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Education Committee
February 09, 2015

[LB509 LB524 LB530 LB582]

The Committee on Education met at 1:30 p.m. on Monday, February 9, 2015, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB582, LB509, LB530, and LB524. Senators present: Kate Sullivan, Chairperson; Rick Kolowski, Vice Chairperson; Roy Baker; Tanya Cook; Mike Groene; Adam Morfeld; Patty Pansing Brooks; and David Schnoor. Senators absent: None.

SENATOR SULLIVAN: Okay, welcome, everyone. It is 1:30, so I think we need to get started. Welcome to the Education Committee's public hearings today. My name is Kate Sullivan. I'm Chair of the committee and I'm from Cedar Rapids and I represent District 41. We're still having some of the committee members come in. While we're waiting for those, I'll...let's see, I'm also missing some staff. So I think we will start with introduction of the committee members. We'll start with the Vice Chair.

SENATOR KOLOWSKI: I'm Rick Kolowski, District 31 in southwest Omaha.

SENATOR SCHNOOR: Dave Schnoor, District 15 which is Dodge County.

SENATOR GROENE: Senator Groene, Lincoln County.

SENATOR MORFELD: Adam Morfeld, District 46, northeast Lincoln.

SENATOR BAKER: Roy Baker, District 30, Gage, part of southern Lancaster County.

SENATOR SULLIVAN: We have a couple senators that aren't here now that it's the time of year when they might be introducing bills in other committees, so I'm sure they will be joining us. To my immediate left is the legal counsel for the Education Committee, Tammy Barry, and to my far right is Mandy Mizerski, who is the committee clerk and will make sure that we have an accurate record of today's hearings. We have two pages that are helping us, Brooklynne Cammarata and Seth Thompson. Brook is from Omaha and is a student at UNL majoring in advertising, public relations, and political science. And Seth is from Ogallala and is a student at Wesleyan majoring in criminal justice and political science. Today, we have four bills before us, LB582, LB509, LB530, and LB524. If you are testifying on any of those bills, we ask that you pick up a green sheet that should be at the table at either entrance. And if you do not wish to testify but would like your name entered in to the official record as being present at the hearing, there's a separate form on the table for you to do...sign in as well. Regarding the green sheet, please fill it out in its entirety, please print, and it's important to complete it, the entire form.

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When you come up to testify, simply give the green sheet to the committee clerk. If you have handouts, we ask that you have 12 copies for the pages to hand out to the committee. And when you come up to testify, please do speak clearly into the microphone, tell us your name, and please spell both your first and last names, again to ensure we have an adequate record. Perhaps this goes without saying, but I really ask that you turn off cell phones or anything that makes noise or beeps so that we can give our full attention to the testifiers. Introducers will make the initial statements followed by proponents, opponents, and those wishing to give neutral testimony. And closing remarks are reserved for the introducer as well. We will be using the light system today. And I wanted to mention that today the testimony will be limited to five minutes, but after today I will limit testimony at future hearings to only three minutes. So I wanted everyone to be aware of that as well. And so that everything runs smoothly, when...the green light will come on when you start to testify. When the yellow light comes on, you have one minute left. And red light means you need to stop talking. (Laughter) And we...it is so important. We value these public hearings and we want people to come testify and to that end, we don't...we want to try to conduct the hearings as efficiently and openly as possible. And that being said, if you hear testimony that's very similar to yours, there's no harm in coming up and saying, I agree with the previous testifier and so as not to become redundant in your comments. And the committee will heed these recommendations as well in terms of...they need to ask the questions and vet these bills as fully as they can. But they will also be cognizant of the time constraints as well. So with that, I also wanted to introduce Senator Pansing Brooks who is...we're in her legislative district, right? (Laugh)

SENATOR PANSING BROOKS: Yes, 28, thank you. Welcome here.

SENATOR SULLIVAN: Okay. So I think that is all the details and so we will start with our first bill, LB582. Senator Nordquist.

SENATOR NORDQUIST: Thank you, Chairwoman Sullivan. Members of the Education Committee, I'm state Senator Jeremy Nordquist from District 7 in downtown and south Omaha here to introduce LB582. I want to start by telling you a little bit about a school in south Omaha, Wilson Focus School. It started out as Underwood Hills Focus School in 2008 as a collaborative effort between three school districts: OPS, Elkhorn, and Westside. As these districts faced and addressed challenges--funding challenges--during the Great Recession, it was announced in 2011 that Underwood Hills Focus School would close. Thankfully for the students and the families of the school, two things also happened at the same time: A generous contribution from a private foundation of \$1.4 million was provided to...provided additional funding for OPS to take over operations of the focus school and keep it open. In 2011 also, as news of the focus school closing came forward, I introduced and passed LB558 which allowed OPS to receive the focus school allowance under TEEOSA. Prior to that time, the only ability to get the focus school allowance was if it was a multidistrict collaborative. We changed it so an individual district could operate a

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focus school. And just for clarity, Section 79-769 defines a focus school as "a school that does not have an attendance area." So specifically for Wilson, not all the students are OPS students. I believe Superintendent Evans will be testifying after me, and he may not have the hard data today, but I know he mentioned that probably only 60 to 70 percent of the students at Wilson Focus School are OPS students. It draws from the entire Learning Community. Focus schools also are designed so that the socioeconomic diversity of the students attending the focus school reflects as nearly as possible the socioeconomic diversity of the student body of the Learning Community as a whole. Focus schools have a unique curriculum with specific learning goals or teaching techniques different from the standard curriculum. And also there's a requirement in statute that a focus school be in a building that does not contain another public school building, so it's a separate as far as a focus school standalone. There is a focus program definition also in statute. Wilson Focus School is unique in that it offers extended learning time, extended school year, extended school day. The school focuses its curriculum on leadership, technology, and communications. And it has been a success. I hear from parents quite a bit, both kids in south Omaha, but also the school being in south Omaha draws from all over OPS as well, as I said, all of the Learning Community and I hear from parents whose kids go there. And the results on the test scores, the state assessments, confirm the success. So what we're doing with the bill here today: LB582 would increase the weight given to focus school students in TEEOSA. Right now essentially there is a 10 percent premium, 1.1 times the number of students allowance for students in TEEOSA. This would increase it to 1.3, and that's...so essentially a 30 percent premium. And the reason being is that we think TEEOSA does not adequately recognize the additional costs of focus schools. Certainly when you're talking about extending time, whether it's the day or the year, the additional cost of that, this will help more districts potentially move forward with focus schools. And we think the results of the focus school that we have have been positive. And we think that expanding those choices for parents can be very positive. As I said, Superintendent Evans from OPS will be testifying. This is a...was a priority identified in the Learning Community superintendents' plan for the Learning Community to expand this allowance. You'll see on the fiscal note that, because right now the only focus school is OPS, that the additional cost would only be for expanding, enhancing the allowance for the current school. Obviously, we're doing this to try to move forward the cause of focus schools and get more of them off the ground. I'd appreciate the consideration of this committee for LB582. Thank you. [LB582]

SENATOR SULLIVAN: Thank you, Senator Nordquist. As you indicated, Superintendent Evans probably will be talking about more of the particulars... [LB582]

SENATOR NORDQUIST: That's right, sure. [LB582]

SENATOR SULLIVAN: ...but what's the capacity of the...and enrollment of the focus school?
[LB582]

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SENATOR NORDQUIST: Boy, I'd have to ask him. [LB582]

SENATOR SULLIVAN: Okay. [LB582]

SENATOR NORDQUIST: It's...I think it's kind of a standard size middle school, but he could speak in specifics. [LB582]

SENATOR SULLIVAN: Okay. All right. Very good. [LB582]

SENATOR NORDQUIST: Yeah. [LB582]

SENATOR SULLIVAN: Senator Groene. [LB582]

SENATOR GROENE: Thank you, Chairman. How many focus schools are in the state? Is there any outside of Omaha? [LB582]

SENATOR NORDQUIST: You know, there might be focus programs, but the allowance that we're talking about is unique to the Learning Community and was created in 2006 in the Learning Community bill. And... [LB582]

SENATOR GROENE: So focus schools are in the Learning Community? [LB582]

SENATOR NORDQUIST: Yeah. Yeah. And there's only the one at OPS which, again, it draws from...students from every...it could draw from every district in the Learning Community. [LB582]

SENATOR GROENE: Thank you. [LB582]

SENATOR SULLIVAN: Thank you. Senator Kolowski. [LB582]

SENATOR KOLOWSKI: Thank you, Madam Chair. Senator Nordquist, thank you for bringing this forward. And I think the really important piece for our learning is that, compared to 2009 when the official Learning Community began in January of '09, this has evolved as well as the Learning Community has evolved. [LB582]

SENATOR NORDQUIST: Right. Right, right. [LB582]

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SENATOR KOLOWSKI: And the importance piece is, we've kept this alive. It's a great school. [LB582]

SENATOR NORDQUIST: Right. [LB582]

SENATOR KOLOWSKI: It does wonderful work and is working on such things as extended time, hours and days and staff training, and very special learnings... [LB582]

SENATOR NORDQUIST: Right. [LB582]

SENATOR KOLOWSKI: ...that can be applied to the regular schools as well. Thank you. [LB582]

SENATOR NORDQUIST: Right. And that's a good point, Senator Kolowski, about the timing of this. The collaboration that initially got the focus school off the ground between OPS, Elkhorn, and Westside actually took place prior to the establishment of the Learning Community Coordinating Council. [LB582]

SENATOR KOLOWSKI: Right. Thank you. [LB582]

SENATOR SULLIVAN: Any other questions for Senator Nordquist? Will you be here for closing? [LB582]

SENATOR NORDQUIST: Yes, thank you. [LB582]

SENATOR SULLIVAN: Thank you. [LB582]

SENATOR NORDQUIST: Thank you. [LB582]

SENATOR SULLIVAN: We will now hear proponent testimony for LB582. Welcome. [LB582]

MARK EVANS: Thank you, Madam Chair, my pleasure to be here. Mark Evans, superintendent of OPS, M-a-r-k E-v-a-n-s. Thank you, Madam Chair, senate Ed Committee, for the opportunity to speak to you today. And also thank you for, really, the openness that all of you have shown in the past for working with all the Learning Community superintendents. Clearly, you have dedicated a whole lot of time to understanding our superintendents' plan, and this really is a reflection of part of that plan. And so I'm here to speak a little bit about what LB582 could do

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and why we should do it. A little bit of the history that I wanted to start out with is that, as Senator Nordquist shared, in '08-09, we had a focus school program that was more inclusive of Elkhorn, Westside, and it was actually housed in a Westside school. Parts of the focus school program that started in '08-09 were extended year, extended day, specific focus areas of what I'd call STEM and STEAM activities, which are science, technology, engineering, as well as a focus on technology integration. Many of those same attributes we took to the Wilson Focus School in 2010-2011. And not only do we see those items of integration and all those areas of focus that led to the development of an award-winning robotics club, a science garden club that's integrated into data activities, but we also see some tremendous results. And I'll just highlight a couple. This last year alone, math scores at Wilson Focus went up 8.1 percent on NeSA. Last year alone, the reading scores at Wilson Focus went up 7.1 percent to a total of 76 percent proficiency rate at Wilson Focus. Science went up 9.8 percent, now at 79.5 percent on NeSA scores which is impressive but even more impressive when you look at the demographics which include 54 percent free and reduced, a very diverse population that's 38 percent Caucasian, 36 percent African American, 14.8 percent Hispanic/Latino, 8 percent Asian American. So you're looking at a highly diverse school with over 50 percent free and reduced but yet they're demonstrating NeSA success, and I think part of that is because of the extended day/extended year, although I don't think it's just that. But the reality is, the state mandate is 1,032 hours and at Wilson Focus, we have 1,505 hours which is a cumulative total of approximately 59 days over the state minimum. OPS schools in general are five days over. So we're 54 days more in session. And that's counting not just days but that's the minutes, because we have an extended day as well. So when you add them all up together, that's what it leads up to. After successful completion at Wilson Focus, our students go on to either Lewis and Clark or they go back to--and we have a lot of students that do end up going back--to Elkhorn and/or Westside because it is a mixture of students at Lewis and Clark with a shifting population that we're beginning to attract more students from Papillion-La Vista, Ralston, and Bellevue, because if you know the location, as I know many of you do, it's towards the south side of the Omaha boundaries. Other items I would mention: Cost per pupil is about \$1,700 more than an average OPS student due to the extended day, due to the one-to-one technology inclusion. All of those factors add up to those additional costs. Part of those costs are funded by OPS and our general fund. Part of it comes directly from some financial support from some very generous benefactors, to be quite honest, which is part of my concern and our concern, is will those foundations always support that? Even though we're having the successes we're having today, you can't guarantee that. So those are parts of the reasons why we're here today to support LB582 and to ask that the Education Committee consider the funding at a sustainable level and also even some additional startup costs that might be necessary for a school that maybe wanted to start up in another part of the LC. So those are the primary pieces I wanted to share, and I stand for question, Madam Chair. [LB582]

SENATOR SULLIVAN: Thank you, Dr. Evans. And what is the enrollment of this school?
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MARK EVANS: Approximately 230 today. [LB582]

SENATOR SULLIVAN: Okay. Is that comparable to other middle schools or lower or... [LB582]

MARK EVANS: It's...you know, it's elementary and middle. [LB582]

SENATOR SULLIVAN: Okay. [LB582]

MARK EVANS: So it actually goes down to the elementary level. And it's a little bit smaller. We have some others that are in that size range, and it's actually growing. We anticipate that it will be closer to 280 this next year. [LB582]

SENATOR SULLIVAN: So in seeking that additional percentage on the allowance, is it because you're concerned about the sustainability of the private dollars or do you...are some of the features of the focus school more than...expensive than you anticipated? [LB582]

MARK EVANS: I'd say all of the above. We are concerned about sustainability due to foundation funding, and it is more costly, and so we're using general fund out of OPS to supplement the Wilson Focus program today even with the foundation funding. [LB582]

SENATOR SULLIVAN: Are you anticipating any other focus schools in the...in your district? [LB582]

MARK EVANS: We've had a lot of conversation about it, and we have not identified specifically a focus school, but we've talked a whole lot about focus-type schools that have some of these same attributes that we're seeing success with. For example, Howard Kennedy Elementary, we've talked a lot about what we're going to do with them since there's another project called 75 North that has a lot of pieces and parts that we think would be very similar to the Wilson Focus program, although one of the drawbacks to doing it exactly like a focus school is that it's a school without boundaries. And so it doesn't fit every school, because if you're going to have it truly as a focus school, it has to be boundaryless. And we think Kennedy may be more of a boundary school but with many of the same attributes. So I kind of gave you two answers there. I guess the short answer is, yes, we see potential for more focus, actual focus schools, and we also see potential for--and are in discussions today--for focus-like schools that have most of the attributes but maybe not every element that would totally qualify for a focus school initiative. [LB582]

SENATOR SULLIVAN: Okay. Thank you. Any other questions? Senator Schnoor. [LB582]

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SENATOR SCHNOOR: Thank you, Mr. Evans. The...so presently, there is only one focus school that I...am I understanding that correctly? [LB582]

MARK EVANS: Yes, sir. [LB582]

SENATOR SCHNOOR: And they're under your charge? [LB582]

MARK EVANS: Yes, sir. [LB582]

SENATOR SCHNOOR: Okay. And there's 250 kids, about? [LB582]

MARK EVANS: Approximately, yes. [LB582]

SENATOR SCHNOOR: Okay. Now, I'm from a rural area, so could you just explain to me in, you know, you don't have to get in great detail, but the entire...the purpose of a focus school and what they actually do and how they benefit kids? [LB582]

MARK EVANS: Well, and I'll defer to Senator Kolowski, who was here when they first started on some of this, because I wasn't here in '09-'10. But as I understand it, the intent was to create an environment that attracted students and young people from across the entire Learning Community that provided a curriculum and a specificity of instruction that was different and unique and innovative comparatively to more traditional K-6, K-7 sites. And so the idea was to attract from all over and then, of course, to show significant success and significant improvement in student achievement. [LB582]

SENATOR SCHNOOR: Okay. Are these kids that have, I'll say, learning difficulties and it's a different focus on how to teach them? Or is it...or am I wrong? [LB582]

MARK EVANS: Yeah, I would not suggest that they're of learning difficulty. I think they are what any typical 50 percent free and reduced school with typical needs would exist in any other site. I think their demographics would be the...would create the same levels of need. So we have students that have, whether it's a learning difficulty or not, it's probably the same percentage as any other school. I don't think it's significantly different. [LB582]

SENATOR SCHNOOR: Okay. You...do you still meet...have to meet the same accreditation requirements as any other school? [LB582]

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MARK EVANS: Yes, sir. [LB582]

SENATOR SCHNOOR: Okay. All right. Thank you. [LB582]

MARK EVANS: Thank you, sir. [LB582]

SENATOR SULLIVAN: Senator Morfeld. [LB582]

SENATOR MORFELD: Dr. Evans, so are you planning on replicating the focus schools if...with this increased funding? That's the plan? Did I hear that? [LB582]

MARK EVANS: I think that would certainly encourage us. I think that's something our board is very interested in doing. But without additional funding, it's really one of those challenges to figure out how you're going to do it, because you're going to have to take general funding away from another school or schools within the district to support it. So I think...I can't guarantee you today that it will start next year, for example. But I can guarantee you that our school board is very interested in that conversation and that we continue to look at the great results we're having at Wilson Focus and continue to discuss, how can we expand that concept? [LB582]

SENATOR MORFELD: And how does the magnet school program play in with the focus? What's the difference between the two? I guess I'm not as familiar with OPS. [LB582]

MARK EVANS: Well, different themes, for example. I mean, magnet schools...for example, Burke High has a magnet school program for aviation. So students who are specifically interested in aviation could go there and get that opportunity, get a pilot's license prior to graduation from high school. But it doesn't have an extended day or extended year for that program. Most of the magnet schools do not come with extended day, extended year. And they probably have different themes although some are similar, because we also have a science/technology theme at North High School which is a magnet school and has a pretty robust program, pretty robust STEM program, currently in existence with a lot of young people leaving there with great attributes and skills and actually had a student go to MIT last year. So some of the differences are a little nuanced in that they all have some themes. I think the extended day/extended year is probably one of the bigger factors here on top of the boundaryless piece, too, where there's no boundaries at all to this, reaching out all over the LC, and providing transportation all over the LC which would be a little bit of a difference as well. [LB582]

SENATOR MORFELD: But the number one barrier right now to opening up other focus schools is this funding issue right here? [LB582]

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MARK EVANS: Right. I think funding is the critical piece. And you can see why. When we're adding on 59...54 days above and beyond a typical OPS school, the cost is going to be pretty cost prohibitive, because you're obviously going to pay staff for those additional 54 days. [LB582]

SENATOR MORFELD: Thank you. [LB582]

MARK EVANS: Thank you, sir. [LB582]

SENATOR SULLIVAN: Senator Groene. [LB582]

SENATOR GROENE: Thank you, Chairman. Mr. Evans, this is a creature of the Learning Community, right? [LB582]

MARK EVANS: I believe that would be an accurate statement. I wasn't here in '09-'10 when it was first developed, but I believe it was part of a much bigger picture within the Learning Community, yes. [LB582]

SENATOR GROENE: Didn't the Legislature give the Learning Community taxing authority over and above? Isn't the purpose of that extra taxing authority that you pay your own experimental programs? Where is that money going, that extra taxing authority? [LB582]

MARK EVANS: I'm going to defer to...I know that we have representatives of the Learning Community that are here today behind me. I'm going to defer to them on the specificity of where all their dollars go. But I can share with you that what I witness and see from the Learning Community is it's...my guess is it's...probably more than 90 percent of it goes to early childhood. That's the focus that I see with the Learning Community today. But I think that's an evolutionary piece. I think if you went back in time, it's shifted over the years as the LC evolved. And I think now it has evolved and I know there's some folks here that could give you the specificity of that percent, but I bet you it's going to be over 90 percent focused on early childhood versus the focus school which is probably a different... [LB582]

SENATOR GROENE: But the focus school was created within the Learning Community, is what Senator Nordquist said, so it's part of it? [LB582]

MARK EVANS: Yeah. I believe that's true originally, yes. [LB582]

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SENATOR GROENE: One more question: Couldn't the layperson look at this and say, this is the public school's way of doing a charter school within itself instead of bringing the charter school system into the state? [LB582]

MARK EVANS: I guess you could, but some of the critical differences would be, there's not a separate oversight board where the OPS school board is still totally responsible for, and the OPS district staff including myself are totally responsible for what happens at Wilson Focus. We have not turned them over to an external body that's not accountable to the publicly elected officials of Omaha Public Schools. So I think that's probably the most significant difference. But I think there are some similarities in that that's oftentimes what you're looking for in a charter school is something that's innovative, something that's creative, something that's meeting the needs of young people in a different way. [LB582]

SENATOR GROENE: Thinking outside the box. [LB582]

MARK EVANS: Yeah, thinking outside the box. I would agree with that. [LB582]

SENATOR GROENE: Thank you. [LB582]

SENATOR SULLIVAN: Senator Kolowski. [LB582]

SENATOR KOLOWSKI: Thank you, Madam Chair. Superintendent Evans, thank you for your presentation today and for Mr. Groene's question also. It's an excellent statement as far as what you've been able to do and how especially extending the year and the day for the students has made such a difference which we need to learn from as we look at public education as a whole. Are you also looking with your fellow superintendents as far as expansion of the Zoo School as well as the Med Center possibilities? Do you...you have fingers in other pies, I understand. But are those conversations going on for potential expansion as well? [LB582]

MARK EVANS: Yeah, thank you very much, Senator Kolowski. I'll tell you, that is exactly what we'd like to do. And I'm not sure the public is aware that we even have some of those programs where our young people, for example, as juniors and seniors can go to the Med Center and not only get opportunities to work side by side with nurses and physicians, they also have their general ed, whether it's a language arts teacher or history teacher, they're also teaching in that environment. So our young person walks out with not only a high school diploma but some really incredible experiences there. Yes, we want to grow that. In fact, part of the growth in that area for OPS is Benson High School of which we're expanding a medical career opportunity and we want to expand opportunities for our kids who are at Benson High then to go over there. The

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zoo is another great example of young people going hand in hand, working with the veterinarians, working with the maintenance and everyone else, because the zoo is not just veterinary folks. Somebody has got to help take care of the other side of the animals and young people need to learn about that. And so we have young people that not only get the experience working side by side with all the facility staff at the zoo, but they also get, again, the same thing. And that's in conjunction with Papillion-La Vista. They get English/history taught in that environment. And we want to expand that as well. I...we recognize that engaging young people is different for different young people. And you have to give some experience X and some experience Y. So those are all critical components that I'm not sure the general public realizes, because sometimes I hear that we don't want to be innovative and don't want to be creative. Well, those are two pretty good examples. And I could site a lot more too where we not only currently have programs but we're trying to expand and explore opportunities for young people to have different and innovative experiences across the district. [LB582]

SENATOR KOLOWSKI: And the education academy is also possible and teacher preparation, all those. [LB582]

MARK EVANS: Yeah. [LB582]

SENATOR KOLOWSKI: It's all through the metro area. So thank you. [LB582]

MARK EVANS: It really is. It's through the whole LC. I congratulate all my colleagues too, because they're certainly willing and desire to do whatever it takes to create an engaging environment for a young person. [LB582]

SENATOR KOLOWSKI: Thank you. [LB582]

SENATOR SULLIVAN: Any other questions? Thank you, Dr. Evans. [LB582]

MARK EVANS: Thank you, Senator. [LB582]

SENATOR SULLIVAN: Welcome. [LB582]

BLANE McCANN: Thank you. Madam Chair Sullivan and members of the Education Committee, good afternoon. My name is Blane McCann, B-l-a-n-e M-c-C-a-n-n, and I'm the superintendent of Westside Community Schools. I'm appearing today in support of LB582. We appreciate Senator Nordquist's introduction of this bill and for recognizing the value and potential in the current focus school legislation. Westside Community Schools, as are all the

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schools in the Learning Community, committed to innovative and transformative approaches to student learning. My colleagues and I believe Nebraska can realize greater student achievement and create opportunities for educators to learn from one another through innovative focus schools. Unfortunately, the current statewide average general fund operating expenditures per formula student is simply not enough funding to pursue a robust focus school approach. Westside, along with Elkhorn and OPS, developed the first and only focus school created under the current legislation. It operated for two years and was closed as a collaborative effort due to inadequate funding. The school is now operated solely by OPS but operational funding, as you heard earlier, is supplemented by other OPS funds. When the concept of school choice was first discussed nationally, it was thought that these designs could be the incubators of educational innovation. The hope is that the best ideas discovered through these approaches could eventually be replicated in public schools leading to transformation throughout an entire system. Unfortunately, this original concept was weakened and various choice models instead ended up competing with public schools. Sharing best practices, while a noble intention, simply did not occur in either direction. Further, choice models have frequently failed to change the basic model of educating students, perpetuating an outdated mode and approach to learning. Fortunately for us and through the Learning Community of Douglas and Sarpy Counties, a vehicle exists: the focus school concept that allows Learning Community districts to collaborate and develop innovative ideas that may be replicated in schools across the two-county area. With the proper nurturing and funding mechanisms, additional focus schools could be created that would lead to rich learning environments for all students. Furthermore, I believe the concept of innovation zones which is now in use in multiple states is one worth examining. Focus school opportunities could show the way to schools with innovation zones, could be transformed by implementing rich learning environments; by setting high expectations for students to aspire to; providing comprehensive, readily available systems of support; and developing and implementing best learning practices that deepen students' understanding of content and strengthen their ability to be independent, lifelong learners. By collaborating with the Nebraska Department of Education and removing regulatory obstacles for all schools, educational leaders are encouraged to innovate and achieve excellence. This kind of freedom sparks the best new educational ideas to transform learning. Focus schools will help pilot innovative ideas for replication within the Learning Community. Creating learning settings that encourage students to follow their interests and passions in a flexible environment personalizes education by encouraging academic engagement, promoting deep learning, and by allowing students to learn at their own pace. This kind of learning helps every child but is especially galvanizing for students living in poverty. By encouraging and appropriately funding focus schools to prototype innovations, educators will learn what works best for learners, leading to improved results throughout the entire system. Thank you for the opportunity and I'd be happy to answer any questions. [LB582]

SENATOR SULLIVAN: Thank you, Mr. McCann. Is Westside anticipating a focus school?
[LB582]

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BLANE McCANN: We are working...we would certainly entertain that and get into some discussions around that. I think collaborating...there were some early discussions with our friends at Ralston and Millard about some possible career readiness type approaches that we could join in together to do. As you know, Millard already operates some academies around learning, so there are a variety of choice opportunities. But we have taken the neighborhood school concept and we maintain that and will continue to maintain that. But there are opportunities for us to collaborate with our neighbors. [LB582]

SENATOR SULLIVAN: Thank you. Any other questions? Senator Schnoor. [LB582]

SENATOR SCHNOOR: Thank you. Was it McCann? Does that...get that right? [LB582]

BLANE McCANN: Yes, sir. [LB582]

SENATOR SCHNOOR: Okay. You did operate one in your district for a short time? [LB582]

BLANE McCANN: We did. [LB582]

SENATOR SCHNOOR: And then you had to close because basically you ran out of money? [LB582]

BLANE McCANN: That's correct, yeah. [LB582]

SENATOR SCHNOOR: Okay. Now... [LB582]

BLANE McCANN: And again, that's my understanding. I was not here. Like Mark, I'm relatively new to the area. [LB582]

SENATOR SCHNOOR: Okay. And then you may not be able to answer this question, and if you can't, that's fine. [LB582]

BLANE McCANN: Okay. [LB582]

SENATOR SCHNOOR: The funding comes from the TEEOSA formula and we're wanting to change that from 0.10 to 0.30. Does that...is that funding on the TEEOSA, does that just come within the school district or is that statewide to fund this whole program? Do you... [LB582]

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BLANE McCANN: Well, the focus schools are a part of the Learning Community, so I'm not sure that they go beyond the boundaries of the Learning Community. [LB582]

SENATOR SCHNOOR: Okay. And I...like I say... [LB582]

BLANE McCANN: Yeah, my sense would be, no, that it would not go...no. [LB582]

SENATOR SCHNOOR: ...I just thought of that when you were talking. That just came to my mind, so, I didn't know if you'd know that or not. [LB582]

BLANE McCANN: Yeah. [LB582]

SENATOR SCHNOOR: And maybe Senator Nordquist can answer that at... [LB582]

BLANE McCANN: Yeah, maybe. [LB582]

SENATOR SCHNOOR: ...when he is closing as well. So... [LB582]

BLANE McCANN: And there's some... [LB582]

SENATOR SCHNOOR: ...that was the only thing I had. [LB582]

BLANE McCANN: Okay. [LB582]

SENATOR SULLIVAN: Thank you, Mr. McCann. [LB582]

BLANE McCANN: Sure. [LB582]

SENATOR SULLIVAN: Before you leave, though, one other question that just comes to my mind: Have you, in the process of thinking through whether you want to have a focus school, are there any regulatory challenges that you've encountered? [LB582]

BLANE McCANN: There will certainly be. And that's one reason I brought up the idea of innovation zones. Those are in operation in approximately about 6 states that are using innovation zones that really promote the flexibility around regulatory operations. Mark talked about extended day/extended year type opportunities that go beyond, and I think creating...some

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states designate certain areas as innovation zones. Some advocate for certain...for districts. I think Kentucky has highlighted four districts to be innovation districts so that they can try new things, that we can see if they work, and then move them out to be able to replicate it throughout the entire system. That's where I see the value of the focus school, is allowing us to have a little bit...have some more funding to be able to try things that we can take out and then move out into the entire state or certainly throughout the Learning Community. [LB582]

SENATOR SULLIVAN: Okay. Thank you. [LB582]

BLANE McCANN: Yeah. [LB582]

SENATOR SULLIVAN: Thank you for your testimony. [LB582]

BLANE McCANN: Yep. [LB582]

SENATOR SULLIVAN: Welcome. [LB582]

TED STILWILL: Good afternoon. Thank you, Senator. And thank you, members of the committee. I'm Ted Stilwill, CEO of the Learning Community, T-e-d S-t-i-l-w-i-l-l. And I'm here to report simply that, in agreement with the Learning Community superintendents, the Coordinating Council of the Learning Community, our governance body, has agreed to take a position to support this legislation. And I'll just briefly explain why, although I'll take advantage of your recommendation not to be redundant. You heard the story of Wilson Focus School...has an excellent track record. It's been well established. You've heard about the potential for innovation. And the one point I want to make is that I think the climate within the school districts today is different than the climate among the school districts two years ago, three years ago, four years ago. And the opportunity for collaboration around a multidistrict school is probably much greater because the relationships among the districts, the superintendents, the central office staff, are probably stronger today and more collegial than they might have been following the one-district controversy. You know, the point I'd make is, just as the two superintendents you heard from suggested, there may be more opportunities at the secondary level than at the elementary level. Some members of the committee will recall the passage of career academy legislation a couple years ago, and you heard some reference to that type of thing where there might be sophisticated secondary/postsecondary combination programs that a single district, even a large district like Millard or OPS, may not be able to sponsor by itself. But together with a regional community college, together with some folks in the private sector, they may identify a specific niche in terms of work force needs and develop that. For example, I spoke with an individual who was from a higher education institution wanting to know if there was a way to develop a high school program around young students who were interested in research at a graduate level.

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Now, there may not be thousands and thousands of juniors in high school ready to pursue a career in research at the graduate level, but there are probably some, and it might be possible to put together a program such as that. It would be innovative. It would be multidistrict. There are some existing best practices that might...a program like that might be built upon. Those are the kinds of things that have potential. Those are the kinds of programs that have worked in other states. For that to happen, a greater financial incentive beyond the 0.1, a 0.3 or even greater, sometimes is the incentive you need to be able to push beyond the current confines of your current thinking as well as your current financial resources. Be happy to answer any questions you might have. [LB582]

SENATOR SULLIVAN: Thank you, Mr. Stilwill. So in the process of forming a focus school, the Learning Community Coordinating Council passes...gives approval to that. Is that correct? [LB582]

TED STILWILL: That's correct. [LB582]

SENATOR SULLIVAN: And the parameters that they set...you mentioned multidistrict as an advantage but not necessarily a requirement? [LB582]

TED STILWILL: It is a requirement. [LB582]

SENATOR SULLIVAN: It is a requirement. [LB582]

TED STILWILL: The boundaries of the attendance area cannot be confined to any geographic area aside from the 11 districts. There are some additional requirements spelled out in the law. The diversity has to be at least as diverse as the remainder of the Learning Community. They have to have a sound business plan. The educational program needs to make sense. I'm summarizing but...so it isn't just a slam dunk. There's a review process. There's an application process that the council puts together and they approve. And the...also we ask for recommendations from the 11 superintendents on how they feel about the particular focus school or focus school program. [LB582]

SENATOR SULLIVAN: To date, do you have any other focus school applications you're reviewing right now? [LB582]

TED STILWILL: We do not at the moment. [LB582]

SENATOR SULLIVAN: Okay. Senator Pansing Brooks. [LB582]

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SENATOR PANSING BROOKS: Thank you, Madam Chair. Thank you for your testimony, Mr. Stilwill. I was wondering, are you familiar with Lincoln's focus programs? [LB582]

TED STILWILL: Not directly. [LB582]

SENATOR PANSING BROOKS: Okay, because it's my...I don't know, maybe somebody else is going to talk, but Lincoln does have focus programs. And I know that there's some economies of scale, but I guess I just don't understand. They've got quite a few, if I know, if I understand correctly, so I'm surprised Omaha doesn't. So is it because... [LB582]

TED STILWILL: Well, there are... [LB582]

SENATOR PANSING BROOKS: ...there's so many districts and you're all trying to work together and... [LB582]

TED STILWILL: Sure. [LB582]

SENATOR PANSING BROOKS: And we've got... [LB582]

TED STILWILL: There are magnet schools within OPS. There are academy programs within some of the districts, and I believe one of the previous testifiers mentioned a multidistrict collaborative around an educational program at the Henry Doorly Zoo and one around the Med Center, the hospital. The one at the hospital is sponsored by the hospital in collaboration particularly with one of the districts, but there are students from other districts that attend there as well. There's interest on the part of the University of Nebraska hospital that they might like to expand that program into a larger high school program, in which case they would need to work with multiple districts to develop a fuller, almost...we've even talked running their own high school which would be a much more complicated endeavor. But that's probably the most tangible conversation, and that's been a long-running one over the last two or three years with the administration at the hospital about if they should want to accomplish that. But that's a fairly small program. You know, it's not able to serve 500 students. It's more like a couple of dozen high school students. It could be a bigger program, could be better connected to postsecondary education as well as to the health programs in school districts and community colleges. [LB582]

SENATOR PANSING BROOKS: Okay. Thank you for explaining that. So I guess, is part of the issue, I mean, that Lincoln has had an easier time doing this because we're one city, one school district? Is that what part of the issue is, or... [LB582]

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TED STILWILL: Well, any district that achieves a certain size can run some academies that might involve one or two high schools, for example, or might involve one group of students within a high school. There are all kinds of those possibilities and you could do them in conjunction with a postsecondary institution if you like. There are lots of examples of that across the state. Working with multiple districts, because there's a program with such unique needs and needs to be a little more transformative might become an attractive option. Learning Community is...the Learning Community law, well it's...it was designed for the Omaha metro area, I believe is available to other communities in the state. It's not...you know, I'm the CEO for the Learning Community of Douglas and Sarpy County, but the legislation would allow learning communities to be established among other districts, groups of districts across the state. [LB582]

SENATOR SULLIVAN: Thank you. And in terms of the conversation we're having today, the focus school as this legislation pertains to is identified connected to the Learning Community and the parameters identified in statute. Is that correct? [LB582]

TED STILWILL: That's correct. [LB582]

SENATOR SULLIVAN: Okay. Senator Baker. [LB582]

SENATOR BAKER: Thank you, Madam Chair. Mr. Stilwill, I want to take you down a little bit different direction here. I think there's a perception out there that, with the creation of the Learning Community, that the schools involved receive more state aid than they would have if they'd continued to operate independently like all the other schools in the state. And, in fact, that may not be true. Would you care to comment on that? [LB582]

TED STILWILL: So are you speaking of the...specifically of a focus school or more generally? [LB582]

SENATOR BAKER: No, I'm talking about in general. There's a perception that schools...the Learning Community is siphoning off, perhaps, more of the state aid, the TEEOSA equalization aid, than would be the case had the Learning Community not been formed, you know, adding up the 11 individuals versus what they now get collectively. [LB582]

TED STILWILL: Right. I understand. Thank you for the clarification, Senator. In fact, as you may be aware, the opposite is true. The 11 districts within the Learning Community enjoy a loss of state aid to the tune of \$3 million to \$4 million per year every year they are a part of the Learning Community by design of the funding that is in place to support the Learning Community districts. [LB582]

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SENATOR SULLIVAN: Senator Groene. [LB582]

SENATOR GROENE: But your...Mr. Stilwill, but your funding comes directly from an extra mill levy. What is it, a nickel or something, that the Learning Community can put up on above the \$1.05? Is that not correct? [LB582]

TED STILWILL: The Learning Community...I'll try and not get complicated here, but the Learning Community itself, the organization that I'm a part of, has the...is given the authority to levy 1.5 cents for an elementary levy. And that generates about...it's currently levying...we're currently using 1 cent of that levy authority, and that generates about \$5 million a year. It will go to \$7.5 million as we fund the superintendents' early childhood plan for the...in the metro area. There are other funding sources that come to the organization. There's an appropriation, for one thing, and there are...some funding that comes to us for research and evaluation which we use for the evaluation of the programs we fund with the \$5 million elementary levy. But the common levy, the \$465 million levy, goes directly to the school districts. I don't seem to be able to get a commission on that or take a cut or any of that. [LB582]

SENATOR GROENE: I know. I was just helping you clarify. I knew. [LB582]

TED STILWILL: Yeah. [LB582]

SENATOR GROENE: But are you putting any money into the focus school, the Learning Community? [LB582]

TED STILWILL: No, sir. We would have the ability if there were capital funds involved in the creation of a focus school. If a district were to request that, we have a levy that we're currently not utilizing that could be used to support that. [LB582]

SENATOR GROENE: But right now... [LB582]

TED STILWILL: It's a half-cent levy. [LB582]

SENATOR GROENE: ...you guys just gave the nod of the head to the focus school because law says that, but actually it's an OPS program funded by OPS. So what's the difference between that being just another school of OPS with option students coming in? [LB582]

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TED STILWILL: The difference is that they are required to have--particularly when they initially apply--to have enrollment from across the Learning Community and they would provide transportation, as Mr. Evans mentioned. Aside from that, you know, the possibility that the movement across districts could be facilitated in other ways, certainly correct. [LB582]

SENATOR GROENE: But the other 11 or 10 administrators, the other 11 or 12 school districts, have no say in how that focus school is run because it's an OPS program. [LB582]

TED STILWILL: At this point, the sponsor is OPS, and you're right, it's--as Superintendent Evans indicated--it's his responsibility and his board's responsibility. [LB582]

SENATOR GROENE: So the only thing the Learning Community has involved in this is a nod of the head that it fits under the state's statutes with the focus... [LB582]

TED STILWILL: Well, without that nod of the head, the additional funding through TEEOSA would not be available. But that's correct. [LB582]

SENATOR GROENE: Thank you. [LB582]

SENATOR SULLIVAN: Any other questions? Senator Kolowski. [LB582]

SENATOR KOLOWSKI: Thank you, ma'am. Mr. Stilwill, thank you for your comments. And I want to just elaborate, if I could, on one thing you said right at the beginning. And you have been in the learning community five years, now, I believe? [LB582]

TED STILWILL: Four. [LB582]

SENATOR KOLOWSKI: Four as an...as the executive director of the seven years that we're into with the Learning Community. Your comments are so on target as to where the communication, the coordination, and the cooperation is among the superintendents and the districts compared to ten years ago. And I think that's an important piece for us to remember that we think in terms of 2015 not '25. When a lot of this all started up and when we first took seats in the Learning Community in 2009...it's a different set of superintendents that are working extremely well together. And I think that's a very important piece of your comments, and I thank you for that. [LB582]

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TED STILWILL: Thank you, Senator. I'd really only seen the degree of animosity among districts that I experienced when I came in to work with the Learning Community. And when I had worked in Iowa with a number of small districts and sometimes in small communities, district consolidation and merger creates a lot of angst, particularly among the adults. And it was almost like that. It's just taken a while for that to become a little more reasonable. [LB582]

SENATOR KOLOWSKI: Thank you. [LB582]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LB582]

TED STILWILL: Thank you. [LB582]

SENATOR SULLIVAN: Any other proponent testimony? While Mr. Sears is sitting down, I failed to mention, Senator Cook joined us... [LB582]

SENATOR COOK: Yes, I did. [LB582]

SENATOR SULLIVAN: ...from Omaha. So, welcome. [LB582]

SENATOR COOK: Thank you. [LB582]

JAY SEARS: Good afternoon. Madam Chair, members of the Education Committee, I'm Jay Sears, J-a-y S-e-a-r-s, and I represent the Nebraska State Education Association. And we're here before you today in support of LB582. As you've already heard testimony from those who are involved in the process, one of the things that we focus on and are focusing on in this bill is it actually provides some extra funding to make sure that the focus school is still going. And it also looks at maybe some opportunities for us to expand those options and choices in the metro area in the Learning Community. I think we're finding great things coming out of the focus schools and a number of the other programs that are happening in the Learning Community, and so, therefore, we're in support of LB582. I'd be glad to answer any questions. [LB582]

SENATOR SULLIVAN: Thank you, Mr. Sears. Any questions for him? Thank you for your testimony. Welcome. [LB582]

JOE KOHOUT: Thank you, Chairwoman Sullivan. Members of the Education Committee, my name is Joe Kohout, K-o-h-o-u-t, appearing today as a registered lobbyist on behalf of Ralston Public Schools. Dr. Adler offers his apologies. He could not join you today but wanted to go on

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record in support of LB582. And just to go back, the conversation I heard among our legislative committee when we were discussing LB582 was all hit on before, and that is, as Dr. Evans stated, increases in achievement. As Dr. McCann said, it builds on collaboration. And as Mr. Sears said, it provides an opportunity to districts to work together. So with that, I will be brief and end my testimony and try to answer any questions that you might have. [LB582]

SENATOR SULLIVAN: Thank you Dr....or Mr. Kohout. (Laugh) Don't want to elevate you too much. [LB582]

JOE KOHOUT: I'll take the title. (Laughter) [LB582]

SENATOR SULLIVAN: Any questions for him? Thank you for your testimony. [LB582]

JOE KOHOUT: Thank you. [LB582]

SENATOR SULLIVAN: (Exhibit 1) Any further proponent testimony? Anyone wishing to speak in opposition to LB582 or in a neutral capacity? And I believe that Senator Nordquist had to leave, but I did want to enter in one letter in support of LB582 from Steve Baker, superintendent at Elkhorn Public Schools. Okay, we will now move on to LB509 which is going to be introduced by Senator Cook. Welcome. [LB582]

SENATOR COOK: Thank you. Honorable members of the Education Committee, my name is Tanya Cook, T-a-n-y-a C-o-o-k. I appear before you as the senator introducing LB509. I represent the 13th Legislative District in Omaha and Douglas County. The purpose of this legislation is to open a discussion about how we, as a committee, can amend the operation of the poverty allowance in our state's educational funding system. I want to make it clear to the committee from the outset that I have not set in stone any single provision, figure, or subject matter in this bill as it is introduced. I simply introduce the legislation to give us an opportunity for thoughtful reanalysis of existing policy surrounding the poverty allowance. It is clear to many involved that the law, as it currently exists, leads to some difficulties, ambiguities, and unintended consequences that inhibit school districts who are dedicated to Nebraska learners. Here is an outline of the specific poverty allowance provisions amended in this bill proposal. The spending match: LB509 proposes to amend the required poverty-related spending requirements placed on school districts to receive their poverty allowance. Existing law requires school districts to spend 117 percent of their poverty allowance. This means that for a school district to receive \$100,000 in poverty allowance funds, the school district would need to spend \$117,000 in general funds prior to their poverty allowance allotment. LB509 proposes a 10 percent reduction in the district spending match. You can find that on page 4, line 26 of the green copy of the bill. This means that a school district would be required to spend \$105,000 in general funds

prior to receiving \$100,000 in poverty allowance funds. Spending penalty: LB509 proposes to amend the penalty that a school district faces if they fail to meet their anticipated poverty-related spending. In order to be eligible for poverty allowance funds, a school district must submit a poverty plan that outlines programs and expenditures to combat poverty in their district. A school district that fails, that falls short of their estimated expenditures on poverty programs, faces a one-year disqualification from poverty allowance participation. LB509 eliminates this one-year disqualification that school districts face if they fail to meet 50 percent of proposed spending. That's page 4, lines 27-30. So a school district faces disqualification for an entire year of poverty allowance funds if they fall short of their estimated poverty-related spending. However, a one-year disqualification penalty hurts schoolchildren and unduly burdens school districts that will have continued needs. Required elements penalty: This bill also proposes that the programming requirements that school districts face are not enforced with such a strict penalty. They...there are outlined required elements for a school district's poverty plan and they're listed on pages 6 and 7 in your green copy. As relates to the poverty allowance, current law states that if a school district fails to meet the required elements of their poverty plan, they currently face a 50 percent penalty in that year's allowance and a one-year disqualification. LB509 reduces the 50 percent penalty for failure to meet the required elements of the poverty plan to 5 percent. That is on page 5, line 3. Also, LB509 proposes to remove the one-year disqualification that a school district faces for the school...whether...if the school district does not meet the required elements of their poverty plan. The reason for proposing this change is that a school district's circumstances, especially in small districts, could make a previously declared program from their poverty plan obsolete. This penalty unreasonably stifles innovation and adaptability of school districts that are likely still spending on poverty programs but may not complete the poverty plan exactly as it had been submitted. Collaboration penalty: LB509 proposes to further relax penalty provisions under current law. Current law disqualifies a school district from receiving the poverty allowance for one year if they fail to provide information to the Department of Education. I am certainly not suggesting that school districts and the Department of Education need not collaborate. Obviously, I believe that greater, not less, collaboration is needed. As returning members of the committee will recall, last year I introduced and passed legislation that reinstated and funded a professional to review and improve school districts' poverty plans. I still firmly believe that this position and the commensurate collaboration should be fully funded and fully functional. It is the penalty, not the collaboration requirement, that I believe deserves a little scrutiny this session. The current penalty, a one-year disqualification, needs to be examined. LB509 proposes to remove that disqualification. That's outlined on page 5, lines 12 through 15. The plan requirements: Finally, LB509 makes a superficial change to the poverty plan requirements as a placeholder for any potential changes to the poverty plan requirements supported by this committee. Again, I want to reiterate the fact that there are no specific provisions or figures that are currently set in stone. This legislation gives us, as the committee of jurisdiction, a chance to review and discuss how a policy we support is actually playing out in the real world. It seems to me that because of penalty provisions, some schools, large and small,

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are potentially penalized for innovation and investment in their learners. Why the accountability provisions are difficult for districts to practice: Districts have to project their poverty needs a full two years in advance. Subsequently, the Nebraska Department of Education does an estimate of need based on income tax information and a school district's free and reduced lunch numbers. So there's a long delay between submitting poverty plans and knowing exactly what a district's poverty needs are. Knowing those needs and the commensurate spending with a specificity is very difficult to achieve. The steep penalties in state law for failing to accurately predict results is detrimental in district spending. Testimony to follow will outline the difficulties that various school districts face when trying to navigate existing law while aiming to assist students in need. I want to thank the committee for its thoughtful consideration of LB509. I look forward to working with you to address any concerns and to press forward on our shared vision to address generational poverty while preserving structural accountability. Thank you. [LB509]

SENATOR SULLIVAN: Thank you, Senator Cook. And I know that this has been a concern of yours and so I thank you for working on it. And aside from the fact that you want more discussion on the topic, is another one of your intentions to perhaps build more flexibility into how these poverty plans and the allowance works for school districts? [LB509]

SENATOR COOK: Flexibility is a good word, because it does help promote innovation among the diverse kinds of school districts that we are charged with setting policy for. What I don't mean by flexibility is a lessening at all of the accountability for the dollars and for the accountability for the dollars to actually go for their stated purpose. [LB509]

SENATOR SULLIVAN: Did I understand you correctly that you were recommending a complete removal of disqualification for one year if they didn't meet the parameters of their poverty plan? [LB509]

SENATOR COOK: That is the proposal as it reads now. And that is for the reasons that I listed as I was concluding my remarks that...an example, and it may come later with testifiers, is let's say you have a small district and you have two students, limited English proficiency, come into the district. And those are the students that are there when the poverty plan is completed. If those students, because they maybe are likely to be highly mobile, are not there and the money doesn't get used, that district may have 15 new students whether it's limited English proficient or different other students with poverty needs that come in and that's the year they're disqualified from participating just the way that language is written now. [LB509]

SENATOR SULLIVAN: So without totally removing a parameter for disqualification, perhaps, again, there could be some more flexibility so that they could explain their circumstances, if you will. [LB509]

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SENATOR COOK: Explain their circumstances. And my proposal leaves room for some sort of penalty. Once again, I want districts to be accountable to use the funds in the way they were intended by this committee and the Legislature. But an entire disqualification for participation...perhaps we can look at a different way to penalize the district for what, in my view, is in all likelihood an honest error. [LB509]

SENATOR SULLIVAN: Thank you. Any questions for Senator Cook? Senator Schnoor. [LB509]

SENATOR SCHNOOR: Thank you, Senator Cook. The poverty allowance, you know, that's not just for schools in the urban area. [LB509]

SENATOR COOK: No, sir. [LB509]

SENATOR SCHNOOR: The rural areas, we suffer from that as well. You know, I think...I'm kind of guessing at the number but I'll get it close. In Scribner/Snyder, you know, we had at least 45 percent of the kids on free and reduced lunches. So, you know, this is an all-around issue. I guess, could you just explain to me in a--I'll say in a nutshell, and I don't know if that's the way to do it--just, is this...am I correct in understanding that this just lessens the restrictions overall as it's presented right here? Or is there more to it that I'm not seeing? [LB509]

SENATOR COOK: That would be a nutshell of what the bill proposes. [LB509]

SENATOR SCHNOOR: Okay. [LB509]

SENATOR COOK: It reduces the penalties for school districts. They're...it doesn't eliminate penalties, but it reduces the penalties for the school districts' participation in the use of the poverty allowance or application of the poverty allowance. And that is because of some of the testimonials you will hear today that school districts...and particularly in a small school district. I'm not speaking as much about the Omaha Public School District where they may be more likely to be staffed to include someone who can better monitor poverty plans, etcetera. But I'm talking about the kind of school district where the superintendent drives the school bus, fills out all the forms, helps serve the lunch, etcetera. For them to account for the students in a poverty plan, then the students move away, and now I've disqualified them from participation at all just at a time when they may have, at that point, more students in poverty or more students in need of the service. I didn't think that that was fair. It does not remove any...all penalties. It merely minimizes them so that innovation is not hampered. [LB509]

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SENATOR SCHNOOR: Okay. Well, and I would agree, we all need accountability... [LB509]

SENATOR COOK: Absolutely. [LB509]

SENATOR SCHNOOR: ...so, yeah, if you take that away, that it would be abused. So those are all the questions I have. Thank you. [LB509]

SENATOR COOK: Thank you. [LB509]

SENATOR SULLIVAN: Any other questions for Senator Cook? Thank you. [LB509]

SENATOR COOK: Thank you. [LB509]

SENATOR SULLIVAN: We'll now hear proponent testimony for LB509. Welcome. [LB509]

VIRGIL HARDEN: (Exhibit 1) Good afternoon, Senator Sullivan. My name is Virgil Harden. I'm the executive director of business for Grand Island Public Schools. My name is spelled V-i-r-g-i-l H-a-r-d-e-n. And I'm here representing the Greater Nebraska Schools Association. The 24 member school districts of GNSA are responsible for educating two-thirds of Nebraska's public school-aged children. The purpose of GNSA is to collectively advocate for all Nebraska school students. We offer testimony today in support of LB509. LB509 decreases the penalty and reduces the number of penalties from three to one that school districts would pay if they spend below their estimated poverty plan expenses. Poverty has a profound impact on the student's ability to learn and to perform well in school. The poverty allowance in the TEEOSA formula is the way that the state of Nebraska has implemented a mechanism in the funding process to ensure that resources are available for districts to address the unique needs of students in poverty. As the number of students who qualify for free and reduced price meals continues to increase, this mechanism is even more important. Unfortunately, the risk of penalties in poverty allowance provision of TEEOSA may be so great that schools are unwilling to apply for the poverty allowance. So resources available for this vulnerable population of students is not fully utilized. Students remain underserved. For instance, last year, Alliance, Kimball, and Red Cloud received corrections and penalties in excess of over \$147,000. Let me explain. Districts need to be accountable for the funding they receive. But the combination of these penalties under the spending estimate poverty plan costs may be counterproductive. As part of the existing poverty allowance, districts who underspend their poverty plan allowance first have to underspend...portion that has to be repaid increased by 15 percent because the poverty allowance is intended to only represent 85 percent of the funding for the poverty plan. So if a school underspends their poverty plan by \$85, it repays the state \$100. Next, the district is assessed a

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penalty of 15 percent of the original allowance regardless of what is spent. This district is then required to pull funding from other programs to support...supporting student learning to pay the penalty for underspending their poverty plan estimate. And then finally, if a district would underspend its poverty plan by more than 50 percent, it is disqualified from receiving the poverty allowance the next year. While it's unlikely to occur in larger districts where mobility issues may represent students moving between buildings and not between districts, in small districts, highly mobile families could dramatically change the amount of money needed to fund a program or if a specialized staff member is lost and a replacement teacher with the same specialization cannot be found, for example, a social worker or school psychologist. The Nebraska Department of Education has audited 31 school district poverty plans. And to date, they have not found extensive problems that would indicate that there is any area of concern with poverty plans. To eliminate the concern the districts may have about poverty allowance penalties, recognize the importance of district utilizing these resources to address the needs of the vulnerable population of students, and acknowledge the positive results of the existing poverty plan audits, we support LB509. Any reduction or elimination of penalties added to the repayment of the underspent poverty allowance funds is supported by GNSA. And with that, I would conclude my comments. [LB509]

SENATOR SULLIVAN: Thank you, Mr. Harden. Do you have any idea how many schools do not submit poverty plans to qualify for the allowance? [LB509]

VIRGIL HARDEN: I do not have a number that would be authoritative. [LB509]

SENATOR SULLIVAN: Have you talked to some who haven't and you know their rationale? Is it because of some of the things you mentioned or if they have really low numbers or what... [LB509]

VIRGIL HARDEN: I think it's exactly what we mentioned, that they're just scared of the changes and the mobility of those type of students. They maybe don't have a lot of staff members that have expertise in just dealing with kids in poverty so they have to bring in highly specialized people. They're hard to find in rural areas and so just the availability of staff, the number of students that require those services can fluctuate greatly from one school year to the next with one family moving in and out of the district and so just those vulnerabilities that they have in putting a plan together...the timing that was mentioned earlier by Senator Cook that introduced the bill...you can't be understated. That is a very difficult thing especially in small school districts, trying to make, you know, plan for that expenses without having a clue if those kids will still be there when we go to actually educate them two years in the future. So those factors are all out there and weigh heavy when trying to make that decision. And if just...it kind of becomes...for the smaller school districts, the dialog I've heard is it just becomes too heavy of a

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burden just because of the fear of losing any ability to then try to address kids in the future if they even have an increase. [LB509]

SENATOR SULLIVAN: One thing I wondered about in some of the ideas or programming for poverty, what's good for those students is probably good for all students. But are there some particular things that are held up in poverty plans as being instrumental in dealing with children in poverty? [LB509]

VIRGIL HARDEN: You know, it really...the...you know, obviously with my work in Grand Island, we are a larger district and have a larger population. So I can answer that question from a larger district's standpoint but not so much from a smaller district. And for us, it's just trying to address those layers of...you know, poverty is a layered thing in my opinion. It's...whether it's being in the income or the "generationality" of poverty and the loss of hope or the loss of believing in themselves, so it becomes any number of things that will engage a student in poverty to make sure that they give their best work every day and they get the best work from our staff every day to make them successful. So for any one student, it could be a different thing. We in Grand Island do everything from the early childhood...you know, we have elementary and middle school and high school social workers that we never used to have before. We have a ombudsman program, alternative school program. I mean, the...just depends on the level of poverty you're trying to address and the number of kids and the mass. You know, if you only have 15 kids in poverty, the most striking thing might just simply be in the lower class size, might be the best thing you can do for those kids. You know, so it just depends on the individual district and the level at which they're trying to attack the program. [LB509]

SENATOR SULLIVAN: Thank you. Any other questions for Mr. Harden? Senator Kolowski. [LB509]

SENATOR KOLOWSKI: Thank you, Madam Chair. Mr. Harden, thank you very much for being here today. And I just wanted to kind of put this in a number reality. Ten years ago in 2005, what were the number of free and reduced lunch kids in your district compared to today? Can you help us with that? [LB509]

VIRGIL HARDEN: Yeah, I don't have historical numbers, but we hover...right now we're right in the 65 percent range as a district. We have some districts...or some buildings, elementary buildings in our district that are 98 percent poverty. [LB509]

SENATOR KOLOWSKI: Sure. And ten years ago? [LB509]

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VIRGIL HARDEN: I wouldn't be that high. It would have been somewhere in the 50 as a district and more like 76 percent kind of thing. Those are rough numbers, so you got to have a little give and take for me there. [LB509]

SENATOR KOLOWSKI: Okay. Thank you. [LB509]

VIRGIL HARDEN: But, yeah, I mean, there's been a massive increase in the number of students we're trying to address that problem with. [LB509]

SENATOR KOLOWSKI: Thank you so much. [LB509]

SENATOR SULLIVAN: Any other...Senator Groene. [LB509]

SENATOR GROENE: Do you have to document to the Department of Education that certain salaries went to certain...do you got to document where you spent the dollars? [LB509]

VIRGIL HARDEN: Yes. In the annual financial report, we report our poverty expenses. And that's matched against what our allowance was. Back when this was implemented, I was so concerned with having to document that, I actually broke down each individual strategy that we have into a separate group of line items so I can to the nth degree tell you what we spent on school social workers. I can tell you what we spent on our transportation. I can tell you what we spent on our alternative programming for students at risk of dropping out or even adjudicated youth. Any of the things that we've done as a program, we have broken down. Now, I don't know if every district has gone to that level, but in general, the total program level spending, 1160, needs to be reported to the department. [LB509]

SENATOR GROENE: When you're a small school district with 150 kids, how do you hire one teacher when you're all blended together to keep a decent sized class in the first place? [LB509]

VIRGIL HARDEN: That's absolutely... [LB509]

SENATOR GROENE: So I'm assuming small school districts don't participate. [LB509]

VIRGIL HARDEN: Well, that's exactly what I meant by my earlier comments where it just becomes too burdensome, you know, that it was mentioned how much work is involved, maybe, by the superintendent and all their roles that they play. And to try to get a staff member that's qualified to teach those kids in poverty and address their issues, it just becomes too burdensome

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to even go down that road, because you can't really differentiate between the program that those poverty kids receive and regular kids in a small class setting. [LB509]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LB509]

VIRGIL HARDEN: Thank you. You're welcome. [LB509]

SENATOR SULLIVAN: Any other proponent testimony? Welcome back. [LB509]

BLANE McCANN: (Exhibit 2) Hello. Madam Chair, members of the Education Committee, good afternoon. My name is Blane McCann, B-l-a-n-e M-c-C-a-n-n, and I'm the superintendent of Westside Community Schools, and I'm appearing today in support of LB509. I'd like to thank Senator Cook for introducing this legislation. LB509 corrects the harsh penalty provision in regards to fiscal year poverty allowance expenditures. As it reads in 79-1007.07 substandard (3), "If the poverty allowance expenditures do not equal 50 percent or more of the allowance for such fiscal year, the school district shall also be disqualified from receiving a poverty allowance for the school fiscal year for which aid is being calculated." As our district predicts our poverty allowance, we tend to be very conservative to avoid this punitive provision which would disqualify our district from receiving a poverty allowance. In addition, the exact amount of money available to your poverty allowance is not known at the time plans are put together. This is due to two reasons. First, the plan you submit for spending your allowance is not for next year, it's for two fiscal years out. Secondly, this current year's maximum available grant amount is not known until the final state aid calculation is complete. Another factor is that in the current state aid formula, the amount of money received in the poverty allowance is part of formula needs. So depending on whether or not your district receives needs stabilization, you may not actually receive additional funds for this allowance. Plus, because of the federal requirement to spend 170 percent of your poverty grant, this penalty provision functions as an additional incentive to shoot low on the amount sought in addition to creating additional unreimbursed general fund expenditures, the 17 percent. To put our process in numbers, last year Westside put forth \$388,000 as a proposed poverty allowance and ultimately the district expended \$457,000 for poverty expenditures. You can see here again, revenue does not keep pace with expenditures and again, revenue is hard to predict in the funding formula. This issue is exacerbated on an annual basis because of our increasing enrollment of students on free and reduced lunch. And I passed out our chart. The percentage of enrollment that qualify for free and reduced lunch has increased from 22.8 percent in 2008-2009 to 32.3 percent this year. We expect for this trend to continue in to the future. Currently, Westside has two elementary schools at or close to 60 percent free and reduced lunch population, another at 45 percent, and a fourth at 40 percent free and reduced. Our middle school is at 35 percent and our high school is at 28 percent. So some people look at Westside as an affluent. We have great economic diversity. But we have a growing population of

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free and reduced students. Again, I want to thank you for allowing me to speak today and I'd be happy to answer any questions you might have. [LB509]

SENATOR SULLIVAN: Thank you, Mr. McCann. Any questions for him? Senator Kolowski. [LB509]

SENATOR KOLOWSKI: Thank you, Madam Chair. Superintendent McCann, thank you very much for your comments. Also, help us with the number of students that you bring into the district as far as open enrollment. Would you explain that? [LB509]

BLANE McCANN: Through the open enrollment and option enrollment, we bring in approximately 2,000 students or one-third of our 6,000 students. We have 6,008 students this year and approximately...a little over 2,000 are nonresident students... [LB509]

SENATOR KOLOWSKI: Amazing. [LB509]

BLANE McCANN: ...either option or open enrollment. [LB509]

SENATOR KOLOWSKI: Thank you very much. [LB509]

BLANE McCANN: Sure. [LB509]

SENATOR SULLIVAN: Okay. Senator Groene. [LB509]

SENATOR GROENE: On the poverty, hasn't that been vastly expanded, the income levels of families in the last six to eight years also? [LB509]

BLANE McCANN: Yeah, we've probably gone up 10 percent. I would say prior to the Learning Community being formed, we were probably right around 18 to 20 percent free and reduced. [LB509]

SENATOR GROENE: No, I mean, the income, what you...what the federal government says is the poverty level that family income...(inaudible). [LB509]

BLANE McCANN: Oh, I'm sure that does increase based on inflation and that type of thing, absolutely, yeah. [LB509]

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SENATOR GROENE: ...has expanded...I thought expanded quite a bit. [LB509]

BLANE McCANN: Yes. I would agree. [LB509]

SENATOR SULLIVAN: Senator Schnoor. [LB509]

SENATOR SCHNOOR: Mr. McCann, the...we talk a lot about free and reduced lunches or free and reduced meals. Is that used in the calculation of the poverty allowance? It is? [LB509]

BLANE McCANN: I think that is what identifies the students. [LB509]

SENATOR SCHNOOR: Is that...is it? [LB509]

BLANE McCANN: Yeah. [LB509]

SENATOR SCHNOOR: Okay. [LB509]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LB509]

BLANE McCANN: Sure. Thank you. [LB509]

SENATOR SULLIVAN: Welcome back. [LB509]

MARK EVANS: Thank you, Madam Chair and Ed Committee. Mark Evans, superintendent, Omaha Public Schools, M-a-r-k E-v-a-n-s, appearing today supporting LB509, thanking Senator Cook for introducing this bill. I don't want to repeat everything that you've already heard. I think a lot of it has already been stated. Certainly OPS, with our 52,000 students and 73 percent free and reduced population, would represent many of the same concerns that you've already heard today, so I'm not going to repeat all those. I would tie in some of the things that I heard from some of the questions from several of the senators. Some of the things that we do for poverty include smaller class size; extended learning opportunities; tutorial before and after school; additional social workers; additional counselors; additional nurses; in some case, mental health practitioners; in some case, particular programmatic changes; some of the same kinds of things we talked about earlier in reference to a focus school might even be applied to assist. It might be an applicable cost. In our case we, like everyone else, find ourselves being very conservative because of the punitive nature of if you're over that poverty allowance and if you can't demonstrate that to the NDE. So we oftentimes have found ourselves...and maybe too

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conservative, and maybe we need to take a chance. But it's difficult when you look at...in our case, it's a \$45 million penalty, because that's the total amount that we receive in OPS for that poverty allowance. So it's pretty significant, very, very, significant, obviously. So we end up being maybe more conservative than we should be. In reference to Senator Groene's question on poverty income levels, I believe it's approximately \$22,000 for a family of three to qualify for free and approximately \$24,000 for a family of four. I'll double-check those numbers, but off the top of my head, I heard you ask that question earlier and it is a fairly common question. And the income piece does go up over time as, obviously, as we see inflationary factors impacting families as well. But...should be in that ballpark. And with that, I stand for questions, Madam Chair. [LB509]

SENATOR SULLIVAN: Thank you, Dr. Evans. Any questions for him? All right. Thank you for your testimony. [LB509]

SENATOR GROENE: Quick one. I got one quick one. [LB509]

SENATOR SULLIVAN: Oh, excuse me. Senator Groene. [LB509]

SENATOR GROENE: I keep hearing social workers. You have social workers in your public school system? Are they tied corresponding with HHS or...what's your definition of a social worker? [LB509]

MARK EVANS: A social worker is a certified social worker that's gone through the undergrad work as well as, in most cases, masters work to be a qualified social worker. We do have some today, to be honest, not a lot, only in some of our high-poverty settings. And the goal is oftentimes, just as you mentioned, Senator, to integrate with all the other resources that a family might need inclusive of healthcare needs, inclusive of other types of qualifying needs, because typically, young people that are in those kind of poverty situations...highly mobile, don't necessarily have health needs, and/or could be even physical needs of where they're going to stay the next night. And so they may be identifying resources to find them temporary placement of where they're going to live. We are actually working with some foundations in the Omaha area to increase the number of social workers, because the need is growing and specifically in certain parts of our district, the highest poverty areas. So we're hoping to add as many as ten new social workers to our highest poverty areas through a foundation group, too. So we're not here just supporting this with our legislative body, but we're working hard with our community as well to find ways to reach out to families that, for a multiplicity of reasons, don't have the supports that my children and all of your children had when they were growing up. [LB509]

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SENATOR GROENE: So they consult with HHS and they actually deal with the family unit, not just the student? [LB509]

MARK EVANS: Exactly. Exactly. [LB509]

SENATOR GROENE: Thank you. [LB509]

MARK EVANS: Yes, sir. [LB509]

SENATOR SULLIVAN: Thank you, Dr. Evans. [LB509]

MARK EVANS: Thank you, Madam Chair. [LB509]

SENATOR SULLIVAN: Welcome. [LB509]

LARRY SCHERER: (Exhibit 3) Thank you. Senator Sullivan, members of the Education Committee, my name is Larry Scherer, L-a-r-r-y, S-c-h-e-r-e-r, and I'm here representing the Nebraska State Education Association. We support LB509 from...for all the reasons, really, that have been said already. Particularly, the goals of the poverty allowance as stated in the second section of the bill--that's the poverty plan--talk about two of the key items from the teachers' perspective, and those are class size, especially in elementary grades--it simply takes more time to deal with the students who have learning needs coming out of poverty--and teaching time. The less students you have, the more time that you have to spend with each individual student. And that's really what these kids need. I'm passing out a couple of studies which I'm quite sure you'll have time to read in your spare time. (Laugh) But it goes to back up what we're saying here, that research clearly shows that these things do make a difference. They're not inexpensive. Obviously, in districts the size of Omaha or even a smaller district, to spend more time costs more money. To have fewer kids in a class costs more money. But they do matter. They do work. And this research I'm giving you shows that they do. We commend the Department of Education now for paying more attention to the poverty, to monitoring and supporting school districts in their work in implementing the poverty plans. And, you know, I ask and receive from the department the plans for Omaha and Lincoln, Ralston, and they're not short documents. And they have a multitude of goals, of programs, of services that are pulled together to serve these kids. On the other side of the coin, they report through the annual finance report a couple years later what they actually spent. So there's sort of this mismatch between a big plan and then specific at what actually was spent a couple years ago. And a lot of times, if you looked really closely, you'd wonder, you know, what was...how do those two things tie together? And I believe the department has a person that's working on that more now and working on it from the standpoint

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of helping school districts spend every penny they should be spending but make sure that the money is being spent for poverty programs. And, you know, we believe that's...it's a difficult balance, because on the one hand, one thing is an accountability thing. You don't want the money spent for an inappropriate use. I'll just leave it at that. But you do want the money spent. And sometimes it's difficult to make sure things match. And it's a balancing act. I think that's about...one of...the background for this piece of legislation is, we had conversations with Senator Cook early on about the general concept of time to teach and time to learn. And it came out of an interim study that was implemented this summer. And so we were interested in what we could do to encourage smaller class sizes and to encourage more time. And there was a comment from...I can't remember who it was. It might have been somebody on the education staff or department staff who said, well, how do you address poverty funding that's suppose to go for those types of things. And so our goal was not to replace those things. So we wanted to make sure that the poverty money was going for those types of things. So that's sort of the reason behind our support for this bill. And we certainly appreciate Senator Cook introducing that as well as LB435 which, I think, you hear in a week or two, or...I'm not sure. Anyway, thank you, and I'll try to answer questions if there are any. [LB509]

SENATOR SULLIVAN: Thank you, Mr. Scherer. Senator Pansing Brooks. [LB509]

SENATOR PANSING BROOKS: Thank you, Madam Chair. Thank you, Dr. Scherer. [LB509]

LARRY SCHERER: Larry. (Laugh) [LB509]

SENATOR PANSING BROOKS: Okay. I guess I'm just wondering, why was this penalty...what had...how did this penalty arise? It seems like you might be able to carry something forward instead. Or why are we penalized for...I mean, if the need arises, it seems like you ought to be able to have...pay...use the...use it. But to not...to be penalized, I just don't get it, so... [LB509]

LARRY SCHERER: Well, I think when the poverty allowance originally was adopted--and it was during...I believe during Senator Raikes's term in the Legislature--there was not the auditing function that was connected to it. And the penalty...I don't think there was a severe penalty either. And there were probably a few cases of the money not being spent as intended. And whether it was by error or, you know, just lack of oversight and guidance, I think then the reaction was to come down with these, you know, somewhat draconian penalties. [LB509]

SENATOR PANSING BROOKS: They do seem draconian. Okay. Thank you very much. [LB509]

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LARRY SCHERER: Yes. Thank you. [LB509]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LB509]

LARRY SCHERER: Thank you. [LB509]

SENATOR SULLIVAN: Any other proponent testimony for LB509? Anyone wishing to speak in opposition or in a neutral capacity? Welcome. [LB509]

BRYCE WILSON: Hello, Senator Sullivan and Education Committee. I'm Bryce Wilson, the director of finance and organizational services for Nebraska Department of Education. It's B-r-y-c-e W-i-l-s-o-n. And I was just asked to testify in a neutral capacity to give you an opportunity to...if there was any questions due to the technical nature of this bill, I'd be glad to answer any of your questions, so. [LB509]

SENATOR SULLIVAN: Senator Groene. [LB509]

SENATOR GROENE: He saved you, Senator Cook. (Laughter) [LB509]

SENATOR COOK: Bless him. [LB509]

SENATOR GROENE: This fiscal note makes no sense to me. I mean, I...it says we're going to go from 85 to 95 percent. We're going to go from 117 to 105. I would assume more people...more school districts would go after...would be able to get money from...for poverty and more people would apply which is Senator Cook's goal, I believe. And I'm not making no judgment there, but I would assume there would be more money expended from the formula. Or is this one of those things where you only got so big a pie and some of the money is going to go from equalization aid to this part of the funding? I'm confused. [LB509]

BRYCE WILSON: Well, the fiscal note we wrote said that it would increase the poverty allowance some. Overall state aid, because it's an allowance, would not necessarily increase, because it would work to reduce basic funding then. [LB509]

SENATOR GROENE: From (inaudible) to equalized. [LB509]

BRYCE WILSON: Yeah, and then a lot of the...you're right. On the...part of it is the equalization districts as well and...where we have a lot of the districts receiving this allowance are

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nonequalized. So it's difficult to come up with an exact amount, which is why on the fiscal note that we wrote, we did not have an amount on there. [LB509]

SENATOR GROENE: So it's just robbing Peter to pay Paul. [LB509]

BRYCE WILSON: It's basically a reallocation of state aid is...what happens then is a district that receives more poverty allowance then that would change the allocation of basic funding and what districts that goes to. It would be less pie left over for basic funding to be allocated. [LB509]

SENATOR GROENE: But for a district like OPS that's got a big chunk of the school...the 24--I'll just call them the 24--getting most of the aid, it's just going to take some of that equalization and move it to the poverty allowance in the same... [LB509]

BRYCE WILSON: Well, that's also... [LB509]

SENATOR GROENE: The chunk of money they get is the same. It's just in what form they got it. [LB509]

BRYCE WILSON: Well, it would still be equalization aid. Poverty allowance is still part of equalization. But it would move it...they would receive a bigger portion in equalization aid because they're getting more poverty allowance and the remaining districts in their array would have less funds left over to split in basic funding then. [LB509]

SENATOR SULLIVAN: Any other questions? [LB509]

SENATOR GROENE: Thank you. Thank you, Bryce. That makes sense actually. (Laughter) [LB509]

SENATOR SULLIVAN: Aside from the calculations, the...there is an individual in the department who reviews these plans to see if they, first of all, match up to say what they're...that they're actually doing what they said they were going to do. [LB509]

BRYCE WILSON: Correct. Two years ago, we began auditing the poverty and LAP plans which are both very...so this is related to poverty allowance, but LAP are...is a very similar allowance where we verify the spending is spent according to the plan, also that they're meeting all the requirements. And one of the big pluses, I really think that a positive thing we've done with that

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is, we go out there more with the intentions of, how can we help the school districts learn? You know, we have someone that's going from school district to school district to school district learning and looking over their poverty plans. And they're seeing what's being done and best practices and saying, okay, this is maybe something you guys could work on, too. And we're giving those schools an opportunity to ask those questions of, you know, what are ways we can make our poverty plan or serve poverty kids better? And these are things we have seen. So we're really trying to a value added thing with those audits, not just a...we want to make sure we're meeting the requirements and taking care of that part but also adding the value as well. [LB509]

SENATOR SULLIVAN: Very good. Senator Groene. [LB509]

SENATOR GROENE: Thank you. Right now, the \$982 million or a billion dollars, how many dollars go to poverty plan overall statewide? [LB509]

BRYCE WILSON: In the model that we released in January, the poverty allowance portion was \$125 million...\$125.5 million. [LB509]

SENATOR GROENE: Twelve percent or so. [LB509]

BRYCE WILSON: So that's for poverty. But a big portion...this kind of goes back to a question you asked, Senator Sullivan, earlier, was a big portion of that is going to the nonequalized districts. And you asked how many districts there were that do not apply for the poverty allowance. I don't have the exact number in my head. I think it's somewhere around 60-some. Primarily, those are the districts that are nonequalized that are saying, not going to waste time filling out a poverty plan because we're not going to get any state aid for it anyways. That's primarily the districts that we hear from that are not filling out a poverty plan. It's not because they don't have poverty needs or poverty kids. It's that they realize they're not, under the current law, going to receive aid for it anyways. And so they don't want the restrictions that go with coding it accordingly, so. [LB509]

SENATOR GROENE: Because...can I ask... [LB509]

SENATOR SULLIVAN: Senator Groene. [LB509]

SENATOR GROENE: ...because when they reach a certain point of being nonequalized, you know, it takes away all of state aid, even the poverty part, right, is what you're saying? [LB509]

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BRYCE WILSON: Well, the poverty portion, the poverty allowance, is part of the equalization...it's part of the formula needs calculation. Remember, equalization is formula needs minus resources equals equalization aid. So if you had more needs than resources, you'll receive equalization aid. Poverty allowance is one of those needs. So if you have more resources than needs, you're not really receiving anything for the poverty allowance. [LB509]

SENATOR GROENE: Equalization goes first and then you start pecking away at the poverty and then... [LB509]

BRYCE WILSON: Well, no, equalization is part of the poverty... [LB509]

SENATOR GROENE: All right. [LB509]

BRYCE WILSON: Poverty allowance is part of the equalization aid. So it's all one pot. [LB509]

SENATOR GROENE: All right. Thank you. [LB509]

SENATOR SULLIVAN: Any other questions? Thank you, Bryce. Anyone else in a neutral capacity? Senator Cook for closing. She waives closing. Okay. All right. And I will turn it over to the Vice Chair for the next two bills. [LB509]

SENATOR KOLOWSKI: Thank you, Senator Sullivan. We will now move on to LB530. Senator Sullivan will present. Welcome. [LB530]

SENATOR SULLIVAN: Thank you, Senator Kolowski and members of the committee. My name is Kate Sullivan, K-a-t-e S-u-l-l-i-v-a-n, here today to introduce to you LB530. And the subject has been poverty and how our schools deal with it. It's fair to say although we haven't, I don't think, seen statewide figures, but you have heard from testifiers, that obviously poverty is increasing in this state. The schools see it. Poverty impacts learning. And schools must respond and adapt. And, of course, we've heard previous testifiers talk about the poverty allowance. And to qualify for that allowance, schools have to submit poverty plans. Think also: In terms of identifying the numbers of students that qualify for the allowance, it's based on free lunch, not also just...in addition to the reduced-price lunch. But specifically to the points of LB530, you've heard about the allowance. You've heard about an individual at the department that reviews those poverty plans. LB530 seeks to put more emphasis and shed more light on what schools are doing in poverty programming by giving more responsibility to that person at NDE to do just that, and so doing, offering recommendations to the Legislature for programming and funding. Specifically, LB530 would amend Section 79-11,155 to require the student achievement

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coordinator in the Department of Education to submit recommendations to the Education Committee of the Legislature on or before December 1, 2015, to improve state policy and funding to address unique educational needs of low-achieving students in poverty and students with limited English proficiency. So just by way of background, I wanted to give you a little history specifically to the position that we're talking about. It started back in, I think, 2006, the requirement for the Department of Education to have a student achievement coordinator. That's when the topic actually came forward. The position was called a high needs education coordinator. And that came about in 2006 with LB1024. In 2007, we renamed that position to be called the student achievement coordinator. But then, lo and behold, during the Great Recession, that position was eliminated. And then I thank Senator Cook for introducing LB967 this last year where we reinstated that position. So here we are today with the student achievement coordinator. And as Mr. Wilson indicated, there is an audit done on these poverty plans. But with LB530, I'm proposing that, essentially, there is more responsibility given to that individual to not only review those plans, hold up best practices, and not only share them with participating school districts, but then to ultimately bring some recommendations back to us, the Education Committee, to identify how we might improve strategies for dealing with poverty and accompanying funding. I think that the desired results are essentially for us to do a better job of how we deal with the increasing poverty rates in our schools, recognizing that poverty has many faces. We have concentrations of poverty in the more urban areas, but we also know that poverty exists across our state, in maybe lower numbers in smaller school districts, but it is there nonetheless. And there are best practices that can work in small schools as well as larger schools. But we have to know about them, and we need to have an expert reviewing those poverty plans and then, in turn, making some recommendations back to us as to what we might do from a policy perspective. So that's what I'm trying to do with LB530. I'll be more than happy to answer any questions and go from there. [LB530]

SENATOR KOLOWSKI: Thank you, Senator Sullivan. We'll start with Senator Baker, please. [LB530]

SENATOR BAKER: Thank you, Senator Sullivan. I noticed you've added a duty but just for one time. In your thought process, had you considered maybe having that be done on an annual basis or a biannual basis? As it reads, this will just happen once. And you know how that is. You know, information becomes dated and...over a period of years. [LB530]

SENATOR SULLIVAN: I view this LB530--and, yes, there's a time line on it--to start this discussion that I think might lead to, maybe, further study on the subject, because I think that, yes, the plans need to be continued to be reviewed, but as an Education Committee, I think even with one year, we might be able to then identify some policy decisions that will not only keep the discussion going but identifying some new programming. [LB530]

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SENATOR BAKER: Thank you. [LB530]

SENATOR KOLOWSKI: Senator Schnoor, please. [LB530]

SENATOR SCHNOOR: Thank you, Senator Sullivan. This position is currently in place, this coordinator? [LB530]

SENATOR SULLIVAN: Yes, it is, student achievement coordinator, right. [LB530]

SENATOR SCHNOOR: Okay. Does he report to the Legislature at all? [LB530]

SENATOR SULLIVAN: Not at this time. [LB530]

SENATOR SCHNOOR: Okay. [LB530]

SENATOR KOLOWSKI: Senator Groene, please. [LB530]

SENATOR GROENE: Follow-up question: He reports to somebody at the Department of Education? [LB530]

SENATOR SULLIVAN: Yes, that's where the position is located, yes. [LB530]

SENATOR GROENE: And then they make a report and they share with all the school districts what's working and what's... [LB530]

SENATOR SULLIVAN: Yes, and as you heard from Mr. Wilson, that's what they're attempting to do now by doing the audits and actually visiting with school districts. But in terms of making policy decisions, we as an Education Committee, I think, would be helped by having that information. [LB530]

SENATOR GROENE: So it wouldn't be extra work for them. [LB530]

SENATOR SULLIVAN: No, not necessarily. [LB530]

SENATOR GROENE: They could just readapt that and give us a copy of it. [LB530]

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SENATOR SULLIVAN: Exactly. [LB530]

SENATOR GROENE: Thank you, Senator. [LB530]

SENATOR KOLOWSKI: Senator Sullivan, from the...one of our speakers earlier, Mr. Scherer gave us two great examples of the National Center on Time and Learning and then the class size reduction research. Sharing this kind of material, I hope, would be one of the things that we would glean from the position that you're elaborating on. And I would certainly see that as long-term, not a one-year situation. So we'd have continuity of the person knowing where they've been and what they're doing as well. [LB530]

SENATOR SULLIVAN: Yes, your point is well taken. And as I indicated, this is a discussion that I think will evolve over time. [LB530]

SENATOR KOLOWSKI: Thank you. I'm very much in support of that. We don't do enough of that. So thank you. Other comments or questions from the committee? Thank you, Senator Sullivan. Now, do we have proponents for LB530, please? Welcome, Brian. [LB530]

BRIAN HALSTEAD: Good afternoon, Senator Kolowski and members of the Education Committee. For the record, my name is Brian Halstead, B-r-i-a-n H-a-l-s-t-e-a-d. I'm here with the Nebraska Department of Education and the State Board of Education in support of LB530. The student achievement coordinator is a she, Aprille Phillips. She started work September 15 and we are thankful to the Education Committee, Senator Cook, and the Legislature for giving us a person in this role. And I believe today she is up in Omaha with our school improvement team. I think they were meeting with OPS earlier this morning. I'm not sure her calendar...that's why she couldn't be here this afternoon so you could finally meet her. She's not quite five months into the job, so she has a lot of work in front of her. She is working with some of the financial team that Mr. Wilson talked about who actually audit...look for the financial numbers to do that. She's not checking balance sheets and AFRs to make sure they spent the money, but she's reviewing the plans for what they said they were going to be doing and looking across multiple school districts to find similar things and looking at data to see whether that's working. So as the bill asking for a report later this year, it fits fully within her duties and we're here to support the bill. [LB530]

SENATOR KOLOWSKI: Thank you. Questions, please? Thank you very much. Mr. Stilwill, welcome again. [LB530]

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TED STILWILL: (Exhibit 1) Thank you, Senator. And thank you, members of the Education Committee. Once again, the members of the Learning Community Coordinating Council--and the president of our Coordinating Council is behind me, Ms. Lorraine Chang--they voted to support LB530 consistent with the superintendents' recommendation in making sure there was additional...the Legislature had a chance to review recommendations for additional... [LB530]

SENATOR KOLOWSKI: Mr. Stilwill, would you introduce yourself again, please, and spell your name? [LB530]

TED STILWILL: I'm sorry. Ted Stilwill--thank you, sir--T-e-d S-t-i-l-w-i-l-l, CEO with the Learning Community of Douglas and Sarpy County. As I mentioned, the Coordinating Council supports this as do the Learning Community superintendents. It's very consistent with our mission as a Learning Community to demonstrate and to share more effective practices to help children in poverty succeed. As most of you, I think, know, consistently poor performance or poorer performance on the part of students from families in poverty is a consistent national problem. And that's documented in some of the attached sheets. The negative impacts are clear for the individual students, but I want to be sure that it's also clear that they're negative for the community. These are students who will grow up, earn less money, spend less money, and regional and state economies will suffer as a result. The thing that I wanted to emphasize most clearly is, there is a growth in poverty in Nebraska that if...demographers of the world always get credit for being fortune tellers because they examine the populations of young people and, lo and behold, they grow up and become populations of school-age children and adults. And if you examine the prekindergarten populations in Nebraska, there are, what I believe, some alarming numbers. When you look at those populations of prekindergartners, of the children who would be eligible for free and reduced price lunch if they were in school, those populations are four times greater than in the regular...the rest of the population. Perhaps even more importantly, if you look at families at 50 percent poverty, that's way below free and reduced-price lunch, which is 185 percent, way below free lunch at 130 percent, and the federal poverty line at 100 percent, it's half that. It's a...Senator Groene is not here, but it's in a fact that a mom and two kids making \$188 a week. That's not a lot. The presence of that growing population in the prekindergarten population is ten times greater in that...those students. That growth is ten times greater than the regular population. Those are alarming statistics. Those of you that are new to this committee and might be present seven or eight years from now, I would suggest to you that this will be the major issue facing education in Nebraska. So I think that the committee would do well to entertain this legislation. It's a fairly modest thing to ask a student achievement coordinator to develop some plans. My conversations with the Commissioner indicate--and with the Chair of this committee--indicate that, just as she said, there's a chance to really look at how we improve as a state to better deal with kids from poverty. So I'd be happy to answer any questions you might have with regard to these statistics or anything else with regard to this bill. [LB530]

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SENATOR KOLOWSKI: Thank you. Senator Cook, please. [LB530]

SENATOR COOK: Thank you, Senator Kolowski. And thank you, Mr. Stilwill, for coming today. I wanted to thank you for outlining and highlighting how the numbers of children in poverty have grown and continue on that trajectory. That's something that we talked about on the Planning Committee, and Senator Sullivan has served on that and I serve on it. But I'm not certain how many of the members of the body at large, and certainly our new members, are aware that despite what we see as a prosperous state on the whole, we have increasing numbers of children living in poverty in the state. So thank you for highlighting that in a graphic way. [LB530]

TED STILWILL: Sure. [LB530]

SENATOR KOLOWSKI: Thank you. Other comments, anyone? Mr. Stilwill, thank you very much. [LB530]

TED STILWILL: Thank you. [LB530]

SENATOR KOLOWSKI: (Exhibits 2, 3) Anyone else, proponents, please? Any opponents, please? Any opponents? We have two additional names to add to the proponent list that were sent in: letters for the record from Greg Adams, president and CEO of accelerate nebraska, former senator; and Dr. Ken Bird, president and CEO of Avenue Scholars Foundation is also on record as a proponent. Any on the neutral category, please? Seeing none, Senator Sullivan, please. [LB530]

SENATOR SULLIVAN: Thank you, Senator Kolowski. And clearly, by our discussions today, it's...poverty is an issue that's not going away and, in fact, is going to intensify. And so we need to respond appropriately in education on how we're going to deal with it and help all children become successful. Thank you. [LB530]

SENATOR KOLOWSKI: Thank you. Any final questions, anyone? Thank you very much, Senator Sullivan. We'll now move on to LB524, please. [LB530]

SENATOR SULLIVAN: (Exhibit 1) Thank you, Senator Kolowski and members of the committee. My name is Kate Sullivan, K-a-t-e S-u-l-l-i-v-a-n here to introduce LB524. LB524 is in response to some federal legislation that has come down to us called the Community Eligibility Provision. By way of background, the intent of CEP--that's the acronym that I will give it--allows qualifying schools to provide free breakfasts and lunches to all students without

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collecting applications from families. By background, this came about through an act of Congress called the Healthy, Hunger-Free Kids Act of 2010. And it had behind it these three components: to offer all students free meals in high-poverty schools; to reduce the paperwork for families and schools, because they don't have to then...wouldn't have to submit that financial information to qualify them; and in so doing, to avoid the stigma for singling out students who receive free and reduced-price meals. The process, as we've heard today, schools use now for determining qualifying students for free and reduced-price meals is that parents have to complete and submit that financial information. The CEP, on the surface, is a good idea. It's well-intentioned, and I think it's something that we need to take advantage of. But we also need to realize that it does present some consequences and challenges in terms of how the lack of collection of that financial information could result in complications for how we determine TEEOSA and determining other kinds of support for low-income families and their school-age children. So in essence, LB524 allows for the voluntary submission of the information by parents and guardians of students in CEP schools in order to determine qualification for other programs of state law that are contingent on qualifying for free and reduced-price meals. And for that, I mean such things as option and open enrollment and transportation. I think it's also important to realize what the current status of the program is right now, because we are seeing it unfold. Quite frankly, though, there is low usage of the CEP program among school districts. I think schools are still weighing the benefits and issues surrounding it. The OPS and the Department of Education are currently engaged in a pilot study right now. And the Department of Education continues to study the laying out of the CEP and its implications for school districts. But in the meantime, we can't just sit and do nothing because, as I indicated, that it's a well-intended federal program but we need to make it work for us. And in so doing, we need to make sure that it doesn't present some difficulties in administering current state programs. If I were to go into some of the details for you right now, it's quite complicated and I'm not quite sure I do a real sufficient job of doing it. I've tried to just highlight basically what LB524 does. There are two individuals here, Bryce Wilson from the department as well as Brian Halstead, that may testify in a neutral capacity and can respond to some of the financial challenges and how we would propose to deal with them with LB524. And also, Mr. Halstead could cover some of the other nonrelated financial issues. So with that, I'll try to entertain any questions. But hopefully some of the people that will follow me can talk more specifically about them. [LB524]

SENATOR KOLOWSKI: Thank you. Any questions from senators? Thank you, Senator Sullivan. Can I have proponents, please, come forward now? Proponents? [LB524]

MARK EVANS: Thank you, Senator Kolowski. [LB524]

SENATOR KOLOWSKI: Oh, sure. [LB524]

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MARK EVANS: Senate Ed Committee, Mark Evans, superintendent, Omaha Public Schools, M-a-r-k E-v-a-n-s. Thank you again for allowing me to speak a little bit on this bill and thank you to Senator Sullivan for introducing LB524. From our perspective, we are in the midst of a pilot program looking at this whole Community Eligibility Provision as an alternative to household application for free and reduced-price meals in high-poverty schools. It would allow parents to volunteer or provide information on any application submitted pursuant to Nebraska law regarding the applicant's potential to meet the qualifications for free and reduced lunch. It would change the definition of free lunch and free meal calculated with TEEOSA to include the CEP provision. It would provide a calculation for unadjusted poverty students which would include the greater of the number of low-income students or the number of free lunch and free milk calculated students. It would adjust the summer school allowance poverty plan, elementary learning centers, and certification of students to reflect the inclusion of the CEP provision. So I guess that's a lot of verbiage, but at the end of the day...and I'm going to be very interested in listening to NDE and what our NDE representatives have to say, because our concern has been, we like the concept. We understand that it's going to benefit young people. But we also don't want to be penalized because the documentation/reporting process somehow, in some way, impacts TEEOSA, impacts part of our funding for Title I, E-Rate, and some of those other programs. So we believe that LB524 will help us get past some of those potential hurdles. And I believe that's what's happening in other states across the United States where they've actually used other kinds of processing to create the reporting without using the typical free and reduced application. Thank you, Vice Chair. [LB524]

SENATOR KOLOWSKI: Thank you, sir. Questions from the senators, please? Mr. Evans, I know I'm learning about this. [LB524]

MARK EVANS: Yeah, me too. [LB524]

SENATOR KOLOWSKI: This was not around when I was there, and it's certainly new, and I need a good Reader's Digest version so I can digest this whole thing and understand it better. So I'm looking forward to NDE coming up as well. (Laugh) Thank you. Thank you for your time today. [LB524]

MARK EVANS: Yeah, me too, Senator. Thank you, sir. [LB524]

SENATOR KOLOWSKI: Additional proponents, please? Good afternoon. [LB524]

MARY ANN HARVEY: Good afternoon. [LB524]

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SENATOR KOLOWSKI: Give your name and spell it, please. [LB524]

MARY ANN HARVEY: (Exhibit 2) Sure. Good afternoon, Senator Kolowski and members of the Education Committee. My name is Mary Ann Harvey, M-a-r-y A-n-n H-a-r-v-e-y. And I am a staff attorney at Nebraska Appleseed in the Economic Justice Program. Nebraska Appleseed is a nonprofit legal advocacy organization that fights for justice and opportunity for all Nebraskans. And I'm here today to testify in support of LB524. As Senator Sullivan mentioned, LB524 addresses the Community Eligibility Provision which is part of the Healthy, Hunger-Free Kids Act of 2010, legislation that was on the federal level. It allows schools in high-poverty districts to serve free breakfasts and free lunches to all students without collecting any money or taking any applications. We believe it's an exciting opportunity for some school districts in Nebraska, because it can help ensure that schools are feeding students that might otherwise go hungry. It reduces stigma related to school feeding programs and eases administrative burdens for schools and potentially saves costs. After its initial passage, Community Eligibility was piloted for three years in school districts before it was allowed to be taken up in every state for the 2014 and 2015 school year. The pilot showed really good participation in school meals. Lunches increased by 13 percent and breakfast service increased by 25 percent. Our neighbors in Iowa, in Council Bluffs and Des Moines, have taken up Community Eligibility in a widespread way for 2014 and 2015. And Des Moines is estimating a cost savings of about \$75,000 which is significant. In Nebraska, we're number 49 out of 50 in uptake of Community Eligibility. And so we believe this is definitely an opportunity to allow more schools to take it up by having attention to it from LB524. To be eligible for Community Eligibility, at least 40 percent of the students in the school or school district have to be what's called identified students. These are students who are identified already for free meals. They're directly certified. And that's by participation in other state programs like ADC; SNAP; the Food Distribution Program on Indian Reservations; they're participating in Head Start; or they're considered homeless, runaway, migrant, or foster children. CEP allows schools to forego the household applications that are traditionally required for free and reduced-price meals. Instead, schools use the data from the identified student percentage times a multiplier that has been shown to be an accurate proxy for free and reduced-price students across the nation. Moving to a model where our schools do not collect applications definitely has important considerations as was mentioned before, because schools use those applications for a variety of things at this point including Title I, E-Rate, and state aid to schools. In recognizing that, the federal government has issued really comprehensive guidance regarding Title I and how schools can use community eligibility and still make sure they're getting Title I funding. There's also guidance surrounding E-Rate. And the USDA, who administers the program, has issued a comprehensive Q and A to make sure that schools know how to take up this provision. LB524 is really important because it helps clarify how Nebraska schools can take up community eligibility and still obtain the information needed to maintain their funding streams. Currently, as was mentioned before, TEEOSA uses a measure of free milk and free lunch students to determine the poverty allowance that's in TEEOSA. LB524 would allow

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schools to use the Community Eligibility data in place of that. The bill also allows for an alternative income collection. That could be a survey. A lot of states have done this in their own states, because they realized that they still needed the data from those applications. And so they collect a survey that could have the same information as the free and reduced-price application so they have that data on a student level. And we believe that could be used in place of those applications in the TEEOSA formula. In short, LB524 would allow more schools in Nebraska to take part in CEP. In Nebraska, 94 schools are eligible for this program. Around 30 of them would get 100 percent reimbursement from the federal government for feeding their students. Santee and Omaha are leading the way this year. They've taken it up. And we'd like to see more schools be able to do so. So in short, we urge the committee to advance this bill so we can make sure that Community Eligibility is an option for all schools in Nebraska. [LB524]

SENATOR KOLOWSKI: Thank you. [LB524]

MARY ANN HARVEY: Thank you. [LB524]

SENATOR KOLOWSKI: Question: Did the latest agricultural bill then, farm bill, have this in it? The last couple years now...has this come down through agriculture as well as education combining to do this? Do you know the history? [LB524]

MARY ANN HARVEY: I'm not exactly for sure of the answer. I know that it's part of the 2010 Healthy, Hungry-Free Kids Act which is part of, like, the school Nutrition Act, but I'm not sure of the answer on if it's in the farm bill. [LB524]

SENATOR KOLOWSKI: So that's five years old at least. [LB524]

MARY ANN HARVEY: Yes. Exactly. But the USDA has issued guidance since they run school nutrition programs. So they're wanting schools to be able to take up this option, recognizing that it's a good way to make sure that kids are fed. [LB524]

SENATOR KOLOWSKI: Thank you. Also there are some parts in this in Section 79-8,137, Attracting Excellence to Teaching Program. It talks about reduced loan rates or forgivable loans for postsecondary education students seeking initial degrees in education and forgivable loans for teachers enrolled in qualifying graduate programs. Those are all part of...if you're in a school of that percentage of students eligible, those are side programs for teachers. Is that correct? [LB524]

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MARY ANN HARVEY: I'm not an expert on that. But what I understand around those is, students who become teachers take out school loans, and then if they become a teacher in a high-poverty school, they're eligible for certain loan forgiveness. I think it's...they have to commit a certain number of years to teaching in a low-income school. And then they apply for the program and can only forgive certain school loans. And so that already exists and I think that any changes in the bill would just allow the data from Community Eligibility to be used in place of free lunch and...free and reduced-price lunch applications. [LB524]

SENATOR KOLOWSKI: Okay, just started getting into a number of different things... [LB524]

MARY ANN HARVEY: Right. [LB524]

SENATOR KOLOWSKI: ...along with distance to school, a mile or two miles, and the qualifications, so it seemed to be extremely large in many ways, so...which is a big tenet from that aspect. So, other questions from senators, please? Seeing none, thank you very much. [LB524]

MARY ANN HARVEY: Thank you. [LB524]

SENATOR KOLOWSKI: Thank you, ma'am. Any other proponents, please? Good afternoon. [LB524]

JULIA TSE: (Exhibit 3) Good afternoon. Senator Kolowski and members of the Education Committee, my name is Julia Tse, J-u-l-i-a T-s-e, and I am the child welfare policy associate at Voices for Children in Nebraska. I'm here today testifying in support of LB524. We believe that educational success in the classroom is tied to overall well-being of all children. And Voices for Children is in strong support of this bill because it takes us further in addressing child hunger by providing schools with a framework to help increase access to nutritious meals for Nebraska's children. We believe that the CEP is an opportunity that we cannot afford to pass up, because it allows us to maximize all available resources in reducing food insecurity within high-poverty schools. Today I want to focus on the data and research that supports the passage of this bill. We have been talking a lot about poverty in the schools today, and I just want to reiterate some facts. So currently, there are...about 44 percent of all Nebraska children are eligible for free and reduced-price meals which was an increase of more than 40,000 children from only 2008. And about one in five children in Nebraska are classified as food insecure which means that they don't know where their next meal is coming from. And the research on hunger and food insecurity is clear especially for the developmentally crucial periods of childhood: It has negative and significant effects on academic performance, achievement, physical health, and has been linked to psychosocial and behavioral problems. So providing universal meals in schools is beneficial

for all children but especially for those who may not otherwise have consistent access to meals. The CEP can also help the families of these children, especially those who may face literacy or language barriers in the application process. And it also allows families to stretch their budget just a little bit further every month. The initial data from states and schools that have taken up the CEP shows that it's not just students that benefit from this provision. It also improves the efficiency of school nutrition programs. And schools already have a lot on their plate as it is. So freeing up the time and resources that we traditionally use for meal service, data and payment collection, and then application processing allows us...allows for more focus to be placed on the quality of programs. By the numbers, CEP schools have also reported significant increased participation in meals, and the previous testifier alluded to a 25 percent increase. And this is particularly relevant for Nebraska--that's the breakfast participation rate--because we were recently ranked third to last in the country for underutilization of the breakfast program. So in combination, this is...this allows for greater efficiency and increased participation and makes for a more viable and profitable school nutrition program. So overall, we believe that the CEP presents a cost-effective opportunity to make our high-poverty schools free of child hunger. We appreciate that Nebraska is taking a thoughtful approach to implement this new option, but we believe that the state Legislature and the state Department of Education should do all that they can to support schools that want to adopt this option. This includes providing a clear guidance and ensuring that data collections don't serve as a barrier. In just December of 2014 when data were released by the uptake...on the uptake of this new option statewide, Nebraska was ranked second to last in CEP elections by state. So we only have 329 students in CEP schools out of the 6.4 million students nationwide. So we need to ensure that schoolkids in Nebraska don't face additional barriers to hunger when compared to their peers in other states. LB524 represents an important opportunity for our states to ensure that hunger is not a learning barrier for children in Nebraska. Many states have already seen tremendous success in leveraging this option to help children reach their full potential while also simplifying school meal programs, and we shouldn't let Nebraska continue to fall behind. We want to thank Senator Sullivan and the members of this committee for their leadership on this issue, and we respectfully urge you to advance this bill forward. I'd be happy to take any questions, but I should mention that our expert at Voices on this issue is in a different hearing. So I'll try to answer as best as I can. Thank you. [LB524]

SENATOR KOLOWSKI: Thank you, Ms. Tse. Any questions, please? Seeing none, thank you very much. [LB524]

JULIA TSE: Thank you. [LB524]

SENATOR KOLOWSKI: Good afternoon. How are you? [LB524]

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TIFFANY JOEKEL: (Exhibit 4) Good afternoon, Senator Kolowski. Members of the committee, my name is Tiffany Joekel, T-i-f-f-a-n-y J-o-e-k-e-l, and I'm the very new policy director at OpenSky Policy Institute. We're here today to testify in support of LB524. I'd like to start by thanking Senator Sullivan for putting this conversation forward and helping Nebraska to move forward in implementing this option. I'd also like to take a moment to thank the Department of Education and OPS for moving forward in a way to try to sort some of these details out. We want to do everything we can to help students learn. And by reducing hunger as a barrier to learning during the school day, the research is clear that we can do a lot to help kids in that regard. We've approached this work from, really, three principles. One is that offering this option in schools shouldn't disadvantage schools in any way. So if it results in a loss of funding in other ways, obviously that's not something that we would be supportive of. However, we know that the use of free and reduced data is pervasive in a lot of our systems and really our primary measure of poverty in a lot of schools. But we believe that the interest in the data shouldn't stand in the way of us reducing hunger as a barrier during the school day. So if there are ways around it, we hope we can find them, and I think that's what LB524 attempts to do. And finally, as has been mentioned in testimony before, there is significant flexibility in the federal guidance coming out of both U.S. DOE and USDA. And so, you know, we hope that there are options available to school districts as they look to implement this to make it work for them. I wanted to just start by talking a little bit about the financing. You'll see on the second page of my testimony, there are really...the identified student percentage, which has been talked about before, these are ways that we identify kids as vulnerable through other systems, so their involvement with SNAP or Cash Assistance, foster care, homeless, migrant, runaway, and a couple of other programs. So we know on the back end through systems that these kids are vulnerable. Those kids right now are eligible for free lunch and they are directly certified without meal application. So right now, without this option...or without this new federal option, the department is already directly certifying kids based upon these...their qualifications in these areas. So we know the identified student percentages now. What this option does is it allows us to get federal reimbursement based upon that identified student percentage. So you take the ISP times the 1.6 multiplier. The basis of that is, nationally, the average was, for every one child that's directly certified, 0.6 children would also be eligible in a school for free and reduced meals. So they just turned that into a number that can be used as a factor to create reimbursement rates. I would just point out that, you know, this is going to be a district and a school building level decision whether it works for them and whether the finances work. And that's going to be based on these reimbursement rates. You can see some districts are not going to receive a lot of reimbursement...very high-level reimbursement, so that may not work for them. But I think the point of LB524 is to make this option available for school districts that it will work for. I'd just like to say that we think this significantly streamlines the process potentially for school districts that have implemented otherwise. They...you know, it reduces the need for school districts and school buildings to manage lunch accounts and to track down accounts that aren't up to date or are negative. It reduces the need for someone to stand in a lunch line and take different...you know, take

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accounts and make sure we're tracking correctly. It also reduces...you know if a kiddo shows up and they don't have food in their account, at some schools they're given a separate meal, right, that looks different than what other kiddos...and that's not universal, but it does happen. And so this takes that away. Everyone has meals available to them and every child, you know, can get served so they can go to school and be ready to learn. I'd just quickly mention that lots of other states that have implemented this have implemented an alternate income survey. So they can have access to the same data we're able to collect from a free and reduced meals application, but they get it in another way. Granted, that doesn't reduce the administrative burden of the application. We're still filling out a piece of paper up front, but it does still give that administrative savings on the back end. So with that, we just very much appreciate Senator Sullivan's effort to move this conversation forward. I've noted some questions in my...the last page of my testimony about using identified student percentage, because that is a segment of free lunch and free milk students. It does not encompass all free lunch and free milk students. So I do have...we do have some concern about just using identified student percentage instead of the multiplier, because identified students are a subset of free lunch and free milk students now. So with that, I'd be happy to answer any questions. [LB524]

SENATOR KOLOWSKI: Thank you, Mrs. Joekel. Any questions, Senators, please? Which...what part of the budget did this come through as far as the background? Was it agriculture? [LB524]

TIFFANY JOEKEL: Sure. No, it did come through...well, it came through Senate Ag. But on the House side, I think it went through education and work force. [LB524]

SENATOR KOLOWSKI: Okay. [LB524]

TIFFANY JOEKEL: It's paid...the "pay for," though, is through agriculture. The "pay for" is actually the reduction in SNAP benefits after ARRA, so when they cut SNAP benefits about 13 percent last fall...or a couple years ago, that was the "pay for," so one nutrition program to another. [LB524]

SENATOR KOLOWSKI: And this is going to replace or extend even beyond the SNAP cuts? [LB524]

TIFFANY JOEKEL: Yes. [LB524]

SENATOR KOLOWSKI: With a lot less paperwork, it seems like, hopefully. [LB524]

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TIFFANY JOEKEL: Hopefully. I mean, that's the intent. Really, this will be a district by district, building by building decision whether it works for them. But I think there are significant opportunities and I think LB524 gives the department and districts the room that they need to see if this works for them. [LB524]

SENATOR KOLOWSKI: Any questions? Thank you very much. [LB524]

TIFFANY JOEKEL: Thank you. [LB524]

SENATOR KOLOWSKI: Any additional proponents, please? Opponents? Anyone opposing this? And neutrals, please? Mr. Halstead, welcome again. [LB524]

BRIAN HALSTEAD: (Exhibit 5) Good afternoon, Senator Kolowski and members of the Education Committee. For the record, my name is Brian Halstead, B-r-i-a-n H-a-l-s-t-e-a-d. I'm with the Nebraska Department of Education. We're here in a neutral capacity. I'm here largely to try to answer questions. I think Senator Sullivan in her opening said this is a simple idea. I brought with me the spreadsheet at the Department of Education we've created. It's on 11 by 17 inch paper. It is 4.5 pages long. It has 29 rows in which we've identified where Community Eligibility will impact some part of something that is financed, reported, or required to be done. So it seems simple. You just...a high poverty, you'd make everybody eligible. If only it were that simple. We have been out in the schools at administrator days last year. We did a full session on this to try to encourage schools to get them up to speed on what this involves. At the moment, the Santee Community School District is fully participating. It's a small school district, high poverty. It makes sense for them. The Omaha Public Schools has applied and they are going to be doing this in--I can't remember--six or eight buildings, maybe in more than that. I didn't actually ask for the application today. So they're going to be starting this the second semester. Some of this, from the Commissioner's perspective...we almost need to have someone jump in and start doing this in a thoughtful manner so we can learn from it. I know there's been a lot of testimony about finance and talking about the U.S. Department of Education putting out lots of guidance. Almost all their guidance is about how Title I funding can be determined once you do Community Eligibility. They haven't put out any guidance under what they require under No Child Left Behind, because we're required to identify by student their performance on all of the tests as if they're poor. In that regard, they've been silent in their advice to...well, we'll just trust you to figure out how to do it. Oh, that's real simple, because the school districts are asking us, how do we identify the kids for purposes of accountability if every child in the school is presumed eligible? We're working on it. I mean, that's part of the ongoing dynamics here. I think there are a number of schools who are interested. When you consider that once you get, probably, beyond the 40 largest schools...school districts in this state, this is a school district decision. It's not a building decision. In OPS, in Lincoln, in Millard it might be a building

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decision, but most of our food services programs are district-wide. The other issue that comes up is, although you may be a child right now enrolled in a school that's Community Eligible, if you move and you change schools, now what do we do? Well, there's some procedures. There's some guidelines suggested. So I think the bill was a good start. I did notice, though, in the bill there is language that references FERPA, the Family Educational Rights and Privacy Act, which applies to education programs. The U.S. Department of Agriculture has its own regulations on confidentiality about financial information related to the poverty programs for lunch and breakfast, so I don't know whether the reference to the U.S. Department of Ag's act on privacy...they are a little more stringent than FERPA are on some of these. You may want to look at that. We have been, for a number of years, doing direct certification. I think you heard pieces of that. Every night, the Department of Health and Human Services provides us with individual information on children who are participating in SNAP and TANF and who are in child welfare foster homes in that regard. And we directly certify by matching those children to the school district where they're enrolled, so the school district already has a list of children who are automatically eligible. You don't need paperwork for these children. So we've been largely successful in doing the direct certification. But guess what, not all children qualify for SNAP or TANF or are in foster homes, thank God. But in the sense of...so, many of the schools that may be eligible for Community Eligibility already have a high direct certification number to begin with, so the three or four percent of the students who aren't directly certified, for the school that may not be a big indicator. There are others that we're clearly working with. So I'll stop there. I'll try to answer any questions you have on Community Eligibility and the bill. [LB524]

SENATOR KOLOWSKI: Brian, thank you very much. Yes, sir, please, Senator Baker. [LB524]

SENATOR BAKER: Mr. Halstead, I'm projecting myself back into a school setting looking at this. I...somewhere there is verbiage about their...about people supplying that information on a voluntary basis and thinking of, you know, if there was a determination that there was Community Eligibility, why would they? Or why would we ask them to submit data on a voluntary basis? Then I look at this alternate income survey as some type of documentation the schools would have to provide. You know, the term survey means that data may or may not be returned to you. So how...I'm trying to...I'd be concerned about how our feet would be held to the fire with providing this data through an alternative income survey. [LB524]

BRIAN HALSTEAD: Well, and, Senator, the number of states who were the pilot for this, they attempted to do survey information by surveying parents. They did not get 100 percent return on those, some--I don't have the exact numbers--some were in the 30/40 percent return. [LB524]

SENATOR BAKER: That would be more typical. [LB524]

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BRIAN HALSTEAD: So again, you...anytime you take away the direct connect, you have that issue. At the same time if, in fact, the child is already eligible, why are we making the parents fill out a form? Why are we employing staff to collect a form when we know it? And that's part of the whole idea behind Community Eligibility, is to eliminate the administrative burden for the program while providing the funding to make sure the children get the food...breakfast and the lunch program in that regard. So it's the ongoing part because that survey was also...is also to help provide some data for future years, because right now you may have individual student data, because all of the parents filled out the form or they were directly certified. Three years from now, if you stop doing that, is that cohort still even in your district or in your schools? How do I determine the new cohort of kids who came in in kindergarten, first, second, whatever if we're a Community Eligible school so we're not required nor having to get individual information? But at the same time, we need to nab enough information for which all these other laws apply for determining your Title I funding and all the other programs that have some funding tied to...it is...you know, largely, if you look back in history, LB1059 that created TEEOSA was silent on poverty. Those pieces got added over the years. And as we got more comfortable with...it was free lunch, then it's free and reduced-price lunch and milk and all--I don't quite know all the "distinguishings" (inaudible)--we've gotten used to using a proxy that we're somewhat comfortable with. And now, with this new program, the U.S. Department of Ag...we're disconnecting ourselves directly from that proxy and we're trying to decide, what's the best way in which we can still collect good enough information to make informed decisions about funding, where the money needs to go, or who should get the money, and also at the same...holding schools accountable for how well children who may be poor are doing, because if we're not having that...it's the ongoing quandary of the administrative burden. We want to reduce that, but at what point do we lose other things? And I think that's...you know, it's part of the things we're trying to work through. Like I said, if it were that simple, this thing wouldn't be this large, and there wouldn't be that many rows with that many reports of what may be impacted. Some of these may be easy to work out as we walk through it. We're very happy that OPS and Santee are doing it right now, because we'll learn by them doing it. They have picked school buildings that have direct cert. rates that are high so that there's not, at the moment, a lot vulnerable with it, because what we're directly certifying them and what Community Eligibility are largely aligned, so there shouldn't be any major shift in Title I funding or any of the other poverty, TEEOSA, or whatever in that regard. But as you move further and further away from that, what is your data source for identifying the poverty? The U.S. Department of Education, when they worked with states to pilot this, they picked some states...Nebraska is one of ten states that gets to use an alternate formula for determining poverty for Title I purposes because we have such a low population in the state. The U.S. Census data that the U.S. Department of Ed utilizes...not quite as good as the data we've got here, so they allow us to make some alterations. We have a formula we run. They didn't pick any state who was doing the alternative approach for the Title I to pilot this. So they're trying to think through how alternative states like Nebraska might be impacted on that. So, again, it's a great idea to reduce administrative burden. It's just

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the, well, if we're still going to require I identify every child and how their reading, math, science, and writing scores are by, is the child poverty, whoops, we disconnected our proxy we're using for that. And that's the quandary I think many schools and us are trying to work through. So I think this bill is attempting to make the first start at that and, just like TEEOSA, didn't have it in originally and they expanded over a period of years, this will probably take a number of years before we can figure out how best to do all of it, so. [LB524]

SENATOR KOLOWSKI: And here we are 25 years later from that start. Senator Schnoor, please. [LB524]

SENATOR SCHNOOR: Brian, I know you don't have this in front of you, but I just want to read this and then it will lead me to my question. On the third page, it says: Community Eligibility Provisions means the alternative to household applications for free and reduced-price meals in high-poverty schools...and it goes on about different acts. Okay, is there a...I guess, do you hit a certain level of poverty in a school where it...where this can be used? [LB524]

BRIAN HALSTEAD: If I remember correctly, the Community Eligibility Provisions...I think you have to have, at a minimum, 40 percent poverty to even begin with. When they did the piloting of it, I think they found that if you were a school at 65 percent poverty or whatever, this kind of tilted the cost/benefit so that it was more beneficial. So that's about the best I can do at the moment in that regard. When you look at our school districts, we do have some school districts that have high poverty. Santee would be an obvious one. OPS has high poverty numbers in that regard. [LB524]

SENATOR SCHNOOR: But in this case, we're talking...you know, you always...it always comes to mind, you talking free and reduced lunches. But free and reduced lunches or meals and high poverty, that's two separate issues, is it not? [LB524]

BRIAN HALSTEAD: I think it is, Senator, but I'm not the expert. I can get one of our child nutrition people to answer that for you... [LB524]

SENATOR SCHNOOR: No, that's... [LB524]

BRIAN HALSTEAD: ...because there are qualifying requirements under the food program that they have their own definitions for that don't necessarily match up with the education pieces either. [LB524]

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SENATOR SCHNOOR: I mean, we automatically look at free and reduced lunches because that's a number that...it's...every superintendent can give you right off the top...usually right off the top of their head. [LB524]

BRIAN HALSTEAD: It's the proxy we've been using for over 20 years basically, so we've gotten used to just using it, yes. [LB524]

SENATOR SCHNOOR: Yeah. Okay. All right. Thank you. [LB524]

BRIAN HALSTEAD: Sure. [LB524]

SENATOR KOLOWSKI: Senator Groene, please. [LB524]

SENATOR GROENE: Philosophical question: What if a parent believes philosophically that they're not going to take a free lunch no matter what their income is. How do they pay, because I know some folks that way? [LB524]

BRIAN HALSTEAD: I assume, if the parent wants to pay for the child's lunch or breakfast program, they can pay the school district the cost for that program. Most...you buy...you prepay, so you...and more of it's... [LB524]

SENATOR GROENE: Well, it says here we're going to have schools with 100 percent free lunches...(inaudible). [LB524]

BRIAN HALSTEAD: Under Community Eligible...if a school is Community Eligible, all the children will be treated as that, and they'll be...the school will be reimbursed under the provisions of the program, yes. [LB524]

SENATOR GROENE: So there won't be any... [LB524]

BRIAN HALSTEAD: Does that mean a parent can't pay for their child's lunch? Sure. They can go ahead and pay if they want to. So in the sense of, are they...are there some parents right now whose children would qualify for free lunch or free breakfast who pay? Yes. [LB524]

SENATOR GROENE: Yeah, there's a lot of them. [LB524]

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BRIAN HALSTEAD: They believe it's important from their own perspectives. And they can pay. This doesn't stop them from paying. What it does is it frees up the school districts from having to have the parent complete the form in order to qualify to get the reimbursement for the funding from this. But parents can always pay. [LB524]

SENATOR GROENE: But I guess I'm confused, because there won't be a punch card anymore, because everybody just walks in and eats. [LB524]

BRIAN HALSTEAD: Well, I...you know, I think you probably want to talk with your school officials, because they may want...they may be using that for other purposes to account for the food and all of that, who actually is eating today and what's being consumed, because it's a little more sophisticated than when I was in second grade and I had a punch card and somebody punched it in that regard. There was a little more sophistication to the... [LB524]

SENATOR GROENE: But what I'm saying is, they keep track of who pays and who doesn't, the card, so why would they even have a pay program if everybody can...free? How would they put a price on it? They're going to...the school district is then going to double-dip and get the government payment plus the parents? [LB524]

BRIAN HALSTEAD: I can't answer that. [LB524]

SENATOR GROENE: Well, that's my point. I'm just... [LB524]

BRIAN HALSTEAD: I don't run the food program in the sense of...I would imagine, though, if I wanted to pay, the school district is not going to say, sorry, we're not going to take your money. I suspect...the money you get for this may not cover all the costs of the program. It is a rate the federal government has determined you will get. As to whether that matches all your costs for the food service program, I'm not going to speak to that. I don't run a food service program. [LB524]

SENATOR GROENE: I just...one of them deals. [LB524]

SENATOR KOLOWSKI: Senator Baker, please. [LB524]

SENATOR BAKER: Thank you. This brings up other thoughts too. And Senator Kolowski would know this and those of you who had children in school recently. There is a tremendous usage of students buying additional a la carte items. And so all that has to be figured into the mix

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somehow too. Are they still going to pay for those overages? Or how are you going to handle all that? So. [LB524]

BRIAN HALSTEAD: Like I said, it's not like in my days in the 1960... [LB524]

SENATOR BAKER: Exactly. [LB524]

BRIAN HALSTEAD: ...where it was just a punch card and you got through it. This is a more sophisticated operation these days. And if you haven't been to your school and asked to go through the lunch or breakfast program...the other thing, keep in mind, I believe for Community Eligibility, you are required to do breakfast and lunch. It's no longer voluntary. And we do have a number of our schools who don't do the breakfast program. We've been trying to promote that and everything. Some of that is an ongoing perception in our communities and in our state about that. But if you do Community Eligibility, you are required to serve breakfast and the lunch. So in that regard, that...if you're a school district that isn't doing the breakfast program but you're Community Eligible, then you're going to have to start with delivering the breakfast program also. And that's not an onerous thing, but it is a...Community Eligibility just isn't the lunch program. It is both breakfast and lunch. [LB524]

SENATOR GROENE: So we're going...excuse me, I'm sorry. [LB524]

SENATOR KOLOWSKI: Former Superintendent Baker and I were thinking we lost an FTE. We could save one by not having a lunch lady making change, all those kind of things, in our past, I know. Senator Groene, please. [LB524]

SENATOR GROENE: Thank you, Senator Kolowski. Does that mean they've got to go 12 months? They've got to serve breakfast and off...on the summer too? Or is that a...is that all tied together, because one of our...several of our schools in North Platte do all summer too. [LB524]

BRIAN HALSTEAD: You're not required to, but you can offer a food program throughout the summer and many do in that regard because, unfortunately, in some of our communities, there is no food for the children during June and July and this is a community service. There are other entities that do the summer food program who aren't school districts. Health departments and other agencies do that for which there is some funding for that. Keep in mind the Food and Nutrition program also works in day care centers and all of that, the private schools, so it's not just public schools that this is addressed to. It's a bigger audience. And our child and nutrition staff work with lots of providers. They're not just the school districts. In a lot of the private

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schools, there's a lot of day care. There's a lot of other groups that participate, provide the food, and get some reimbursement from us. [LB524]

SENATOR KOLOWSKI: Mr. Halstead, I appreciated your comment earlier that this is a process in being and it's going to take a while to get it all resolved and set up and I appreciate the work you do and that the department is doing on this and we look forward to hearing more in the future. Thank you. [LB524]

BRIAN HALSTEAD: Sure. [LB524]

SENATOR KOLOWSKI: Any other questions, please? Yes, Senator. [LB524]

SENATOR COOK: I'll extend an open invitation to the school building in my district that's going to try it out. And we can just all see how it works, maybe, one day since I...you know, it's good to have direct experience if that's something that the committee is interested in, because my school building, Minne Lusa, is more than 100 percent reimbursable for this, so. [LB524]

SENATOR KOLOWSKI: Thank you. [LB524]

SENATOR COOK: You're very welcome. [LB524]

SENATOR KOLOWSKI: Any other neutral presenters, please? Seeing none, Senator Sullivan, please. [LB524]

SENATOR SULLIVAN: Thank you, Senator. And I appreciated all who testified. And as I did indicate initially, it's a simple program in theory from the federal government, but as you heard from Mr. Halstead, it is very complicated to roll out. And the learning curve is somewhat steep, and that's why we've seen limited usage thus far. And NDE, I'm glad, is continuing to study it. And I'm quite sure that this will not be the last time it will come before you or someone will with tweaks to this program. But for now, at least, I think LB524 allows us to start using this program but in such a way that it doesn't negatively impact the programs that we do have and result in miscalculation of the programs and the support of them that uses free and reduced-price data for our students. So thank you. [LB524]

SENATOR KOLOWSKI: Thank you. Thank you for bringing this forward. Any questions for Senator Sullivan? Thank you very much. [LB524]

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SENATOR SULLIVAN: All right, thank you. [LB524]

SENATOR KOLOWSKI: I'll shift back to our Chair. [LB524]

SENATOR SULLIVAN: This concludes our hearings for today. Thank you all for attending.
[LB524]