by Senator Burke Harr; that will be laid over. Amendments to be printed: Senator Davis to LB842; Senator Nordquist to LB191. Senator Brasch has designated LB145 as her priority bill. Name adds: Senator Kintner to LB814 and to LB698; Senators Nordquist, Mello, Lathrop, and Ashford to LB465; Senator Cook to LB191. (Legislative Journal pages 540-543.) [LB888 LB899 LB670 LR441 LB842 LB191 LB145 LB814 LB698 LB465]

And finally, a priority motion: Senator Ken Haar would move to adjourn until Tuesday,

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February 18, 2014, at 10:00 a.m.

SENATOR KRIST: You've heard the motion. All those in favor, aye. All those in favor, aye. Opposed, nay. We are adjourned until Tuesday morning. Have a safe long weekend.