

Transcript Prepared by Clerk of the Legislature Transcribers Office
Education Committee March 19, 2019

GROENE: [RECORDER MALFUNCTION] public hearing. My name is Mike Groene from Legislative District 42. I serve as Chair of this committee. The committee will take up the bills in the posted agenda. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please turn off your cell phones and other electronic devices, move to the chairs at the front of the room when you are ready to testify. The order of testimony is introducer, proponent, opponent, neutral and closing remarks. If you will be testifying, please complete the green testifier sheet and hand to the committee page when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute. If you're not going to publicly testify or need to leave early, you may turn in written testimony with a completed green testifier sheet. We need 12 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you now. When you begin to testify, please state and spell your name for the record. Please be concise. It is my request that your testimony limit to five minutes. We'll be using the light system. Green for four minutes, yellow for one, and then wrap up your comments. If you'd like your support or opposition to be known but do not wish to testify, please sign the white form at the back of the room and check pro or con for the official record. If you wanted to have any information for any bill hearing, you have to have it in a letter stating your position into my office by 5:00 preceding day, yesterday. The committee members with us today will introduce themselves beginning at the far right.

MURMAN: Hello. I'm Senator Dave Murman from Glenvil: Clay, Webster, Nuckolls, Franklin, Kearney, Phelps, and southwestern Buffalo County.

GROENE: Senator Morfeld, Linehan, and Walz, Pansing Brooks--

BREWER: Walz is right there.

GROENE: --will be joining us shortly.

BREWER: Senator Tom Brewer, 43rd District, 13 counties of western Nebraska.

KOLOWSKI: Rick Kolowski, District 31 in southwest Omaha.

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WALZ: Lynne Walz, District 15, Dodge County.

GROENE: To my immediate left is research analysis Nicole Barrett. To my right at the end of the table is committee clerk Trevor Reilly. The pages would you stand up? And Erika Llano, a sophomore at the University Nebraska-Lincoln studying political science and sociology; and Maddie Brown, a junior at the University of Nebraska-Lincoln studying political science. Those are the young individuals who can give your handouts to, or your green sheets. Please remember that senators may be-- come and go during our hearing as they may have bills to introduce in other committees. But we, you will see senators using their phones texting or researching or their laptops. We are trying to make sure that we research information so we ask you accurate questions. We're not playing games, as I've said. And that starts the committee and we'll start with LB679 from Senator DeBoer.

DeBOER: I like that there's light here so I can see what I'm reading. Good afternoon, members of the Education Committee and Chairman, Chair Groene. My name is Wendy DeBoer, that's W-e-n-d-y D-e--B-o-e-r, and I am the senator representing District 10 in northwest Omaha, Bennington, and the surrounding areas. Today I am introducing LB679, which would create the School Finance Review Commission. There is an old thought experiment in philosophy about Theseus' boat. Theseus was one of those old Greek heroes and he had some big naval victory I've forgotten about. But the thought experiment goes like this: Theseus' boat is put into a museum so everyone can see the marvels of his workmanship and be in the presence of the boat that won the battle. Over time, a plank rots and must be replaced. Soon another and then another and then another. At what point do these new planks being designed for a museum, rather than for military purposes, mean that the boat wouldn't actually float anymore if taken out of the museum, which means that the original purpose of the boat is completely lost? And at what point does the boat cease being Theseus' boat, because so much of it has been replaced? Our school funding formula, TEEOSA, is Theseus' boat. We have replaced, tweaked, changed, capped, and added so much that perhaps it no longer performs its original function to fund education in Nebraska through a tax equity structure. TEEOSA was passed in the wake of a property tax situation similar to the one that we now find ourselves in. And it was passed to help fix that situation. Having just spent the better part of two years talking to constituents in my district, I can tell you that I have heard over and over again two things. One, that public education is very important to them; and two, that property taxes are too high. In the past, folks

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assumed that the property tax issue was one that was divided between urban and rural communities. But if it was once true, I don't believe it is anymore. My district includes some very fairly urban portions of Omaha. Also the small town of Bennington and some agricultural areas. And while I haven't performed a statistically significant analysis of these findings, I can tell you there doesn't seem to be a very big difference between the rural areas and the urban areas of my district about property taxes. Everyone is concerned. We once again need a Tax Equity and Educational Opportunities Support Act. Now, I recognize that the word study and possibly the word commission makes this committee break out in hives. And I understand why. It's what I call the Hamlet syndrome. The Prince of Denmark, if you recall the play, spends most of the play thinking about what to do. Planning, agonizing, but not doing until he's waited too long to tragic effect. This is not what I am proposing with this bill or with this commission. We must act now for property tax relief as a Legislature, I recognize that. But I've looked at the property tax proposals, not exhaustively, so please don't quiz me on the details of all of them. But to me, none of them so far look to solve our Theseus' boat problem. TEEOSA needs to be comprehensively rewritten. Our approach must be two-pronged. We need to do something now and something long-term, thus this commission to help us make those long-term decisions. A commission has time to focus on school finance alone to bring stakeholders of all types to the table. Colleagues, I think it is important to recognize that we haven't just tinkered with TEEOSA for fun. Times change, have changed. TEEOSA was an '80s baby, we are in a different situation. I've been teaching students for a lot of years now. It's college, true, but I've been in the classroom observing my students and I can tell you there is a shift in how students learn, how their attention spans work. They have become far more savvy in some areas and fallen behind in others. I don't like this change but it doesn't mean I can ignore it. Wishing things were like they were when I started teaching doesn't, unfortunately, make it that way. And technology has changed. In the late 1980s, when TEEOSA was being crafted, there was no such thing as teleeducation. But today I wonder whether there might be an opportunity for restoring some of the economies of scale of some of our rural school districts by banding them together across distance or partner, partnering them with a school district in urban areas. Could a McCook student sit in on a Latin class in OPS somewhere? Could equalized districts provide educational services to nonequalized districts? I mean, there are limitations to distance learning. That's true. You never want to teach swimming that way. But the opportunities exist as well. Finance

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opportunities: we ought to know more about that and include it in our finance structures. This commission doesn't need to be limited by the finance tools of the past. I'm not proposing just rearranging the elements of TEEOSA and coming out with "SEEOTA", right? I'm saying let's task this commission with starting from the ground up, reinventing the wheel, building the boat from scratch. Let's develop a new, long-term strategy for education finance in Nebraska recognizing the exigencies of the 21st century. The demographic changes, the technological changes, and our financial reality, not the finances we aspire to. In previous versions of this bill, the committee has shared concerns with other introducers, which I would like to address a few of up-front. There have been questions about term limits. It's precisely because we do not have 20 and 30-year tenures in the Legislature that we need this sort of commission. Recognizing the lack of institutional memory and potentially lessened policy specialization and expertise, we need it to develop external advisory mechanisms for long-term development and maintenance of vital policy. Thus, if you look at the bill, the commission doesn't disappear after it's given its report. It continues to monitor the funding strategy developed and provides suggestions if it is no longer functioning well. At least if we replace a plank on Theseus' boat, having Theseus himself replace it, it makes it a little more authentic. There have been questions in this, in the past from this committee about the relationship between school finance and educational outcomes. That is a valid and important question. We know that going from zero to \$100 in spending on an individual student would represent a significant increase in outcomes. But we also know going from \$100,000 to \$100,100 would not have such a significant impact on student outcomes. But where did the diminishing marginal returns begin? At what point do we begin, become less efficient with our dollars? That isn't a question, so far as I am aware, that we have a lot of data on. It depends upon a lot of different things, I would suppose. It would be nice to have some data on the question. It would be great to have more than an hour's conversation by stakeholders on that precise question. A commission would allow us to have those conversations in depth. I understand that by handing over a question to a commission, to any other body. We lose a little bit of control, which is always scary and unpredictable. But that is why the commission only makes recommendations. The Legislature must do the hard work, ultimately, of making the policy. A commission helps us with expertise, focus, and data to help us decide. I have some amendments to the original bill which I think have been passed out to you. I'll just draw your attention quickly to a few points. One, I've gotten rid of the

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\$150,000 allocated to the commission. They will no longer have the resources to hire outsized-- outside staff or consultants. This important piece-- for me, the important piece of the commission is the conversation of stakeholders. One of the members of the commission would be from higher education with experience in school finance and the commission could rely upon their expertise in the area. But also, this is a recognition that we don't necessarily need fancy consultants. I think we have a lot of knowledge we need within the stakeholders themselves. I'm open to changing the exact membership of the-- outlined in the bill, which is why the amendment has membership that looks a little different than the first introduced copy. First and foremost, the Legislature-- legislators on the commission would be non-voting members, which takes away the concern about the separation of powers. I've spoken briefly to the Speaker's office about that and more extensively to others. It was actually the first change I made to the bill. Senator Linehan, I want to thank for being generous enough with her time to give me some tips and help me start changing the membership of the commission to make it more balanced. So thank you for that. And I've reflected the suggestions that she made in my amendment as best I could. I will work with anyone on this committee to make the membership more balanced. I don't necessarily have the kind of expertise in these conversations that some of you had and I would welcome the recommendations. I am intending for this commission to be a truly balanced body. This group is meant to study, yes, and to negotiate, to be creative in their proposed solutions, but not to favor one side or the other. That's not why I'm introducing this. I'm happy to recognize-- or to make changes to its membership to recognize that. I know that school finance is divisive. It's a painful historied issue. I know there's a lack of trust between some groups, a lack of hope that we can come to a reasonable decision together. But we're all in the same boat. Maybe we don't recognize it yet, but we are. Today, if you think about it, we're on mandatory half water here in Lincoln because of flooding in Ashland. We cannot afford to be urban and rural. We are Nebraska and we need to craft policy recognizing that, recognizing our diversity without trying to smooth it all out into a one-size-fits all solution which won't work for anyone. But recognizing that despite differences, we're in this together. The commission is uniquely tailored to assisting three issues in our education finance discussions. One, it brings stakeholders together regardless of their difficulties to work to a common solution. Two, it is a body focused on one issue: education finance. Instead of having to address a million different policy issues at once they can focus on this one issue, which is something that we as a Legislature simply

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don't have the time or the luxury of doing. And it finally provides for institutional memory and monitor, monitoring. I imagine that if it does the job well, a future Legislature might decide to continue it after the sunset dates in this bill. The commission provides for some consistency in advising and monitoring education finance as a service to this ever-changing body. Thank you for your patience today. I know I talked longer than I normally do. I ask you to give this one more chance. Our kids, our taxpayers deserve our best efforts here. Deserve careful, focused consideration. Therefore, I ask you to advance this bill to the whole body, and I would be happy to answer any questions you might have.

GROENE: Any questions? Senator Murman.

MURMAN: Well, thanks a lot, Senator, for bringing this forward. I do agree totally that the TEEOSA formula needs a lot of work. When some schools in the state receive 100 percent of the basic funding of their students from, from the state and others less than 1 percent funding for student basic education comes from the state, there's something wrong. But my question is, with the amendment, is there-- how does that affect the fiscal note?

DeBOER: So. I don't have all the information. But since it, the fiscal note was \$150,000 and I said I took out the portion that gave them \$150,000, I imagine it would be minimal to nothing.

MURMAN: Thanks.

DeBOER: Yeah.

GROENE: Any other questions? Senator Kolowski.

KOLOWSKI: Thank you, Mr. Chairman. What would-- Senator, thank you for this. And what would be the timelines that you're looking at that this would be enacted and when they would finish their work?

DeBOER: Yeah, I believe that, well, I should have had that right-- ready. So on or before-- OK, so the on or before July 1 of every, each even-number year beginning in 2020. So prep-- they prepare a preliminary result report to the leg council in November 2020. And then information should be presented to the Governor, the State Board of Education, and electronically by December 2020. So that looks like the date. And then it would continue in existence until 2028. That's the current sunset.

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KOLOWSKI: So we have about a year and a half right now, or two years almost?

DeBOER: That's correct.

KOLOWSKI: Thank you very much for that.

DeBOER: Yep.

GROENE: Any other questions? Thank you, Senator DeBoer.

DeBOER: Thank you.

GROENE: You gonna stay, wait around to close?

DeBOER: Yes.

GROENE: Proponents.

KYLE McGOWAN: Good afternoon, Chairman Groene and members of the Education Committee. My name is Kyle McGowan, K-y-l-e M-c-G-o-w-a-n. Today I'm representing the Nebraska Council of School Administrators, the Nebraska Rural Community Schools Association, the Greater Nebraska Schools Association, the Nebraska-- Nebraska Association of School Boards, and the Nebraska State Education Association, as well as Schools Taking Action for Nebraska Children. So a pretty good chunk of the education community. We all support Senator DeBoer's bill to create a School Finance Review Commission. A state contribution of over a billion dollars necessitates a thorough and regular review to assure efficiency and equity. The 20-member commission has representation from a wide range of stakeholders. The commission also has a clear mission with specific reporting guidelines and timelines. And we thank Senator DeBoer for establishing a system to try to come up with an objective and important process. It's a complex issue and I couldn't agree more with her in terms of how we continue to tweak, and maybe we just need to start from scratch. That's my testimony.

GROENE: Any questions? Thank you. Oh, I'm sorry. Senator Kolowski.

KOLOWSKI: Thank you, Mr. Chairman. Thank you very much for your testimony. And also, do you see any difficulty in securing the number of people that we need for this commission across from the, the entire state?

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KYLE McGOWAN: No, I think there won't be a difficulty in securing the representation. We all know what it's like when a committee gets too large. And to really try to focus on the interests of the whole versus the many individual interests, you know? I, I'm really happy that the groups that I mentioned here might fall in the category of: Be careful what you wish for. Because, you know, not everybody will end up with maybe necessarily what they like. But if it's for the good of all Nebraska then I think we, we all need to keep that in mind and accept the commission's decisions.

KOLOWSKI: Thank you, Dr. McGowan.

GROENE: Senator Walz.

WALZ: Thank you, Senator Groene. In your opinion, and this is a very broad question and I understand, but in your opinion, what do you think is the major dysfunction, I guess, of the TEEOSA plan?

KYLE McGOWAN: Nebraska's so diverse and in terms of where families live and their resources. So I think it's incredibly difficult to take into account what some communities can afford and can't afford. And that's why I think the state is so important to fill in those gaps because fairness doesn't always mean equality or everything being equal. Does that make sense? Anybody that, I mean, I've got a daughter and two boys. The boys didn't need to spend much money on prom but the daughter did, you know? So we tried to be fair to both in terms of how we approached, you know you, as we brought them up. And there are communities that have very differing needs but, you know, the good life belongs to all of Nebraska.

WALZ: And maybe you can give us a little background. I believe, though, when TEEOSA was created, it was created with the intention of it being funded at 20 percent. Is that correct?

KYLE McGOWAN: You know, you're-- I would not be a good one to speak on the specifics. I-- our executive director at NCSA actually wrote his thesis on TEEOSA and would have a much better history of it than me.

WALZ: All right. Thank you.

KYLE McGOWAN: Sorry.

WALZ: That's OK.

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GROENE: Thank you. Any other questions? Thank you, Kyle. Any other proponents?

DAVE WELSCH: Good afternoon, Senators. My name is Dave Welsch, D-a-v-e W-e-l-s-c-h. I am here to testify in support of LB679. I began farming while still attending UNL and graduated with an ag education degree in 1980. I currently serve as president of the Milford Public Schools Board of Education. I have served on the board for 20 years. Since the beginning of TEEOSA in 1990, Milford has been an equalized district. Equalization aid has helped to bring closer together the tax levy across the three school districts in Seward County. In 2011, Milford state aid totaled \$2.5 million; and seven years later in 2018, it totaled \$900,000, a loss of \$1.6 million. In 2011, Milford's general fund property taxes were \$3.2 million; and in 2018, property taxes totaled \$5 million, an increase in property taxes of \$1.8 million. Allowing for a small amount of inflation over those seven years, you can see that \$1.6 million of decreased state aid, sales, and income taxes has shifted to an increase in local property taxes. In all rural equalized school districts across the state a similar tax shift and tax increase has also occurred. The reason for this dramatic tax shift onto ag land property taxes was due to ag land doubling in value from 2010 to 2015. This unprecedented and unanticipated increase in ag land property values could not be compensated for within the current TEEOSA formula. Therefore, my property taxes doubled from \$11,000 to \$22,000 in just five years. Ag land needs adjusted to 40 percent within the TEEOSA this year to compensate for this increase in ag land valuations and bring equalization aid back to rural equalized districts. Increased revenue is needed to fund this change. The needs side of TEEOSA formula seems to do a good job of calculating in the many factors that affect the cost of educating a student, but the resources side is in major need of adjustment. Even after adjusting the ag valuation in TEEOSA there is still too much reliance on property taxes to fund education in our state. A study is needed to determine how other states have moved away from an overreliance on property taxes to other sources of revenue to fund education. I believe LB679 puts the right group of diverse interests at the table to create a solution to our current overlap-- overreliance on property taxes to fund education. Thank you for your time, and I'd be willing to answer any questions.

GROENE: I-- you hit on something there. You think the needs side is pretty well adequate. I do too. I think they, our predecessors here have done a good job indicating different needs. Because we got one

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formula that has a school district with 60 students, Loup County, and then we have one, OPS, that has 52,000-plus and we have one formula to do, cover them all.

DAVE WELSCH: Right, it's a challenge. That's for sure.

GROENE: So actually when you look at the size of the TEEOSA formula it's less than the Congressional Record for one day by far. But you just, there's gonna be a lot of people on this commission think we need more needs, and that's going to be the focus. And the other side, there's going to be you sitting there saying we just need to fix the property tax problem. Therein lies the problem with a commission and varying viewpoints of 20-some, a bunch of people getting in a room who start off at the elementary level on a very complicated issue. So I've sat on one of those commissions so. You know, my question to you is, do you think you can put some diverse people in a room, most of them have very little history on a very, very complicated problem and come up with an answer?

DAVE WELSCH: I understand your concerns, and it certainly would be a challenge. The, the one, the one thing that's taken place in the last couple of years that I would say would most closely mirror this type of commission would have been the group called Nebraskans United that came together to try to create a solution for property taxes, as well as how to fund education. I think most of us involved in agriculture like yourself and Senator Murman and others realize that trying to get Farm Bureau and Farmers Union in the same room together to talk about one topic is rather "monumentous" there, I believe. To try to get the Teachers Union and the School Boards Union and the groups and the administrators and school board groups together, again, that that hasn't happened. You know, not except in just the last few years. And I think they came up, they came up with the bill with Senator Briese, as most of you are well aware. And it's not a perfect bill, but I think it took a lot of steps in the right direction. And I think a commission such as this, if you put the right people at the table, that have the ability to have an open mind as to what needs to be done, you all realize we're, we're at a critical point right now in Nebraska. We either fix this, we either take some significant steps this year to correct our property tax situation or we're going to end up with a ballot issue. That's the last thing that this state needs. And I'm not saying that the people of the state are not intelligent enough to vote on this issue, but when you vote on an issue that only addresses one side of the equation, that is not the place to fix

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property taxes in Nebraska. That's why we elected 49 senators to come to this Capitol Building and fix the property tax problem in our state. And I think we've got the right people sitting in the chairs up there this year to do that. And I think we have some good people on the Revenue Committee to put their heads together on a compromise bill to bring to all 49 senators. I think this committee has some very good people as well to hopefully work with the Revenue Committee to help guide and direct that compromise bill. And as I mentioned, I think a land valuation needs to be corrected. That's, that's the group that got hit the hardest, were rural equalized districts. And obviously that's one that I come from, and that's why I'm down here at Capitol quite a bit trying to address that issue. I think that's the first step that needs to be corrected. But then we're just back to 2010 where we've had an overreliance on property taxes and that, that broad issue needs to be addressed as well.

GROENE: Senator Brewer.

BREWER: Thank you, Mr. Chairman. I have had the opportunity to hear you before, and you are the voice of too many in the district. I mean, what you're saying is what I'm hearing out on the road too. And I agree, I think we probably do have the right chemistry, the right passion right now to fix it. Figuring out what right looks like is going to be the challenge at hand. I have not been able to watch, simply because I've been in other countries when a lot of these things have been going on. Has there been past studies of TEEOSA or attempts to tweak and modify it that have actually done what it was intended to do? That would be my question.

DAVE WELSCH: And maybe Senator Groene or some others could help me out here. Was it in--

GROENE: Two years ago.

DAVE WELSCH: Two years ago there was a study done. Was it the Tax Modernization Review Committee, or was that previous to that, I believe? I mean there's been some different studies along the way.

BREWER: Can I yield to you to answer that?

GROENE: Ask him a question. Six years ago they had the Tax Modernization Commission, Revenue and Education together. My first two years here, Senator Sullivan threw together another study. The problem

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is, the question I'll ask you, do you seed and harvest at the same time?

DAVE WELSCH: No.

GROENE: When you put somebody in the room who wants to seed, that's how we pay for it and create it; and somebody wants to harvest the results in the same room, you never come to an answer. And that's when you put the needs people in the same room with the people who, how are going to pay for it? You never get anything done unless you spend more money and raise taxes. So everybody is happy. We don't have more money. We have to shift or raise more money but keep the spending at a certain level. So I think what, you got to solve the problem, you've got to separate the problems. If you're gonna worry about needs, you study needs. If you're going to worry about how we pay for needs, you study how we pay for it. And that's what you're testifying on, is how we pay for it. And I think that effort is being undertaken. Don't know if we need outside commission giving us advice.

DAVE WELSCH: I think your analogy, I would, I don't know if I would fully disagree with it, I understand what you're saying. But I believe all of you, as elected officials; myself as an, as an elected school board members, we're sowing and reaping at the same time at every one of our meetings. I mean, we have to figure out how to fund different projects, in my case our school district. But yet, we also have to figure out how to spend that money in a fiscally responsible way. And so I, I believe a lot of us in this room and, and outside of this room have come up against that challenge many times over. And I think this commission could appoint the proper people to be able to do that.

GROENE: Thank you. Any other questions? Thank you, sir.

DAVE WELSCH: Thank you.

ANN HUNTER-PIRTLE: Good afternoon, Chairman Groene, members of the committee. My name is Ann Hunter-Pirtle, A-n-n H-u-n-t-e-r-P-i-r-t-l-e, I'm the executive director of Stand for Schools. I want to thank Senator DeBoer for introducing the bill. We're here today to support LB679 because it calls for the first step in resolving the ongoing debate about school funding in Nebraska, and that's bringing all stakeholders to the table and comprehensively examining what has worked for other states and what options Nebraska should consider. TEEOSA has only been fully funded in three out of the past 16 years according to the original 1990 law, so it has rarely

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been as effective as intended. And as Mr. Welsch pointed out, the formula was not designed to take large swings in land valuation into account. With changing state demographics, it's past time to review the funding formula and address our state's historical overreliance on local property taxes. Since the passage of the current state funding formula Nebraska has consistently ranked 48th or 49th nationally for the percentage of K-12 funding provided by the state. It's critically important that policymakers have the information they need to make sure that Nebraska has a sustainable education finance system that promotes equity and quality from Omaha to North Platte to Scottsbluff and everywhere in between. LB679 would create a School Financing Review Commission to study current and alternative funding methods. We believe this is an essential first step to not only reduce property taxes but to ensure our strong public schools are meeting all children where they are. For these reasons, we support the bill and urge you to advance it to General File. Thank you.

GROENE: Thank you. Any questions? Senator Linehan.

LINEHAN: Thank you for being here. Did you ever get a chance to look at the study by UNL on where they had us placed? They said we were 12th from the bottom, not that this is a big deal. But there was a hearing a while back, a couple weeks ago.

ANN HUNTER-PIRTLE: Yeah, yeah.

LINEHAN: Did you have a chance to look at that?

ANN HUNTER-PIRTLE: I have not reviewed it yet. I'd be happy to discuss it with you soon.

LINEHAN: OK. All right, I was just wondering. Thank you.

GROENE: Any other questions? Thank you.

ANN HUNTER-PIRTLE: Thank you.

RENEE FRY: Good afternoon Chairman Groene, members of the Education Committee. Wanted to say Revenue there for a minute. My name is Renee Fry. I'm the executive director of OpenSky Policy Institute, and we're here in support of LB679. We strongly believe that the path to meaningful and sustainable property tax reform will come through a thorough and comprehensive review of the way we fund public education in our state. We believe that the issues to be evaluated are very complex and are difficult to address in the context of this or any

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legislative session. There will be no silver bullet to updating our school finance system and any real change will require significant expertise brought to bear through an open and transparent process. We believe the Department of Education, if given sufficient resources to do this work, could provide a process, such a process. This school funding review could, would serve as similar progressed to the School Finance Review Commission created in the late 1980s to examine the state's school funding system and our reliance on property taxes to fund K-12 education. Our education system, our economy, and our state have all changed significantly in the past 30 years since the original School Finance Review Commission came together to reform school funding in Nebraska. One thing that has not changed, however, is our state's relatively low commitment of funding for the education of our students. At the time of the commission's recommendations Nebraska ranked 49th nationally for the percentage of K-12 education funded by the state, funded by state sources in 1990. Nebraska was ranked 48th in 2016, according to the U.S. Census Bureau. Our state's education system is most reliant on local sources the revenue to fund K-12 education, as you see in the chart that I've handed out. And it's our belief that to meaningfully address our heavy reliance on property taxes we need to evaluate the definition of local resources and the role of state aid within the education funding formula. Nebraskans deeply value our public education system, and we know that a strong K-12 education system expands economic opportunities for all and is foundational to the strength of our economy today and into the future. So we support LB679 because we believe it's time for an opportunity to reevaluate our state's system of school finance in a comprehensive way. I do want to address a couple of the questions that came up. Senator Walz, you asked about 20 percent. That's the allocated income tax, I think, is what you're referring to. So that was intended to be a 20 percent of income taxes from a school district going back to that school district that is now capped at just over 2 percent. So I think that's what you were referring to.

WALZ: Yeah, thank you.

RENEE FRY: Senator Groene, in terms of bringing different people together, I think to have a conversation about what those principles are, I don't think that you necessarily need experts around the table rather than an expert who's facilitating that process and can provide the data necessary for folks to make decisions. But I think if you can get folks of different backgrounds and different perspectives to agree to principles that's the best way, I think, that we can move forward.

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The Tax Modernization Review Committee was mentioned earlier. I would just remind the committee, for those of you who haven't seen that report, the number one fix for to address property taxes recommended by the Tax Modernization Committee was to increase state funding for K-12 education. And that was their number one recommendation. And there have been some efforts that have come together. Senator Sullivan did pull some folks together. I'm not sure it was to the level of a study. She did have some folks come in and do presentations and that sort of thing. But it wasn't a formalized process where there were stakeholders that were actually at the table making decisions like the School Finance Review Commission of the late '80s. So, so there have been lots of discussions around, around school finance, but not-- but we haven't seen a comprehensive study since the one that was done in the late '80s. I think, Senator Brewer, you asked about that. So just with my last minute, Senator Linehan, if I had had one more second I would have been able to look it up. We did look at that UNL study in there. I will send you an email. But there was a reason that number was different, I just can't remember off the top of my head. With that, I'd be happy to answer questions.

GROENE: Senator Pansing Brooks.

PANSING BROOKS: Thank you. Thank you for coming, Ms. Fry. I was here for Senator Sullivan's study and you are correct, it was not a study with stakeholders. It was mostly our Education Committee which, while we do have a degree of knowledge about this, we are not all experts. And that was one of the things I was criticizing as a member of that committee because I did not feel sufficiently prepared to dive down and be able to make a comprehensive change in the TEEOSA plan with, with the knowledge that I was bringing to the table. So I would agree that there has not been a comprehensive effort. And I know that Senator Groene has done a lot of work in that area because he does have some expertise in that. And but I do not believe that we have had a comprehensive study where stakeholders and experts are involved truly trying to dig down and make changes to this. So I appreciate your coming in support of this plan of Senator DeBoer's. Thank you.

GROENE: Senator Linehan.

LINEHAN: Thank you, Chairman Groene. So on your pie chart.

RENEE FRY: Yep.

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LINEHAN: I think I just want to make sure I'm right. So on the Nebraska side, the 23.6 is just TEEOSA and then the other state sources is property tax credit and the, oh, I'm forgetting what we call it-- the apportionment funding?

RENEE FRY: I will have to check on that. I do not know for sure. I do not think that the property-- I'm not sure if the property tax credit is actually-- I don't know. I'll have to check.

LINEHAN: I think it is.

RENEE FRY: I'll have to check and get back to you.

LINEHAN: Because that, I don't think you could get to 9.6 percent of other state sources unless you did that because apportionment-- there's a lot of money but it's not that much. So that would, because then-- so I assume it's the same on the other side, on the state's average. That would--

RENEE FRY: Yeah, I can get back to you this afternoon.

LINEHAN: It's just it would be clearer, I think, for people to understand.

RENEE FRY: Sure.

LINEHAN: Then I just want to ask and it, just so we get this on the record, because there's much confusion about the 20 percent income taxes going to schools and going back to specific schools. We're well over 20 percent in what we spend of our income tax that we-- our budget, through our revenues. More than 20 percent of our revenues from income taxes go, go to pay for school aid.

RENEE FRY: I don't know what that number would be. We would have to-- we can calculate that.

LINEHAN: School aid is the largest, and if you read the ag study-- and we all know this-- if you, school aid is the largest single item in our budget now currently.

RENEE FRY: Yes.

LINEHAN: So it's well over 20 percent, I don't have the numbers right in front of me.

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RENEE FRY: Well, it would be a mix of sales tax and income tax. And that's what we would need to-- we can calculate that pretty quickly, I just don't know.

LINEHAN: But it's just not going back to the schools the way the formula--

RENEE FRY: Right, just the allocated--

LINEHAN: --originally, and there's problems with that, right?

RENEE FRY: Yes.

LINEHAN: Do you know, because when all that money-- most of the income tax, if you sent it back to the school that generated the income tax, wouldn't that be as uneven as a property taxes? I mean, if you sent back 20 percent of the-- I'll just, I'll use Elkhorn. If you sent back 20 percent of Elkhorn, of the income taxes generated in Elkhorn, wouldn't that be a pretty big boost to Elkhorn.

RENEE FRY: But it would come out, it would count as a resource, so they actually wouldn't get any more dollars because they're equalized. I'm positive about that.

LINEHAN: On Elkhorn specifically?

RENEE FRY: Any school that-- I assume Elkhorn is equalized.

LINEHAN: Not as much as you would think.

RENEE FRY: But if it's equalized, unless the 20 percent kicks in--

LINEHAN: OK, let's use another one, Westside. Westside.

RENEE FRY: Well, Westside is not equalized, so it would be new dollars for Westside.

LINEHAN: So and it would be significant numbers, I'm assuming. I know Westside very well.

RENEE FRY: Probably.

LINEHAN: So I just think the whole saying that we can send back the income taxes to each school-- it wouldn't be equal.

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RENEE FRY: No, I didn't say that it would. But I was clarifying Senator Walz's question about allocated income tax and the 20 percent going back. So I was clarifying for her that that was intended in the initial TEEOSA formula.

LINEHAN: But one of the reasons that they did away with it was because it wasn't, it didn't--

RENEE FRY: They capped it because it was costing. So what was happening at the time that it was initially capped, it was growing faster than equalization aid was. And so that was why it was capped. I think the concern, the concern was more about spending than it was on the distribution.

LINEHAN: Well, it would-- if you just did it now, the distribution would, I mean, that's what I think everybody needs to understand. The distribution would be very unequal across the state.

RENEE FRY: It would go predominantly-- it would, the money would go to wealthier districts that are not equalized.

LINEHAN: Thank you.

GROENE: Senator Kolowski, quick question.

KOLOWSKI: Yes, sir. Thank you. Ms. Fry, react to this statement, would you please? It seems as if we have a lot of people that work in the state in the educational areas, public schools, that have the knowledge, background, and the heart to work on this program, this bill, and to find a solution to this if we stay away from a lot of pitfalls along the way. We can, we would get the answer to this. Would you respond to that?

RENEE FRY: Yeah, I think there are a lot of people with expertise and passion and dedication. I think in the education community you have people like Mr. Welsch has been spending a lot of time with the Legislature this year. You have definitely an interest, I think, among school board members who have seen drastic changes to their funding and their state funding. I think there are a lot of people that are committed to seeing some resolve of this issue. It's just very complicated, and I think I'm increasingly concerned about whether we can, whether we can actually have a property tax bill. I think the revenue side is going to actually be easier than the distribution side. And I worry to some extent that the distribution side, if not

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done right and without a lot of input on a lot of transparency, could actually could actually hurt and derail the good work on the revenue side. On the, on the identifying revenue. And so I'm increasingly becoming of the conclusion that perhaps the approach laid out in LB314, that actually puts money into our property tax credit program and that requires a study, much like LB679, and doing it more in two parts is the only way we're going to be able to do it in a way that that gets to 33 and doesn't have an unintended consequences.

KOLOWSKI: Thank you.

GROENE: Senator Brewer.

BREWER: Thank you, Mr. Chairman. I like how you think. I mean, you're, you're looking at both ends of this. Do you know historically, I mean, we talked about the last two years, but if we go back all the way to the '80s, has there been a point that we've done essentially what LB679 is, is proposing that we do? Because, you know, without the historical knowledge of those of us at the table because of term limits, it's kind of hard to know where we've been with past attempts to fix it.

RENEE FRY: So I think something that was really important that came out of the initial School Finance Review Commission from 1988 was a School Finance Review Committee. And so for many years following the School Finance Review Commission we had a School Finance Review Committee. And that committee continued to meet, meet and monitor TEEOSA, make adjustments as needed. And unfortunately it was gotten rid of, it was during a recession. We got rid of it for financial reasons. And I think, had that School Finance Review Committee been in place when ag land values had started to increase so significantly, there would have been a mechanism in place to hit the pause button and try to address what was happening in real time. And I think that is an important consideration for what we do moving forward so that you do have a group of experts who, who are not term-limited, right? And can continue to be advisors and identify issues as they are arising and respond quickly rather than now trying to fix it as it's in the rear view mirror. Not, well, not anymore. I mean, this is going to continue to be a problem, particularly now, it's going to be more challenging with the flooding and everything else. So that, just something for you to keep in mind. We had that in place for a long time and, unfortunately, that went away probably at the time we needed it the most.

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BREWER: Thank you.

GROENE: Dave. Senator Murman.

MURMAN: Thanks a lot for coming in. I really appreciate the research that OpenSky does. You come up with some very useful information, and really appreciate that. But I'd like your opinion on this. We've been at a crisis situation in agriculture for at least four or five years because of prop-- mainly because of property taxes in this state. And in the urban districts, I think, we are approaching a crisis situation. All it would take would be a turn down, a little bit of a turn down in the economy and the urban districts would be in a very similar situation that we've been in agriculture now for four or five years. I don't think we have time to have another study on the situation. I mean, a study would be fine, but we need to do something this year because we're way past a crisis situation so.

RENEE FRY: Right. Which is why I think the combination of LB314's approach. I know that that's not actually going to be the vehicle or necessarily all the revenue components. But Senator Briese's bill, fundamentally what it did, was designed to do was to put money-- to identify revenue to raise immediately, put it into the property tax credit program, and then do a study for how that is distributed. So really set up that two-part process so that it recognized how complicated the distribution piece of it is. And it gave time and a process for doing that, much like it would in LB679 but, but actually raise the revenue and put it into the property tax credit program for the immediacy. So that it was going back out to people immediately and not waiting for the study. And so I think the more that we look at it, the more conversations I have with legislators, I think the more convinced I am that that two-part process is the only way that we're actually going to be able to get to 33 and do something on property taxes immediately.

MURMAN: Sure, we need to get to 33. But I just wanted to emphasize that we are in a crisis situation and we need to do something immediately. Thanks a lot.

GROENE: You pointed out, which I know the history, we've had these commissions. We've had joint hearings. And you said what the answer always is. It's always the same: We rely too much on property taxes. So we have another one and they come back and they say, we relied too much on property taxes. We know that. That's what Senator Linehan and a group of senators are trying to do is have the courage to change

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that. Another commission won't do that. They won't have the power to do it. We know the answer. We know the answer is at the end of the day we rely too much on property taxes. So why have another commission to tell us the same thing we already know?

RENEE FRY: So I think that the way that I think Senator DeBoer and Senator Briese envision-- I don't want to speak for them-- but the way I think about it, it's not to say what the problem is. We absolutely know what the problem is. But it's figuring out how we address that problem. I mean, I know, Senator Groene, you have spent countless hours on different machinations. We have as well. Connie has spent countless hours trying to move this piece and move that piece. And I just think to get that part of it right, I think, would benefit from having more, you know, having a robust conversation around the table to make sure that we're doing that piece of it right. I think absolutely everyone agrees, including people, including all of the education folks would agree that we are too reliant on property taxes. That is not in question here. But how do we do the distribution in a way that that works for all involved? That's my concern, that that piece of it--

GROENE: But you have people sitting at the table who think wealth is property, is disposable income. And it is not. I have heard a lot of PhDs, school finance officers from larger districts say, well, you've got all that tax base. But we don't have the wealth in rural Nebraska, disposable wealth. Urban areas have disposable wealth but we don't tax that, as Senator Linehan keeps talking about, and we won't be able to tax that. You know, CDs, stocks and bonds. But the question is, I don't think-- then there's you have a group of people who say, well, we're not spending enough money. And I disagree, we're in the top 15 per spending per student statewide. The taxpayers in Nebraska do not have to apologize to anybody about support for public education. I keep hearing we're number 48, that's the state aid. But overall, we adequately fund our schools. Now, do some school districts get the right proportion of what they should per spending because of the economy's size? That's a question. But you can't fix all those questions with one formula for 60 students to 52,000. We have the answer. Do we need a commission who you get people on there saying no in order to come to a compromise. Quite frankly, Senator Briese's bill came out, we're going to spend more for education. We're going to have \$200, \$300 million more for education to get those votes. And then we're gonna give \$600 million for property tax relief. We don't have that money. We can't tax Nebraskans that much to please everybody, to

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please the spenders along with-- and I'm lecturing you, but I've been down that road so many times. We need to fix the property tax problem.

RENEE FRY: I think, If I, if I could. One thing I think that the School Finance Review Commission in the late '80s did was to really facilitate the listening and the conversation, right? Because I, I hear what you're saying and I do see often that someone in an urban district is saying, well, you know, your levy is 60 cents. Right? And then the rural district they're saying, well, you know, you're at, you know, you get up so much state aid. And yet in both situations-- so for an urban district you've got Westside; you've got, you've got Millard, who are have voter-approved levy overrides, right? And so they're saying, yeah, we're, we have the ability to get those additional dollars but we're still struggling. OPS, right? So I think it's an opportunity for people to come together and to have a conversation and maybe, hopefully, understand each other's perspective a little bit more because I think that's what tends to be missing by the time something gets to the floor.

GROENE: Thank you. Senator Linehan.

LINEHAN: I don't know how I didn't actually think about this before, but thank you for bringing it up. So Nebraskans United, they knew how to-- they were going to use the Property Tax Credit Fund. You all couldn't come to an agreement with the means for over two years on how to, how to fund the schools differently.

RENEE FRY: So we thought that having it facilitated, and quite honestly, I think had we, had we known that this was going to still be a conversation might have tried to do that. But the group was very focused on revenue and putting that money into a study. And so there was not a serious look at trying to get all of the pieces. That didn't happen.

LINEHAN: So you just looked at one side of the equation.

RENEE FRY: Yeah.

LINEHAN: OK, thank you.

GROENE: Any other questions?

KOLOWSKI: I have one. More of, I think it's a statement, but it's, I think it rings true. Renee, your, your history in what you're doing with your organization and the longitudinal aspect of what you've been

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able to collect goes farther than all of us with term limits. And if we don't bring enough of you and yours to the table, we're going to be missing some of that because we have limited understanding and knowledge of the history and the practical side of this whole thing. And I hope we consider that in our deliberations as we move on. End of speech.

GROENE: You were doing. Thank you.

RENEE FRY: Thank you.

GROENE: Next proponent.

JOHN HANSEN: Mr. Chairman, members of the Education Committee, for the record my name is John Hansen, J-o-h-n H-a-n-s-e-n. This is my maiden voyage to the Education Committee this year. I always try to make at least one. And so it has been my pleasure and my opportunity for personal growth to sort of help ramrod the Nebraskans United for Property Tax Reform and Education Coalition the last year. And so we're made up of the small schools, the medium schools, the large schools, the teachers, the school administrators, the school boards, and pretty much all of the "aggies" with the exception of the Nebraska Cattlemen. So it's a pretty broad, broad-based coalition. So we have kind of been doing a lot of intensive study and review of the issues that have been raised by a bunch of my previous members who are members that are testified previously. I hope they're not previous members of the coalition. And so as we've talked about all these things, the one thing, you know, there's some issues from which there just is too much diversity of perspective that you're not going to come to agreement on out of that whole thing. But the one thing that we did have agreement on was the need to do the much more thorough and exhaustive review, a top to bottom review of the TEEOSA formula itself that has not happened since 1990. I was here in 1990, helped with LB1059. And so we had the School Finance Review Committee that helped oversee and make adjustments to the TEEOSA formula as we went along. And then we put the TEEOSA formula on autopilot. And if you've been following the fate of the, the 937s and how autopilot has been working for them, sometimes autopilot works and sometimes it doesn't. And so there are some things that have happened in our economy and shifts and changes in demographics that, that have not been adjusted. And so we've done a lot of minor studies but part of the, part of the advantage of this study is to take a good comprehensive look by a whole wide range of stakeholders. And part of that is to gather the perspective. But a lot of it is also to get the buy in then for as we

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go down the road. We're at a place where we got 71 percent of the schools in the state do not get any income or sales taxes from the state of Nebraska, with the exception of the 5 percent carve-out. So for 95 percent of the cost of those schools, they're not getting income and sales taxes. So it's all property. So that's an inequity. We have the fastest-gaining schools, the large schools, who are struggling, given the size of their district and the size of their students. So their levy limits are very high and they're still getting the bulk of the state aid because they have the bulk of the kids, but based on the way the formula works. So they need that money. And yet, they, they don't have that bigger valuation base per kid. And so we've got some inequities. And going all the way back to the beginning, we were still discussing when we did LB1059, the wisdom of whether or not it was really a good idea to take all intangibles out of the system. Because intangibles, as hard as they are to measure and to capture and to get reported, they still represent a lot of wealth and a lot of earned income. And so the real inequities that I think Dave Welsch did a nice job, but when, when ag land values skyrocketed there was nobody to adjust. There was no mechanism in the TEEOSA formula that really accommodated for that and we were off to the races. And so here we are, and now we have probably about 10 percent of the farmers in the state are not going to get their ag loans renewed. We are leading the nation in the amount of property taxes that ag pays. And that there is a, there is a time and a place where you have to stop and say we need a top to bottom review. And on this issue we agree that we need one and encouraged the, the committee to give it favorable treatment. And thank you for your time and attention. I'd be glad to answer any questions if I could.

GROENE: I knew Senator Linehan would. Go ahead, Senator Linehan.

JOHN HANSEN: I assume it's just a carryover from Revenue we've been having.

GROENE: It was something that you said.

LINEHAN: Well, because you said that-- I can't remember exactly. You said that we have 71 percent of schools not getting any money from the state.

JOHN HANSEN: They're not getting money from the TEEOSA formula.

LINEHAN: OK, that's a big difference. Because we keep, I mean, part of that confusion with this is people don't understand what's going on.

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They don't understand the formula, they don't understand the property tax credit, they don't even know there is such a thing as apportionment. So at least us that work on it every day should kind of agree that we have \$224 million in the Property Tax Credit Fund and 60 to 65 percent of that goes back to schools because their property owners don't pay it and then the state makes them whole. So there's, there's no school-- and I'm not-- I'm all in on fixing the property tax problem. But I just want us to be, you know, if we just talk about TEEOSA, it's not the whole picture. Thank you. I'm sorry, that was not a question. Would you agree with that? That's a question.

JOHN HANSEN: Only maybe kind of, sort of. But that--

LINEHAN: But you like the Property Tax Credit.

JOHN HANSEN: It, it is because it actually results in lower property taxes.

LINEHAN: Right. And the Nebraskans United were going to put another \$400, \$500 million in the Property Tax Credit.

JOHN HANSEN: Oh, let's see. We were going to put in only \$468.33 million.

LINEHAN: And leave the \$224 in that's already in there.

JOHN HANSEN: Yep.

LINEHAN: But and then kind of big picture you agreed, your group, which is very diverse-- and, you know, we got the Farm Bureau and the Farmers Union in the room at the same time. That's big. But even that group couldn't figure out, they said it because I've been around government a long time, when you can't fix a problem you set up a study committee. So your group can figure out how to rework the aid going to schools or you had too many different diverging opinions to come up with a solution to that.

JOHN HANSEN: And I'm, of course I'm in dangerous territory when I'm, I'm, I'm representing all that many different partners with all those different perspectives.

LINEHAN: A very hard job.

JOHN HANSEN: But of course that's sort of why they like me, Senator Brewer, to play point is because I'm expendable. Is that I think that

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the consensus is that, as you are looking at this, is that before we do a whole redistribution side of the equation that we really do need to get a better handle on the formula itself and see whether it's working. So the Property Tax Credit Fund was viewed as sort of a temporary way to at least get property tax relief on a more immediate basis to all property taxpayers: Residential, commercial, and ag. But that I think everyone agreed that we really do need to go back and take a look at the TEEOSA formula and say does it-- is it working as it was intended? If you go back and read the, the goals, the objectives of LB1059, which I suspect you have, and you look at where we're at now, that is enough to convince me, and I think all of the other folks that represented education and ag at our table, that we just weren't hitting that many marks that were a lot of things that were not getting done that we started out to do. And so we also have a very honest discussion about is the-- how do you evaluate the effectiveness of a formula when the formula itself has not been fully funded based on what the formula itself called for? So when we run short of money, we readjust the formula based on the amount of money that we have. And so that's, you know, we can argue whether that's the case or not but a lot of folks feel like we've only fully funded TEEOSA based on what it called for about three times over the last 16 years. So when you, when you're not fully funding it then is it the formula is not fully funded or is it the formula itself flawed and in need of an update? But, and Senator Groene touched on it earlier but, you know, the we, we, we never envisioned in 1990 that we would have ag land valuations that we have now. And, and so while those valuations have really changed the formula, and based on the local effort rate and all of those things kind of together, there was just no adjustment to it. There was no, OK, well here we have this new big phenomenon that's that changes the whole distribution formula. What are we doing to kind of, you know, buffer some of that? And the answer is because we didn't have the school finance review or any other entity really to do that it just went on its, its merry way. And so that's how you get this far out of bounds.

LINEHAN: OK, thank you. I appreciate it. Yep.

JOHN HANSEN: If that makes sense.

LINEHAN: Thank you very much for being here.

JOHN HANSEN: Yep, thank you.

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GROENE: Any other questions? Thank you, John.

JOHN HANSEN: Thank you very much.

GROENE: Any other proponents? Opponents? Neutral? As far as letters, proponent, we got one from president of the Nebraska State Education Association. Opponents, none. Neutral, none. Close, Senator DeBoer?

DeBOER: Thank you. Just want to touch on a few points that came up in the discussion. Senator Brewer, you brought up history. In the 1980s there was an Education Finance Review Commission. In fact, LB679 is modeled after that particular commission and uses some of the same language that the original bill had. So I was very much thinking about that when I crafted this legislation. It's part of the reason that I brought this bill. Because back in the 1980s they went through a situation where property taxes had gotten out of hand, the equities had gotten out of hand. They tried a study, it didn't work. They tried arguing on the floor, it didn't work. They tried a dozen different things and it didn't work. What worked, what finally worked was the commission. Now, it didn't work smoothly. There were arguments, it didn't go great at first. But the history of the situation was that that commission helped shepherd what we now have as TEEOSA. So I get that we are frustrated here. And I'm new, I'm a freshman, so I haven't been along for all of it. So I can still be chipper at these things and have new fresh blood. But I get the frustration, I understand that. And historically that has been the case before. These things are not easy to do. But when they tried other means, those failed, and only the commission worked. We need more information than just: We rely too much on property taxes. I think there's probably seven-year-olds who know that at this point because they've heard it around the dinner table. We need solutions, suggestions, data. We need new ideas. I want to address questions of committees in general. I do not think that the folks who are appointed this, to this committee would necessarily be starting at zero knowledge. And there are still three folks on the commission who would be from the Legislature to help provide leadership; to provide, you know, the sort of talking through and facilitating function, although they would be nonvoting. When we think about a 20-person committee and we're saying, oh, well, they might have trouble getting along, they might have different ideas, there are 49 of us and we all have different ideas. And we have to come together to think about not just one issue but a million different issues. Not a million, I'm exaggerating. But in one day alone we can have six or eight different issues, and we're not all

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experts on them. In fact, some of these issues we don't have a lot of purchase on at all. And we're asked to deal with them very, very quickly. So the question of whether or not folks can come together and, from a variety of different perspectives, perhaps no more different than the variety of perspectives that are represented on the floor every day, be tasked with one question-- how do we do this-- I believe it can happen. Won't be easy, but I believe it can happen. Senator Groene's discussion of sowing and reaping together. I might slightly disagree with the analysis of the, of the analogy. I think in some situations you do have to assess your inputs and your outputs at the same time because they have to be intention. If we just had the people who were dealing with the revenue side of things, they would necessarily say, let's have as little revenue as possible, right? If that's the only question is how much money are we gonna tax people; if the only question you ask me is how much money we're going to tax people, I'm going to keep it as small as possible. If the only question is, how much are we going to spend, spend on education? The sky's the limit. They have to be together because if they're separated, if you're asking one question without the other one, you don't have all the pieces. You have to weigh them, and that is the job which is so difficult, is figuring out how to sew them together. To weigh the cost and the benefit. So I think that those two things need to be assessed at the same time. And finally, Senator Murman, I agree with you. We are in a situation where we have to deal now with the property tax issue. I've heard that, not just from my own constituents but from those of you I have become friends with from the more rural parts. I mean, Tom Brandt sits next to me in Judiciary. And 10 years ago, if you told me that a pig farmer from Plymouth, Nebraska was going to become one of my very good friends, I probably would have been surprised. But I'm learning from you all, and that's what we're supposed to do. And what I learn is that this is a crisis and we have to deal with it now. And I know that. But we also need a two-prong attack. We need to deal with it now, we need to buy ourselves the time to do what we need to, to figure this out for the long run. It's a crisis, I recognize it. This is not the only solution, LB679 is not the only part of the solution, but it is a fundamental part of the solution. Thank you. And I'd ask for your vote.

GROENE: Questions? Go ahead, Senator Brewer.

BREWER: Thank you, Mr. Chairman. Well, first off, thanks for bringing LB679 because when you take on controversial issues that come with a lot of layers it's not easy, and everybody wants to throw stones at

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you. But if nobody took on the hard stuff, we would continue to be in the tailspin we're in now. So, you know, as a freshman to dive into this pit of vipers and try and figure it out, hats off to you. In your opening you mentioned a Greek hero. Do you remember him?

DeBOER: Theseus.

BREWER: How much do you know about him?

DeBOER: Not very.

BREWER: All right. Well, since you made the comment that you wanted to learn.

DeBOER: Yes.

BREWER: He wasn't just a Greek hero but he fought in battle with Hercules.

DeBOER: OK.

BREWER: Their most famous battle was against the Amazons. And in the battle, he fell in love with the queen the Amazons.

DeBOER: OK.

BREWER: And Antiope, the Queen. He so was mesmerized with her that he had his men kidnap her. But it was love at first sight. And they married. And he, she fought beside him against the Amazons. And in one of those battles, an Amazon arrow hit her in the chest and killed her and she died in his arms. And for the rest of his life he never again could have feelings for another-- they said another person because all of his love died with her. Anyway, there's some information for you.

DeBOER: And he built a boat.

BREWER: Well, a boat that fell apart, actually.

DeBOER: Yeah.

GROENE: I got a question.

DeBOER: Yeah.

GROENE: You're saying diagnostic, diagnosis of what's going on. The problem with that great review commission you're trying to copy, they

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didn't-- the boards didn't rot, they were missing in the boat. It wasn't a very good bill. And that's all those changes were made to TEEOSA over time was to fix it. If you look at the history, property taxes went down for about three years after 1990 and then they just started going back up again. So to think they've created this beautiful thing, there was major changes, equalization was added later. It was a threat of a lawsuit that they did this, not because they were fixing property taxes. And that was part of it. But really it didn't do a lot. We have a good foundation. I came into this position not liking TEEOSA, but then I started realizing when you got 60 over here with Loup County and you got 52,000 over here with OPS, it's not a bad start. Especially on the need side of it. How we fund it, we have a real bad problem. But that just takes courage. So when we bring the bill, you're one of the 33 votes we need. So thank you.

DeBOER: Thank you.

GROENE: That's it. Any other questions? That ends it, did I say that already? I didn't read these, did I? All right, next bill is LB647. Senator Wayne.

WAYNE: All ready? Good afternoon, Chairman Groene and the Education Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent the "Mighty 13th" with is north Omaha and northeast Douglas County. Today, this bill is-- most people will call it in other states a cleanup bill. But and what it really is, is a catchup bill, and it's trying to catch up TEEOSA to some of the technology advances that we have currently going on within our state. I think it's important-- I brought this bill back in 2017 but I want to give a little history for some of the people who weren't on this committee how this bill came about, because it actually started in 2010. 2010 I was going door to door, met a lot of individuals in my district who homeschooled their kid. And what we got on the board, myself and Ms. Fey, Marian Fey, and a couple other people, we learned about a lot of homeschool kids who had to send their kids to Metro to take some advanced classes. So there was a conversation started around there. For those who know, I was a part of the learning community, I served with Senator Kolowski, and I was vice chair. And that was one of the issues we were having in the learning community is how do we, if they can't physically go to a different school because of capacity, what technology advances do ESUs and other things can we do to help bring this out? So this was a continuing conversation from 2010 to when I was on the school board. 2012, an interesting thing happened. Went to Chicago for, at the time,

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the railroad I was working for and toured a place called Malcolm X Community College. That was the first time I've ever seen a blending or a blended environment. And in this case, this school focused on at-risk, and it was based in the community college and it was at-risk, dropout. Those who had already dropped out for different variety of reasons, they were bringing them back into the fold by not having them go to school five days a week but maybe one or two days a week in this on-line learning. I was fortunate after 2010 to get on a school board in 2012. In 2013, this body shrunk the school board and everybody reran. Well, the next superintendent we hired, Mr. Evans, who testified 2017, had vast experience in on-line learning down in Kansas. We are only one of six states, according to the research that I continue to see, that don't allow some type of on-lining within the school district and some kind of reimbursement of that on-lining. Mr. Evans was instrumental in coming up with an idea to push this to the forefront, this on-line learning blended environment. At the school board discussion it was pretty complicated. Where do we start? Do we start with at-risk youth? Well, what we have in currently in OPS-- I don't know currently, I'm not on the board but now-- but what we had at the time was a blended environment at many of our alternative education systems, where they use-- we call it a credit recovery-- and those kind of things that Millard and other things do. But that's truly based on some type of blended learning environment. But we went a step further and we wanted to start our own virtual school. The argument on the school board was where to start. Some of us wanted to start at the high school, some of us wanted to start at the elementary, some of us wanted to start a complete school from K-12. We ended up settling on K-6, and we started with elementary schools because we wanted to watch it grow and grow naturally from those students. But one of the gaps we found when we started this is that there's really not a way in TEEOSA to reimburse them as a full-time student or a part-time student. And this bill, LB647 is correcting that language. And that's why I said it's not a really a cleanup bill, it's more of a catchup bill. And what this bill does is, this bill ensures that a virtual school program offered by the school district for credit-- are for credit and use primarily Internet-based methods of delivery and instruction. The virtual school involves blending learning opportunities with a mixture of face-to-face and Internet usage to make sure its kids still have an interactive environment with ND, NDE-certified teacher and be able to use on-line programming. Virtual schools must demonstrate, virtual schools must demonstrate subject matter competency, progress towards the next grade level or a high school graduation-- I mean, virtual students-- and complete state

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assessments. And why this is important for our kids going forward, forward is most of the classes that you will take in college now are on-line so why not give those students now the opportunity to grow in that on-line environment and get them comfortable with many of the classes that they will take? Whether it's trades, whether it's going to a four-year university, many of those classes are still blended or at least somewhat on-line in some capacity. The other thing we found out when starting the school is we're talking about 1 or 2 percent of our population in Omaha. And it ranges from a vast variety, and that's what's so amazing about how the school operates and how the people who want to join the school operate. You have those who are, we can call them the very well to do in. Who maybe they're in private dance lessons, maybe they're an Olympic trainer and they need to do schooling. We don't really have that offer here. But we also have the other side of the equation where they are sometimes-- not in this, our school, but the possibility where it's done across the country if we get the funding, I think it will go there-- where they are single mothers or people who may have had a run in with the criminal system who still can't go every single day, primarily because maybe they're hopping around foster care to foster care. But it's a way to stabilize them. That's the endless possibility if we can correct this funding mechanism to make sure that schools are getting the funding that's needed for the services they provided. And with that, I'll answer any questions.

GROENE: Questions? Senator Linehan.

LINEHAN: Thank you, Chairman Groene. How do you get a fiscal note, how do you say you want more funding for these kids in the fiscal note says-- doesn't have any money on it?

WAYNE: Well, it's because it's proportionate from the current TEEOSA. So you're not adding to TEEOSA, it's proportionate. So it's just--

LINEHAN: So it takes it from other schools?

WAYNE: Maybe. We can always add money. I'm, you know, I'm not opposed to that.

LINEHAN: Thank you for confirming that.

GROENE: Senator Brewer.

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BREWER: Thank you, Mr. Chairman. Senator Wayne, how are you at history?

WAYNE: Pretty good. Depends on where we're going with this conversation.

BREWER: That was a test question. Help me to understand that, the virtual school concept. Obviously if you get west of here that's not something we see much of. How does it work and what does it look like?

WAYNE: Well, that's just it. The example I used two years ago when I was reading the--when Senator Erdman asked a very similar question. I'm not comparing you to Senator Erdman, but that was the question brought up by the committee. Well, Scottsbluff or Valentine, they can create their own virtual school too. And that actually could help their families make sure that they can-- because particularly when you look at the school districts where you're at where some counties are in some school districts and some counties have different school districts even though they should be maybe the same-- we can talk about that a different day. But this would allow those students to share, the schools to share those students through a blended environment. So maybe they go in like right now in Omaha Public Schools, they go in for one day. Or when I was on the board they did, I think it is still the same. They go in for one day or a half a day, for the rest of the time it's a learning environment. Sometimes they go in more than that. It depends on how that school district wants to structure that program. So it actually is beneficial for those who have to travel very far because their school districts can, can adapt better to the situation, particularly out in your district, Senator. So instead of going to school every day and taking a two-hour bus ride, they can go to school every other day or two times a day and do the rest of their learning on-line.

BREWER: But we, we base funding on enrollment but we would treat them the same as a full-time student if they're a part-time student with this virtual school?

WAYNE: It would depend on if they're going to school virtually over half or not. But yes, we're trying to compensation for something like that. And there's more experts back here who helped write the bill know TEEOSA a little bit better than me, even though I know it pretty well. But yeah, what the point of this is if they're going to school half-time or more they should be treated as a full-time student. And

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they're going half-time or less they would still be treated as some type of funding mechanism, a half student.

BREWER: So the key component of that is, is they're going to have to have a computer that is capable of operating with current technology and they're gonna have to have bandwidth of some type or the ability to, to have communications from that communic-- computer?

WAYNE: Yes. And throughout different states schools who are operating in this 1 or 2 percent-- and again, I'm saying that number because typically that's the number we see who enroll in these to fill that niche. The schools often provide those, that at least the hardware for a laptop. The bandwidth, particularly in your district, Senator, I can't fix that. We do have some bills to address that, more than happy to support.

BREWER: All we need is money.

WAYNE: And you are working on that from my understanding.

GROENE: Senator Pansing Brooks.

PANSING BROOKS: Thank you. Thank you for bringing this, Senator Wayne. So I'm interested. OK, so I know that like the University of Nebraska provides some on-line classes for kids that might because of scheduling issues maybe-- actually, our son took a French class on-line because it con-- it was required to graduate and he couldn't get it because he was also on some other classes that had some requirements. So for some reason it didn't work. So how, how does that work? It says virtual schools, anything that's operated by a school district. So I don't think that the University of Nebraska is operated by a school district.

WAYNE: Actually that is one of the glaring gaps in our current virtual system. Is that my understanding, the university, you have to pay for it. You don't have to pay for it if you enroll in a school. This will be a public school that you're enrolled in, it will be treated just as if you're attending a school within that district.

PANSING BROOKS: OK. So on line 20-- so you, what is it that you-- what would happen in the University of Nebraska case?

WAYNE: No. But if-- my goal would be that let's take Lincoln or Omaha, if they wanted to opt in there. But Lincoln, that you could take that class in a blended environment and you wouldn't have to pay to have

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that class at UNL or the on-line university. So right now my understanding, and I could be wrong, but I don't think so when I checked into this before, is that for the university on-line high school system you have to pay.

PANSING BROOKS: I think we did. I can't remember.

WAYNE: And that's the issue. We're trying to provide that same flexibility within the school district to be able to do that.

PANSING BROOKS: OK, so that's what I was wondering is like who will pay? So what, what, what district is going to allow students to take on-line courses without some sort of payment for--

WAYNE: Well--

PANSING BROOKS: --if it's different districts?

WAYNE: Well, currently that's what OPS is doing. And that's why we're here to fix this bill. Is that we are offering an on-line school and essentially not being reimbursed completely in TEEOSA like you would for any other student who's enrolled in your school based off the TEEOSA formula. And so we've been doing that now for two to three years and we're saying that our laws need to catch up with that on-line environment.

PANSING BROOKS: So in line 27, would you have any problem with saying "is operated by a public school district"?

WAYNE: I don't know which page you're on, Senator.

PANSING BROOKS: Number six-- page 16, line 27 where it talks-- it defines what a virtual school as it is.

WAYNE: It is often-- OK, I don't know why you would need that because it's operated by a school district. Offers course.

PANSING BROOKS: Because a virtual school could be a private school that has secular testing and things that are not allowed under the constitution.

WAYNE: But do they get reimbursed for TEEOSA formula?

PANSING BROOKS: No.

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WAYNE: So this wouldn't apply to them. This is only dealing with TEEOSA formula, to those schools that get TEEOSA.

PANSING BROOKS: OK. All right, thank you.

GROENE: So do you know how they're treated now? I should know this.

WAYNE: And let me just clarify. I asked that question because maybe something changed that-- I'm not on the school board anymore and maybe they get some reimbursement. So it wasn't a slight, I just didn't, didn't know.

GROENE: Private schools don't get any state funding. Some books that they lend.

WAYNE: I'm not on this committee, so I don't know.

GROENE: But do you know when you did the research, I'm sure you did all the research and wrote this bill.

WAYNE: I did, of course.

GROENE: If a student goes home-- we're talking about homeschooled students here.

WAYNE: That was the primary target for our schools.

GROENE: If they're not in full-time and they're not homeschooled then probably you better call the truancy officer. But anyway, if they're taking a chemistry class and a literature class now, actually coming and sitting in the classroom, is that count in any in the full-time?

WAYNE: It depends on how many hours. And I got to go back and look at the specific statute section. I remember when I was on the board we were arguing over whether somebody who attended like one chemistry class got considered, would be considered enrolled in enough hours to meet the definition in TEEOSA. And I think the answer is no, but I'm not an expert. I got to go back and read that section again.

GROENE: So what you're saying in your bill is, yes, they come and sit physically in the school one day a week or one class a week. And then the rest of that, if it's a three-day class or four-day class virtual, they're at home. And they're home doing it virtually on their computer but they're actually being instructed by an OPS instructor.

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WAYNE: Correct. And typically it's more than one. I mean-- oh, yeah. But yes, so the idea is we have an OPS--

GROENE: Mentally they're physically-- they're present in the OPS but physically they're sitting in their house.

WAYNE: Correct. That's correct.

GROENE: Thank you. Is that correct?

WAYNE: I-- yes. When we started this game, we started as they used to Do Space and they went multiple times per week. Now they're at the Fort Omaha campus using that because of just construction and bond that we were doing, that was the easier place.

GROENE: What I'm trying to get at it is are you trying to-- what we already do if they physically go to a chemistry class, do you want the virtual student to be considered the same way?

WAYNE: No, I'm not, I'm not necessarily suggesting that. I have to go back and look at when you sit in one class versus what we're saying, enrolling in multiple classes in a virtual program. I got to go back and look at what happens for that one high school class if you want to take chemistry. I'm pretty sure somebody here can answer that.

GROENE: Same thing with virtual, they just want the chemistry class or the French.

WAYNE: Maybe.

GROENE: Then they're not full--

WAYNE: And our bill breaks down the difference between 0.5 versus less than 0.5. But I don't know how that interacts with the current one, I got to go back and look.

GROENE: Maybe somebody behind us can clarify how that ties in with the homeschool kid actually taking a class in school. Senator Linehan.

LINEHAN: Thank you, Chairman Groene. Would you be at least willing, Senator Wayne, to have a conversation with maybe some of the schools out west where we could maybe provide some funding? I know we don't have money now, but provide funding for a student to take an advanced chemistry class or math class through the University of Nebraska? Because it does cost. It costs about \$200 a class. So it's not

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exorbitantly expensive. And that might be a little low, but it-- and I suppose there's fees and stuff. But I've thought for a long time, ever since I visited the University of Nebraska high school that kids all over the world use, that it's something we're not tapping into, especially for students who are probably in schools where they might not have advanced placement classes. And so I was just wondering if you'd be willing to work--

WAYNE: I'd be open to anything and everything. I know when we started the on-line school in Omaha we had had a lot of conversations around that trying to use or adapt the university system. And it was just cost-prohibitive at the time.

LINEHAN: OK. Thank you, Senator Wayne.

GROENE: Thank you. Thank you, Senator Wayne. Proponents.

WENDY LOEWENSTEIN: Chairman Groene and members of the Education Committee, my name is Dr. Wendy Loewenstein, spelled W-e-n-d-y L-o-e-w-e-n-s-t-e-i-n. I am the director of Omaha Virtual School, which is a program within Omaha Public Schools. And I do hope to be able to answer some of your questions after my statement. I'm here on behalf of the Omaha Public Schools in support of LB647 which will include virtual school, school students in fall membership and average daily membership. Since virtual schooling is a new concept for education in the state of Nebraska, I'm here to share what we are currently doing at Omaha Virtual School to give you a better idea of what a blended learning environment is about. So we opened our program in the fall of 2016, and we started as a kindergarten through eighth grade program with the intention of adding a grade level every school year in order to graduate our first graduating class, 2020-2021 school year. For our first school year we started with 121 kindergarten through eighth grade students, which was about even, 60 kindergarten through fifth grade and 60 sixth through eighth grade. We had a staff of four Omaha Public Schools Nebraska certified teachers, and we had to actually add one middle school partway through the first semester because our middle school enrollment had jumped to 80 students. So we weren't really anticipating that high of interest in our program. And it was wonderful, and the middle school seems to be the highest, highest of our numbers so far. So this school year, 2018-19 school year, this is our third year, and we started with 203 students from kindergarten through tenth grade. We currently have nine classroom teachers and an instructional facilitator and a part-time secretary to support our growing program. And of course me. We provide laptops to

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our students and access to our on-line curriculum and content. We are a blended virtual program because our learners' educational environments are blended between on-line and a physical classroom with a physical teacher. It is important to note, though, that our program requires more than our school staff to provide a quality learning experience. Our parents play a significant role in a successful learning environment for our learners. We call our parents in our program "learning coaches" as they coach, and depending on the age, facilitate learning in the home. All of our curriculum and content is provided on-line. Kindergarten, actually all the way up to eleventh grade, we do-- students do receive books and other supplemental materials that are delivered to their home. So there are manipulatives and textbooks that are provided to them. And basically based on the grade of the learner, really depends on the involvement of the parent, similar to a traditional environment. So to go a little bit more in-depth with elementary school, kindergarten through fifth grade learning coaches facilitate the on-line curriculum at home at a pace that is set and determined by our teachers. So our K-5 teachers set a pacing guide using the K-12 curriculum to help facilitate an ongoing pace to ensure that learning is occurring every day in the homes. Learning coaches, our parents, submit assessments that have been predetermined by our teachers that are aligned to state standards. This allows us to measure students' growth towards mastery toward standards. Our K-5 learners also participate in two live on-line lessons with their teachers and classmates twice a week while they're at home on their couches, which is pretty amazing. Additionally, we do require attendance at our learning center, which is once a week. During that time at the learning center we engage students in small group instruction that is based on their MAP scores for reading and math, and we complete additional performance-based assessments that can't be completed on-line or at home to ensure that our students are learning. The middle and high school learning coaches' role shifts a bit as the curriculum is facilitated in a manner where it's intended for middle and high school students to access and manipulate the curriculum independently. The learning coaches' role for middle and high school learners is to log into their parent account on-line and track their learner's progress in the course, log the attendance when the student is engaged off of our K-12 curriculum, check students' grades, support their learner with scheduling and time management goal setting, and also holding regular meetings with their learning-- learners to make sure that they are progressing as needed. In the middle and high school environment we really teach self-advocacy and promote for our middle schoolers and high schoolers to email their

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teachers. But that is a skill that is learned and our parents often support us in teaching that skill, so they will email our teachers too. Content--

WALZ: Ma'am, are you almost done?

WENDY LOEWENSTEIN: Yes.

WALZ: OK. The red light is on, so I was just curious.

WENDY LOEWENSTEIN: OK. I didn't even see it. I was on a roll. I only have a half page left.

WALZ: OK.

WENDY LOEWENSTEIN: I can summarize.

WALZ: Can we ask some questions?

WENDY LOEWENSTEIN: Yes. OK, and then-- it yes?

WALZ: Questions from the committee? Senator Kolowski.

KOLOWSKI: Thank you, ma'am. Do you have counseling services with the kids too?

WENDY LOEWENSTEIN: We have a Point 2 counselor that serves our kindergarten through eleventh grade students and he--

KOLOWSKI: About one day a week?

WENDY LOEWENSTEIN: Yeah. He utilizes the district curriculum for counseling with our middle and high school students.

KOLOWSKI: Is he or she on-call for anything during the week?

WENDY LOEWENSTEIN: Absolutely. And we have had to use him in that manner.

WALZ: Senator Linehan.

LINEHAN: Were you about to explain how you do the high school?

WENDY LOEWENSTEIN: I was. I was a former English teacher, so I can write and talk about this for hours. All right. So high school and middle school. The curriculum is facilitated on-line. The teachers

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grade all assignments and assessments. And again, the teachers create a pacing guide for every single course for the whole semester. So think of a college course where you get the whole syllabus and the curriculum at the beginning of the semester. That's what my teachers are expected to do at the beginning of every single semester. So the curriculum and content is laid out for our learners, which really allows them to take control of the time, place, path, or pace with which they learned. And that is actually the definition of blended learning. So it's really exciting when learners, the middle and high school learners, come up to school. We're really able to focus their instruction based on where they are in the curriculum, because if we have the curriculum all laid out for a semester, as one may guess, we've got students that might be in unit two, unit three, we've got kiddos that might be moving ahead. So our teachers' planning is more geared towards small group instruction of where learners are together or if they're all over the place. We really, because we rely on our parents so heavily, we really work to educate our learning coaches or our parents in regards to teaching them skills on how to interpret their learner's MAP score so they can focus on their student's strengths while enhancing and working through their areas of concern. We teach them how to use supplemental resources that they have access to, and then also just how to manipulate an on-line program such as ours.

LINEHAN: So is--

WENDY LOEWENSTEIN: Go ahead.

LINEHAN: So is the curriculum K-12, it's the same curriculum-- use the same curriculum all through the virtual school?

WENDY LOEWENSTEIN: So we use the same curriculum and content provided right now, and all provided through K12.com, which is a kindergarten through 12th grade program.

LINEHAN: So I think this might be a harder question but I'm going, because I'm-- you piqued my interest when you said that you see, you saw a surge-- or at least saw double growth, whatever, in junior high. Is it-- junior high is a hard time for kids, a lot of kids, right? So do you think, is that maybe why there's a surge there? Why do you think you pick up in junior high?

WENDY LOEWENSTEIN: I think the curriculum and content gets harder for homeschool parents, especially, well, and for me as well. Algebra is

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not my strength. And I think as parents we know our strengths and what we are able to provide. And so the middle school is really where I see some of our homeschool families going either to brick and mortar parochial schools or finding a program such as ours.

LINEHAN: Because they've outgrown, they can't help-- they don't feel sufficient in their knowledge? OK. Thank you very much for being here.

WALZ: Thank you. Other questions? Senator Patty Pansing Brooks.

PANSING BROOKS: Thank you. Do you keep data on your achievement scores and testing and all that? Is that part of it?

WENDY LOEWENSTEIN: Absolutely. So our learners take the exact same assessments as Omaha Public School students, so we take the MAP assessment, NWEA MAP assessment, which is it an interim assessment in the fall, winter, and we take it again in the spring. We've experienced growth every single year in all of our grade levels. And we also take the NSCAS assessment.

PANSING BROOKS: Thank you. And also, do you get-- I'm under the understanding that you do get aid. Is it just a matter of when you get that aid from the schools?

WENDY LOEWENSTEIN: So we only get aid for learners that are enrolled full-time or at 51 percent or more. Does that make sense?

PANSING BROOKS: Yeah.

WENDY LOEWENSTEIN: So that limits some enrollment options. So as Senator Groene was asking about taking one chemistry class, our students have to take three or more courses with us to get to 50 or 51 percent to be full-time. Does that make sense? So we can't fully, we, we can't supplement for one or two courses. They have to be more full-time with us.

PANSING BROOKS: So would there be some sort of proportion that you would do--

WENDY LOEWENSTEIN: Percentage.

PANSING BROOKS: A percentage by the number of classes taken? All right, thank you very much.

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WALZ: Other questions? Senator Murman.

MURMAN: Yeah. We hear a lot of how kids are on their electronic devices too much and so forth. Do you see that as a danger with this curriculum?

WENDY LOEWENSTEIN: I think the benefit of our program is it mirrors our current lives and the need for balance. Our families, we, we are a Common Sense certified school, which Common Sense Education is a digital citizenship program that we use. So we teach digital citizen-- that's really hard to say-- digital citizenship to our students and then also to our learning coaches. We do, we did do PE for our middle school students last year. We tried that out, where they came to the site and did PE class and then did some of their PE coursework at home. This year we shifted that up to the high school because our high schoolers need PE credits, and so that, that is by far one of the most favorite classes that our high school students. You know, you take it away when you don't have to do it every day like in traditional. Our kiddos love it when they come in for one day, they do their physical activities and play badminton, basketball, soccer. So we try to also provide some variation in their curriculum. We provide art to our kindergarten through eighth grade students. And I'm hoping to expand that to the high school. And like I said, we have, all of our curriculum comes with texts. So the books are available on-line but then the physical book is also there too, for learners who may need to utilize that. For example, my language arts teacher is teaching text tagging today and showing them how to manipulate the text. So I think that our current learning environment mirrors my work environment as an adult and my own struggle with balance. And it's an amazing skill to teach early on, because it's not going away.

MURMAN: So that was my next question. You do use books also along with the--

WENDY LOEWENSTEIN: I'm a former librarian and English teacher. We have books. We actually have a book fair going on this week in our building.

MURMAN: Thanks.

WALZ: Senator Kolowski.

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KOLOWSKI: Thank you, ma'am. When your kids go on to freshman year of high school are they open for all the schools within the district?

WENDY LOEWENSTEIN: They are-- our students are full-time with me.

KOLOWSKI: Full-time with you?

WENDY LOEWENSTEIN: Yes.

KOLOWSKI: High School as well?

WENDY LOEWENSTEIN: Yes.

KOLOWSKI: So it is a K-12 program in that sense.

WENDY LOEWENSTEIN: Yep.

KOLOWSKI: OK. Are the eligible to, to participate in athletics, activities, and all the rest?

WENDY LOEWENSTEIN: So there are some circumstances where a student-- for example, we have a student in the Omaha North neighborhood, it's their neighborhood school. We currently don't provide art at our high school, so she takes art at Omaha North. So she is able to supplement curriculum that we don't provide at the high school. Now, if you want to participate in an NSAA sanctioned sport, I believe the student has to be enrolled in four blocks. It depends on if it's block schedule or seven period days. But they have to be enrolled in four blocks or four periods at that school. And at that point, they may as well not be in our program. Does that make sense?

KOLOWSKI: Sure. But that wouldn't qualify if they were taking four things with you?

WENDY LOEWENSTEIN: We are a program, not a school.

KOLOWSKI: Elaborate on that, please.

WENDY LOEWENSTEIN: We are a program within Omaha Public Schools. So with the unique nature of our program, not every single student can be successful in our program. So we are a program, not a school.

KOLOWSKI: So can any students that might be taking four classes participate in activities then at one of the high schools, be it athletics or clubs or organizations or anything of that nature?

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WENDY LOEWENSTEIN: You're gonna have to repeat your question. I'm sorry.

KOLOWSKI: OK. If, if any one of your students taking at least four classes--

WENDY LOEWENSTEIN: Yes.

KOLOWSKI: --can they then participate in any of the high schools they might attend, or in their zone?

WENDY LOEWENSTEIN: They would have to participate in their neighborhood school.

KOLOWSKI: Where they attend?

WENDY LOEWENSTEIN: In their neighborhood school area. So if they live within the Omaha North neighborhood then they would participate in that.

KOLOWSKI: OK, not in, not in their four-period class school but in the neighborhood school like North or South or Central or--

WENDY LOEWENSTEIN: They cannot pick any school in our district to, to participate in. Does that makes sense? I think, I hope I'm answering your question correctly.

KOLOWSKI: It is, thank you.

WENDY LOEWENSTEIN: But if it's not NC-- NSAA sanctioned then they-- we had a student work with the robotics club at Omaha North.

KOLOWSKI: Sure. Thank you.

WALZ: Senator Pansing Brooks.

PANSING BROOKS: Thank you. So I guess I'm-- so you're under OPS but you don't get, you don't get any kind of aid unless it's over 51 percent of the courses of, courses of the child?

WENDY LOEWENSTEIN: Right.

PANSING BROOKS: So if you have one child taking one course--

WENDY LOEWENSTEIN: We don't.

PANSING BROOKS: Oh.

WENDY LOEWENSTEIN: I don't allow it.

PANSING BROOKS: So it has to be 51 percent that they're-- so what happens if a child has one course that they have to fulfill? Like in the summer or something like that?

WENDY LOEWENSTEIN: Are you speaking of high school?

PANSING BROOKS: Yes.

WENDY LOEWENSTEIN: We are not a credit recovery program. So we--

PANSING BROOKS: What does a credit recovery program mean?

WENDY LOEWENSTEIN: So I think what you're asking, a scenario is if the student maybe failed a course during the school year and then they need the credit.

PANSING BROOKS: No. Or they can't take that course and they need it to graduate and it conflicts with other courses.

WENDY LOEWENSTEIN: Right now we can't-- don't provide that opportunity.

PANSING BROOKS: So at that point they would have to have to, they have to go to the University of Nebraska high school.

WENDY LOEWENSTEIN: There aren't many options in our state for students in that scenario, unfortunately. There are-- I have a handful of schools that are all on-line accredited schools that are also available but not within our state. There--

PANSING BROOKS: So are students taking these classes outside of our state?

WENDY LOEWENSTEIN: I struggle-- so the transition--

PANSING BROOKS: Can you answer, because you shook your head. So could you answer are they taking these classes outside of our state?

WENDY LOEWENSTEIN: Absolutely.

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PANSING BROOKS: OK. So and are these accredited institutions that are-- how, how are they accredited?

WENDY LOEWENSTEIN: Some of them are, some of them aren't.

PANSING BROOKS: Wow. OK, thank you.

WALZ: Senator Kolowski.

KOLOWSKI: Thank you, ma'am. Can you march us up then to the four years of high school and for the graduation potential? Do they graduate from your, your program?

WENDY LOEWENSTEIN: We plan to. Our first graduating class will be the class of 2021. So when we started kindergarten through eighth grade, I worked with my eighth goes, current eighth grade students to build our high school up to the point where they will graduate. So right now my, my soon-to-be-graduating class in 2021, so the class of 2021 will be juniors in the fall. We've developed an IT pathway for them or a business and entrepreneurship pathway for them in order to take dual enrollment elective credits with Metro Community College. So right now, those are the two pathways that we've created for those learners to participate in. And we'll have, we'll offer the classes that they need, that are required to graduate, but then also to be eligible for four year colleges, if that's the path that they choose to take. Spanish, foreign language.

KOLOWSKI: I like what you're doing in the sense of saving kids. They're, they're in school doing what you want them to do and offering them a multitude of choices and other things as you're going down the line. I know you're a year or two from fruition of graduation, and when that, that comes about I'm sure you'll have more problems solved and be moving on to other greater things. Thank you.

WALZ: Other questions? Senator Pansing Brooks.

PANSING BROOKS: So shouldn't this bill say that it's from an accredited school?

WENDY LOEWENSTEIN: So you're saying-- I'm not following.

PANSING BROOKS: When defining what a virtual school means, we should have an accredited school. Otherwise, everything we're doing is for

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not and we might as well just let anybody come in and teach anything they want.

WENDY LOEWENSTEIN: If it's operated by a public school district then it--

PANSING BROOKS: It doesn't say public school district, so I don't know.

WENDY LOEWENSTEIN: Oh, by a school district.

PANSING BROOKS: School district has not been defined. And since we're allowing kids to go out of state then any district anywhere that's doing any kind of virtual class could actually--

WENDY LOEWENSTEIN: So when they go out of state to take these all on-line courses that are not offered in our state, those are homeschool families. Those are families that are registered for exempt homeschool status by Rule 13.

PANSING BROOKS: But there are, there are public school students that are taking courses as well towards graduation requirements.

WENDY LOEWENSTEIN: Not to my knowledge.

PANSING BROOKS: Because our son took a French class, it happened to be at the University of Nebraska. But he theoretically could have taken a course in Kentucky.

WENDY LOEWENSTEIN: It depends on the school district's acceptance of those courses. So anytime we have a student come in, like we have students who move in from out of state who are part of other on-line schools, but we have to make sure that those credits translate and are truly offered by an accredited entity. So it-- I caution families and do not recommend for families to go outside of our state to take those on-line courses without verification of accreditation.

PANSING BROOKS: I agree. So we probably should put it in the bill just that word: accredited school. So anyway, thank you very much.

WALZ: Other questions. I just have a quick question. For the kiddos that are in primary grades, I'm just curious what, what some of the reasons are that those kids may be participating in the virtual schools in the primary.

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WENDY LOEWENSTEIN: Yeah. In the primary grades what I'm finding are families that are, have historically been homeschool and they're looking for a solid curriculum and content provider. We provide free access to the curriculum and the laptop and certified teachers as a partner in their student's education. As a homeschool parent, I see that as a win-win. And that's, that's how we get some of our homeschool families in the door. Are you referring to primary students who maybe come to us from public schools?

WALZ: No, I was just in general why are, what are some of the reasons that they're coming? All right. So most of them are homeschool.

WENDY LOEWENSTEIN: Homeschool.

WALZ: OK. And then my other question is Senator Pansing Brooks asked about achievement scores and you said that you have data on that. Is that something that you would be willing to share with our committee?

WENDY LOEWENSTEIN: Absolutely.

WALZ: All right, thank you so much. I don't think we have any other questions. Thanks for coming today. Do we have any other proponents?

ASHLEY MULLER: Hello, members of the Education Committee. My name is Ashley Muller, A-s-h-l-e-y M-u-l-l-e-r. I am here to represent the parents of Omaha Virtual School. I am a parent of four children in Omaha Virtual School and my-- I have one in fourth grade, sixth grade, seventh grade, and ninth grade. So one in every section of the school. We were originally homeschooling. We live, we moved here about five years ago from Pennsylvania and homeschooling was just what we knew. And so we continued doing that because it allowed a flexibility to go back and see our family. And it just worked, and I didn't want to, you know, if it's not broke, don't fix it. So we were homeschooling until I found Omaha Virtual School. This will actually be our third year, so we started the very first year. To be honest, homeschooling is expensive. And especially the older your kids get the more expensive it is. And so Omaha Virtual School allowed us to have a free curriculum, providing the computer and all of the software we need, as well as regular-- rigorous curriculum. And it also has allowed me to work as a team with the teachers, and together we all help-- or we all school my children. So it's definitely my kids know that they can go to me or they can go to the teacher. It's a pretty cool collaborative experience. I also like that the virtual school provides things that maybe I couldn't as a homeschool parent. My, two of my kids are in the

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robotics club. And they were actually competing in regionals a couple weeks ago, so I couldn't have done that for them. It also allows them to be independent and learn life skills. Time, time management because it's a, it's a school that allows you to go at your own pace to a point. That's on them to figure that out. Well, me and them, but the older they get it's more on them. And that's something that I really appreciate that they're learning. They are communicating with their teachers, sending in their assignments to them on-line. And it just really is providing them be-- helping them to be established as they get older. Into life, at work or school or college, whatever they decide to do. So that's all I have. But if you have any questions, I'd love to answer them.

WALZ: Questions from the committee. I don't see any, thank you.

ASHLEY MULLER: Thank you.

WALZ: Thank you so much for coming today. Other proponents? Anybody here as a-- did I say opponent? Opponents? Neutral? And we have no letters from the record, so Senator Wayne.

WAYNE: Well, thank you. Let me first mention that this section in the operative language of my bill amends TEEOSA. No private school can qualify for TEEOSA under current law. And trust me when I say if this was a charter school or some slip-in of private schools, NSEA and everybody would be here in front of you. That's not the case. This is a bill to make sure that we can provide educational opportunities for many, not just homeschool kids, but the-- not, let me back up. I don't want to confuse anybody. What we're currently doing is providing opportunities in Omaha Public Schools for those homeschooled individuals or the individuals who believe a regular school environment is not the best setting for them. This is just a framework to create endless possibilities within our school systems, within our public school systems. This can benefit Valentine so many different ways by allowing their school district out there to operate a program within their school district to reach their students on the edges, furthest parts of their communities. This allows them to take classes that sometimes might not be offered in their own school without having to pay for it. All we're simply saying is that the school district should be reimbursed like they normally would for a kid who attends. That's all we're saying. It's not any more complicated than there's, no camel nose in the tent and everything else. This is simply a way to make sure we can provide reimbursements like we do for a student who is physically sitting in the chair. Because they are physically

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sitting somewhere and working with the Omaha Public School teacher, or one day a Lincoln teacher, or one day a Valentine teacher. That's, that's all this bill is. So I know there will be another TEEOSA formula bill, I hope this bill can be a part of that. If not, I would like this bill to get out as soon as possible for possibly consent calendar. There is no opposition. This is a simple catching up our bill, our TEEOSA formula to technology advances. And we should be doing that for all students because everybody is going to be taking classes on-line in some portion, so we might as well get used to it in our public school system. And with that, I will answer any questions.

WALZ: Questions? Senator Pansing Brooks.

PANSING BROOKS: Thank you. Thank you for bringing this. I, you know, I'm, I think this is important because we do have to start being prepared for virtual, especially in areas where there are less and less teachers of subject matter areas. I think it's really important. So, I mean, you wouldn't have any problem with putting in "accredited school" in there, would you?

WAYNE: On, well, the issue is-- you're talking about on page 16?

PANSING BROOKS: Yeah.

WAYNE: My only issue with that is, and this is first glance so obviously I'm open to discussion, but put me on the spot, I'm going to answer it on the spot, is this is about a school district that operates it. So you're talking about accredited school but the school district is, is a public school that's already, that's already accredited. So maybe it, maybe it doesn't make a difference is what I'm saying. And for you, maybe if it does, I don't have a problem with it. But because it's operated by a public school I'm, I'm assuming if they're getting TEEOSA they're accredited.

PANSING BROOKS: But I guess so, but it doesn't say in Nebraska. So what I'm worried about is we just heard that there are students that are getting-- taking classes outside of Nebraska at unaccredited schools.

WAYNE: Yes, but TEEOSA doesn't apply to those schools outside of Nebraska. What-- again, this is in the confines of TEEOSA.

PANSING BROOKS: OK.

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WAYNE: And so it's only, only Nebraska Public Schools get TEEOSA. I've never heard of a, a school, I'm looking around for people to nod if I'm wrong, but nobody outside of Nebraska-- so Council Bluffs schools does not get any reimbursement from TEEOSA, so it wouldn't apply to them.

PANSING BROOKS: I agree but, but there could be a way that like some school is trying to help some student out at Lincoln Southeast and because, as in the case of my son, where he ended up at UNL taking this on-line high school class, if that wasn't available maybe they would go to some unaccredited school and pass him out of high school with-- without the appropriate degree. I don't know it just seems like--

WAYNE: If that gets you to a yes in consent calendar, we will make that happen.

WALZ: Senator Linehan.

LINEHAN: I think maybe if I ask you a different question we can get to an answer. So any class if you're, if you're behind and you have to take course so you can graduate you might, the school-- it's an option maybe to go to the University of Nebraska High School or maybe K-12, another. But the school that's going to let you graduate would have to say that program is OK, right?

WAYNE: Correct.

LINEHAN: I'm asking you because you were a school board.

WAYNE: Yes.

LINEHAN: So you wouldn't just let any student run in with a certificate they printed off the computer and say, this fills my requirement.

WAYNE: No, so currently in our recovery programs that Millard-- actually every school district in the state has just about recovery programs that have some kind of blended form, they are have to be all approved by the schools and the school district. So you couldn't walk in-- and even when you transfer. Let's say you transfer from another state. There are some classes that don't match. So if you transfer your junior year from Florida, you might find yourself in summer school because you might be a junior in Florida but not everything transferred here because our algebra 1 is different than your algebra

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1. Because, really, your algebra 1 is, is just 1 and we have 1-2. And so that equals two credits and you only got one. So, yes, everything is approved by the school or the school district.

LINEHAN: Thank you.

GROENE: Senator Pansing Brooks.

PANSING BROOKS: Thank you. So but what Ms. Loewenstein said-- if I pronounced her name correctly, Loewenstein. Anyway, she did say that there are kids that are getting credit at-- for on-line classes at unaccredited schools outside of our state. So, I mean, I just, I think it's a good thing that you've brought this all up to make sure that that's not happening to our kids.

WAYNE: Understood.

PANSING BROOKS: So thank you very much.

WAYNE: Thank you. Any other?

GROENE: Any other questions? Senator Kolowski.

KOLOWSKI: Thank you, Mr. Chairman. Senator, thank you for bringing this. Again, as was said, I think it's really important to just go back to the TEEOSA conversation we had before this bill. To be able to give credit anywhere in our state on a schedule developed by the school district, the school board in that particular district, it doesn't mean you have to go five days a week.

WAYNE: Correct.

KOLOWSKI: You can have virtual learning take place X number of days and in different places, different than we have right now. We, we tend to worship a five-day week and all those kind of things no matter what the transportation of kids and whatever weather there might be, with or without water. All those kind of things are part of the life that they, they're living. We can deliver in lots of different ways. And we, we have to be smart enough, and getting your sheets clean enough so we can do that across the board is I think the wise way to go because we can't keep thinking in terms of X number of kids in a seat in my classroom. We have to break that mold. And the only way we're going to break it is by eventually having time to catch up with things.

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WAYNE: Thank you.

GROENE: Clarify, maybe it was answered while I was gone. Ms. Loewenstein, is she an employee of the school district?

WAYNE: Yes.

GROENE: So the nine teachers, all of them are employees of the school district?

WAYNE: I'm looking back because I have to make sure. Yes, they're all Nebraska certified. At least when I was there and they confirm it, that's the way it still is.

GROENE: So 220 students I've heard recently in what you have in the class in this school. Tell me again why you get a lot of problems? I'm just trying to fit this in and a lot of things issued as school board member when you were there, 52,000 students. Why did this become an important issue to bring, to bring in, let's create a program at OPS?

WAYNE: It's important because not every student learns in the same environment in the same way. And just because this was high on our priority list didn't mean at the time in 2013 there wasn't other things high on our priority list. But one thing we found out, there was two numbers-- well, multiple numbers of stood out in a lot of different ways in our needs analysis in 2013. But one of them was we lose roughly 6,000 to 7,000 students per year to other school districts, right? Everybody on this committee knows that. But another thing that we found out was there was also 6,000 to 7,000 students who were homeschooled around in the same time. And when you talk to those homeschools, which we did before we launched our program, we had series of community meetings where they came in and talked about what kind of curriculum did you want, what are the needs out there. They are still, they are still our students. Even though they're homeschooled, they're still our students before we launched our program to figure out which kind of program we want.

GROENE: You said before you lost your program--

WAYNE: Launched.

GROENE: Oh, I thought you said lost.

WAYNE: To find out what their needs were. And we took the position that if we can serve our students, including the students that are

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homeschooled in our district, we were going to try to provide that, that opportunity for them. And we were looking to grow, and I think other things could have occurred in the last three to four years had the funding mechanism been in place. This isn't a new bill. But right now OPS is essentially funding those kids and having a two to three-year gap, two-year gap until we get somewhat reimbursed from the state. And so we're trying to fix that problem here.

GROENE: What's the gap? Because you do get-- we contacted the Department of Ed-- you do get some payment as, as every class or time period that that student is in the school. It's in your aid, average daily membership, and that fits right back into the formula somewhere where you get some funding.

WAYNE: We do get. But my understanding was there's a difference between fall membership and average daily, right?

GROENE: Fits in different place in the formula.

WAYNE: Fits a different place in the formula. And this is really affecting just the average daily. In my understanding, that we get reimbursed the following two years. So not the following year, the year after, is how our current funding works.

GROENE: And you want this number in your last Friday or first Friday of October now, because that's where your--

WAYNE: Well, it would bump it up a year, correct. I don't know if it's in that specifically number. But, I mean, the technical part of the bill to me is very simple. If somebody is enrolled in a class, that student should-- we should be reimbursed and treated. That's all I'm trying to do.

GROENE: Just trying to clarify.

WAYNE: And if we got to fix something, we can fix it.

GROENE: Who, if private companies to get involved that you contract with, correct?

WAYNE: That's true.

GROENE: What do they offer you? If you've got the instructors and you have the administrator what, what do they bring to the table?

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WAYNE: That's our entire school system, sir.

GROENE: Well, the enrollments as big as some Class D schools but--

WAYNE: I understand that but we buy all our books from--

GROENE: D1.

WAYNE: We buy our books from private companies. We buy Microsoft, every computer, private companies. That's part of our curriculum. And what they offer to us is our curriculum. They offer the content and everything in a package that our teachers can use to educate the kids in their on-line program.

GROENE: But I know Senator Pansing Brooks kind of got around to this. Maybe I missed the answer but those nine teachers that are in front of a camera instructing and the kids are watching and on a computer, or is it an instructor in Maryland or somewhere putting, putting on this chemistry class and that fits in the curriculum?

WAYNE: Well, I'm glad you asked that because, right now, our teachers are the ones in front of the camera.

GROENE: They are?

WAYNE: They, they are just providing us with the course environment. Now what we got sidebarred on are these other courses homeschool class, homeschool parents enroll their kids in. That's outside of OPS.

GROENE: That has nothing to do with it.

WAYNE: That is, that is if I'm a parent I can still have my kid go learn German at Kaplan, right? That's, if they as a homeschool parent want to send their kid to another-- now, where it's different is like with Ms. Pansing Brooks' son, who learned it at the university, their local school district accepted that French class as university. OPS doesn't have to accept Kaplan's German class because maybe it doesn't meet the same criteria that they have in their German class. That's left to the school district to accept that.

GROENE: Remember right, Nicole agrees, if you take a class at Metro and that teacher is not certified to be a high school teacher-- because a community college doesn't have to, I could teach there. Senator Morfeld can teach there. But that class does not transfer to

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accredited class to the high school unless that teacher is a certified teacher.

WAYNE: I don't know that's true.

GROENE: All your teachers are certified.

WAYNE: All our teachers in this program are certified. I don't know about the Metro situation, whether that's true or not. I know that in Omaha Public Schools on-line teachers are certified through our state.

GROENE: To get dual credit you have to be a certified teacher at the community college level.

WAYNE: I haven't served on this committee yet, so I don't know that.

GROENE: So thank you. But you just want, and you're looking to-- go ahead. Anybody else have a question? Senator Pansing Brooks.

PANSING BROOKS: So I thought part of what you're doing is to expand it so that they can get reimbursement for, like, if they just, if a kid just takes one, a student takes one class and not just being required at the 51 percent.

WAYNE: Yes, there's a partial funding in here. How that translates in the numbers I don't know the answer to that.

PANSING BROOKS: So earlier is better and--

WAYNE: Yes.

PANSING BROOKS: --one class versus being required to take 51 percent is better.

WAYNE: Correct.

GROENE: And-- anybody else? And you're only asking for virtual classes. Might go back to around about to where I was before. If the student shows up at the front door or sits down in a chemistry class, only takes one class, you're not including them?

WAYNE: No, I am not.

GROENE: OPS is willing, any school district is willing to, to give that kid an education in chemistry without any reimbursement?

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WAYNE: I don't want to--

GROENE: Unless they have 51 percent.

WAYNE: That is outside the scope of this bill. I don't have the answer to that.

GROENE: But why should we treat them any differently?

WAYNE: I, I'm-- we don't-- I don't have the answer on that. I have to go-- I don't, I mean, I do know that-- I do know this. There are people enrolled in Omaha Public Schools at the high school level who do not meet the four-hour requirement to play a basketball or play a football, play a sport. I do not believe they are counted right now for money purposes for reimbursement.

GROENE: But we changed that a couple years ago.

WAYNE: So they are then.

GROENE: They only got to take two classes.

WAYNE: OK. So then that I would assume, let's treat the virtual school the same.

GROENE: You play basketball but you still don't get the money. See how much fun this committee is? But anyway, no, I, I'm not saying-- I'm starting to think we ought to do it for everybody. If you're going to educate them, you ought to be paid.

WAYNE: I'm not opposed to that.

GROENE: Al right, thank you.

WAYNE: I just didn't want to say the wrong answer on the-- and you use it against me on the floor.

GROENE: I wouldn't do that.

WAYNE: Yes, you would [LAUGHTER].

GROENE: Any other questions? Thank you.

WAYNE: Thank you.

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GROENE: That, do we have any questions? We had no letters proponents, no opponents, no neutral. That closes the hearing on LB647. That takes us LB6-- LB650, Senator Morfeld. Looks like you'll have time.

MORFELD: Good afternoon, members of the committee. My name is Adam Morfeld, that's A-d-a-m M-o-r-f-e-l-d, representing the "Fighting" 46th Legislative District here today to introduce LB350. Just as a note at the beginning, I have to teach my course at 6:00 so I have to be out of here by 5:30. I know this committee loves to ask questions, so you can feel free to ask questions, but I'm going to be gone at 5:30 because I've got to pay my student loans off. So LB350 would allow school districts to expand funds for and exclude from budget authority expanded learning opportunity programs. Under the bill, school districts with 1,000 or more students would be permitted to expend funds up to \$100,000 per fiscal year on expanded learning opportunity programs; and districts with less than 1,000 students would be permitted to expend funds up to \$50,000 per fiscal year for these programs. Schools would be able to spend up to the limits identified and have these funds excluded from the district's budget authority. In other words, schools can spend up to \$50,000 or \$100,000 depending on their student population on ELO programs and it would not count toward the spending lid. Also, money spent according to this would not count to TEEOSA formula and thus not cost the state anything in that regard. The school district would make the decision about whether or not it wants to spend those local resources on ELO program and make a decision on the local level. As many of you know on this committee, expanding learning opportunities, otherwise known as after school programs in Nebraska, are school community partnerships that provide children and their families with services after school, during the summer months, and on weekends when school is not in session. These programs create opportunities to strengthen school and community partnerships that provide students and their families with the support they need to be successful and do not duplicate regular school day learning. Afterschool programs also have a strong research base illustrating their effectiveness in contributing to student achievement, providing support for working parents, enhancing school engagement, developing career readiness, and contributing to the community-wide returns on investment. Recent research shows that from Chadron to Omaha ELO programs are helping Nebraska youth get excited about all important STEM fields that will drive Nebraska's future economic growth. In addition, in Nebraska and across the nation, law enforcement leaders point to the gap between the end of the school day and the end of parents' workday as a critical hours of youth

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vulnerability when youth are more likely to participate or be victims of crime. Expanded learning opportunity programs built on strong school and community partnerships can help fill those hours of vulnerability with opportunities for youth to be supported by caring adults in safe and academically enriched and school-based settings. I urge your favorable consideration of LB350. I believe I brought this the year before as well, and I'd be happy to answer any questions.

GROENE: Some, some districts are already spending money on these, donating money to afterschool programs and for kids club. Can't think of the name of the organization that sponsors all of those. What's that? Beyond the bells?

MORFELD: Beyond School Bells is a statewide umbrella network that helps facilitate some of those programs.

GROENE: But you're talking about those types of programs.

MORFELD: Yep, absolutely.

GROENE: But they do it now.

MORFELD: Some districts do.

GROENE: Yeah.

MORFELD: Some districts.

GROENE: It's just that they, it fits within their spending authority.

MORFELD: Yeah.

GROENE: And so this would only help-- excuse me.

MORFELD: Those school districts.

GROENE: You're talking about the ones that are up against their, up against their budget limit, which are usually the smaller schools. The bigger schools aren't up against their budget.

MORFELD: Yeah, the bigger, the bigger schools like Omaha and Lincoln Public Schools, they could, they could certainly do this.

GROENE: They do it already.

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MORFELD: They do it already, or they could, they could utilize this bill if they do it already. They could utilize this bill. I'll be honest with you, most of like Lincoln Public Schools and Omaha Public Schools, they probably have a close to 50 to 100 afterschool programs. This would be a drop in the bucket for them. For me, this is about school districts that don't have them currently started but just need some startup--

GROENE: Most equalized districts are up against their levy limit, not their budget limit so their--

MORFELD: Their levy limits, sorry.

GROENE: So you're talking about smaller schools who aren't up against their levy limit but are up against their budget limit.

MORFELD: Yes. Yeah, thank you for clarifying that.

GROENE: Any other questions? That closes the hearing--

MORFELD: Fine by me.

GROENE: Just kidding. Proponents.

JACK MOLES: Good afternoon, Senator Groene and Education Committee members. My name is Jack Moles, J-a-c-k M-o-l-e-s. I'm the executive director the Nebraska Rural Community Schools Association, and on behalf of NRCSA I'm also speaking for NCSA, NASB, NSEA, GNSA, STANCE, and Stand for Schools. On behalf of all those groups who would like to testify in support of LB350, we appreciate Senator Morfeld for promoting the positive results of expanded learning opportunity programs. We also thank him for trying to create a small, a small spending authority increase that helped to fund these programs. We believe LB350 would help districts who are facing spending limitations to provide structured learning programs for students, especially disadvantaged students. While some of the districts who are up against spending limitations are larger districts, the vast majority are smaller rural districts. In fact, I was kind of surprised at how many we had. I think there's 83 districts that are within \$1,500 or less up against the spending limitation, and almost all those are Class C and D size schools. Our groups also believe in the concept of school-community partnerships to expand, expanded to create expanded learning opportunity programs. Having the school and community work together on these programs builds, builds stronger support for the

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school district and the community. Most importantly though, we believe that these programs serve to provide better support for students and their families. In closing, I'd like to repeat that all the groups thank Senator Morfeld for bringing LB350. We encourage you to advance the bill.

GROENE: Any questions? I'm sorry, I'm in the middle of something. Senator Pansing Brooks.

PANSING BROOKS: Thank you for coming, Mr. Moles. And I was just, could you repeat what number, what percent are up against the spending limit.

JACK MOLES: Eighty-three schools are, most of them are zero. Right up against the spending lid. There are a few others that were within \$500 or \$1,500.

PANSING BROOKS: And are those the smaller schools?

JACK MOLES: Most of them are. I think the only one that I saw that was a Class A size was Norfolk.

PANSING BROOKS: OK, thank you very much.

JACK MOLES: Welcome.

GROENE: Senator Linehan.

LINEHAN: Thank you, Chairman Groene. So this would have to be paid by property taxes?

JACK MOLES: Whatever funding they would have available. Yeah, probably property taxes.

LINEHAN: Well, because it's, it's outside the-- so it wouldn't-- what other funding would they have?

JACK MOLES: That would be the main thing, I would think.

LINEHAN: OK, thank you.

GROENE: Senator Pansing Brooks.

PANSING BROOKS: I thought there would be some money like in QCPUF or some of the other things that are--

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JACK MOLES: You wouldn't be able to use that for, for this purpose.

PANSING BROOKS: Oh, for the-- you're right, sorry.

GROENE: Any other questions? Senator Murman.

MURMAN: Yeah, thanks a lot. We're talking about ESL and some other programs also?

JACK MOLES: I think English language learners might be in there, but this is for expanded learning opportunities, ELO, is what--

MURMAN: OK.

GROENE: So-- Senator Kolowski.

KOLOWSKI: Just to chime in with this. Millard does this and has done it for well over a decade. And they simply rent out our elementary school space and it's a, it's a full program across the district, 24,000 kids. And they have an opportunity to be involved in academics as well as activities after school, and that works wonderfully for them. That money from that program then feeds the all-- the Millard Public Schools Foundation. And the foundation is in charge of all that overseer.

JACK MOLES: That would be a great use of foundation.

KOLOWSKI: Yes, it is.

GROENE: Any other questions? Thank you.

JACK MOLES: Would you like the list? I've only got one copy of the list of school districts.

GROENE: I always wondered what that list was. We can share. Have a page get us a copy.

JACK MOLES: What you'll-- what you'll see is often right. Just to call my-- I have it called UAB or whatever I called it. That's the [INAUDIBLE].

GROENE: Thank you. Any more proponents? Opponents? Neutral? You want to close or waive? That ends the-- was this LB350? Letters. President of Nebraska State Education Association; opponents, none. Neutral, none. That brings us to LB351 by Senator Morfeld.

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MORFELD: Another consent calendar bill. Senator Groene, members the Education Committee, my name is Adam Morfeld. For the record, A-d-a-m M-o-r-f-e-l-d, representing the "Fighting" 46th Legislative District here today to introduce LB351. LB351 would use funds from the qualified capital purpose undertaking fund, otherwise known as QCPUF, for both purposes of addressing and abating cybersecurity vulnerability and addressing violence prevention in one or more existing school buildings on school grounds. This legislation comes out of an interim study on school safety in the Judiciary Committee in 2018. Cybersecurity vulnerability means any potential data compromise resulting from the loss, theft, or accidental release of personally identifiable information that is not publicly available. This includes information relating to the children being educated and also the educators and administrators employed by the district. This would include paying vendors to make an audit of current cybersecurity measures and taking action to improve those measures and protect the districts from hacking. The bill would also allow equipment and modifications of existing school buildings designed or used to deter any act of violence from occurring to, and to protect, students, school personnel, and the public from an act of violence should it occur in a school building or on school grounds. Currently, QCPUF can be used for school districts for certain purposes such as-- excuse me-- such as mold abatement, fire safety, and other-- and fire safety. It is appropriate to add the use of these funds for cybersecurity and violence permission-- prevention issues as well, given they are new threats to our schools that were anticipated at the time. Cybersecurity and violence prevention are issues that affect all of us, including the school districts and students. I urge your favorable consideration of this bill and would be happy to answer any questions.

GROENE: Senator Pansing Brooks.

PANSING BROOKS: Thank you for bringing this, Senator Morfeld. So I think this is a good idea because the cybersecurity issues are, are really significant, or potentially significant. And also do you feel-- I feel that in, on line 12 subsection (c) that that could possibly include SROs, school resource officers?

MORFELD: That's not my intent.

PANSING BROOKS: OK.

MORFELD: I'd be happy to clarify that.

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PANSING BROOKS: OK.

MORFELD: This is for physical, physical improvements to the school building.

PANSING BROOKS: Physical, I'm sorry. OK.

MORFELD: So doors, secure access, lockdown doors that can be centrally activated.

PANSING BROOKS: Yeah.

MORFELD: Things like that. There's some school districts that quite frankly have already done this. LPS, I think, being one of them.

PANSING BROOKS: LPS has done a lot on it.

MORFELD: But there's a lot of school districts that don't have.

PANSING BROOKS: So it would not include personnel that are like at the-- they're, they're taking people's IDs and things?

MORFELD: Nope, this is for--

PANSING BROOKS: Because this is more, because QCPUF deals with hard facility-oriented improvements, is that correct?

MORFELD: Yep.

PANSING BROOKS: OK, thank you.

MORFELD: Yeah, you bet.

GROENE: Any other? Senator Kolowski.

KOLOWSKI: Thank you, Mr. Chairman. So cameras and security systems could be used in this?

MORFELD: Yeah, yeah. Any hard security. No, that's a good clarification.

GROENE: Any other questions? But the biggest part, one of the-- the name of the bill is about cybersecurity. So you're talking about software. I'm not a big tech guy but Norton and buying to, to block or-- is that what you're talking?

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MORFELD: Well, Norton, Norton is one thing. I think that that's--

GROENE: That's already common.

MORFELD: Yeah, I think that's pretty common. I mean, I think that-- I can't get into the actual details of the equipment and everything, but it's fairly expensive to put in place systems that protect against hacking and can detect hacking very quickly but then also have people that respond quickly to those security threats.

GROENE: Or to somebody outside the school building trying to steal information off cell phones or some from kids, their personal information.

MORFELD: Or the servers. I mean, the servers have social security numbers. I mean, all kinds of data. So and it's an increasing vulnerability.

GROENE: But then your, your violence. We ought to have some restraint in there. But you're talking doors, metal detectors, that type of stuff?

MORFELD: Yeah.

PANSING BROOKS: Facility oriented.

MORFELD: Yep, facility oriented. Thanks.

GROENE: Putting gates up on the outside before you even get to the building, that type of stuff?

MORFELD: Yeah.

GROENE: All right, thank you. Any other questions? Any proponents?

JENNI BENSON: Thank you, Senator Groene and members of the Education Committee. My name is Jenni Benson, J-e-n-n-i B-e-n-s-o-n. I am the president of the Nebraska State Education Association and I am also here supporting for the Nebraska Council of School Administrators, the Nebraska Association of School Boards, the Greater Nebraska Schools Association, STANCE, and Stand for Schools all in support of LB351. Providing a safe learning environment for, by focusing on the protection of both students and staff is of utmost concern. Security enhancements to prevent school violence should be a priority when it comes to setting school priorities and school budgeting. In difficult

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budget years with concerns about additional cuts to state aid and education, LB351 would provide the needed flexibility to local schools seeking to make security and violence prevention improvements. Schools should not have to delay security upgrades when state aid to education is reduced or revenue declines or any other budget restrictions that make such efforts difficult. So the QCPUF bonds can-- or the QCPUF fund can already be used for those kind of things that you are already talking about. The school districts can also be required, they would also be required to keep the QCPUF levy at or below 3 cents and be subjected to the same total levy lid requirements. The bill would give school districts the necessary flexibility to make immediate upgrades to security and technology. Please consider the adoption of LB351 for violence prevention enhancements. Thank you.

GROENE: Any questions? Senator Pansing Brooks.

PANSING BROOKS: Thank you. Thank you for Ms.-- for coming, Ms. Benson. So my memory of the bond issue in 2007 that cochaired was that the QCPUF was used for mold abatement in many of the schools.

JENNI BENSON: Correct.

PANSING BROOKS: Which we were attempting to at that point put in air conditioning in the schools because they were the only professional buildings in the state that did not have air conditioning. Was part of part of it is for air conditioning as well as air quality control.

JENNI BENSON: We did it all. But now that most of those are done there is also the need for--

PANSING BROOKS: Sorry, you have a choke. Could somebody get her some water, please?

JENNI BENSON: I'm so sorry. I told them I was not in any condition.

PANSING BROOKS: Yeah. Don't worry about it.

JENNI BENSON: I'm so sorry. A tickle.

GROENE: Got a cough drop too.

JENNI BENSON: I'm so sorry. I've watched you all from afar. Yeah.

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PANSING BROOKS: So I'll just talked a minute so while you're trying to get it under control.

JENNI BENSON: I'm so sorry.

PANSING BROOKS: Don't worry. No, don't worry. Doing OK?

JENNI BENSON: Hope everyone's watching.

PANSING BROOKS: Yeah. Don't worry, they are. Don't worry.

JENNI BENSON: They're like ten people watching now.

PANSING BROOKS: Can you say sine die? Can you say sine die?

GROENE: Senator Pansing Brooks, can you be a little gentler and quit choking up the testifier?

JENNI BENSON: I've choked up at many other testimony but not in person.

PANSING BROOKS: So but, but to add to it, it isn't just mold abatement. It also includes things like environmental hazards, accessibility barriers. So this does fit directly in line because it's violence prevention, which is a school-oriented prevention that is, is within the building. So I just wanted to clarify that it isn't just something like mold that is something up in the, in the vents. It's also barriers and different things. I don't know what a life safety hazard is but whatever.

JENNI BENSON: Yeah, life safety code violations it says, and life safety hazards.

PANSING BROOKS: OK. So I just wanted to clarify that this does fit with what QCPUF has been established for previously.

JENNI BENSON: And I was going to say with Senator Morfeld, what he said, I chaired the safety part of that bond. And I, that was one of the things we looked at in Lincoln. But I can tell you that across the state most of the schools that I go to have some sort of security. But I was in a school last week that had none at all. Like, I mean, there wasn't a secured entrance. It really surprised me. And that was the first that I'd been in in all the visits I'd been doing that did not have that. So this might help them.

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PANSING BROOKS: Was that in Lincoln?

JENNI BENSON: No, no. It was in, it was in the Panhandle.

PANSING BROOKS: OK. Well, I agree, this could help them.

JENNI BENSON: Yeah. I thought about that when [INAUDIBLE] brought this because of the funding available.

PANSING BROOKS: Well, I just wanted to add that you have 80 more [INAUDIBLE] that you could cough because Senator Morfeld is leaving at 5:30.

JENNI BENSON: Thank you. I apologize. Sorry.

GROENE: So, Jenni, you probably don't know this, but maybe you do. The three cents, is it being used fully? I don't think it's being used. It's being used by a lot of districts, the full three cents, already.

JENNI BENSON: Right, right. And I think they, they probably are using it in some places. But then if they do this then, and they don't need to do it the next year or use the three cents, then I think this would give that flexibility that they wouldn't have to take it out of the other funds. Or, in the case of Lincoln, we also passed another bond issue to provide those things that weren't covered in the 2007 bond. Then we have to pass another bond to get the security upgrades that we needed.

GROENE: Thank you. Any other questions?

JENNI BENSON: Thank you. And again, I'm sorry.

GROENE: Any other proponents? Opponents?

DUSTIN ANTONELLO: Good afternoon, Chairman Groene and members of the Education Committee. My name is Dustin Antonello, D-u-s-t-i-n A-n-t-o-n-e-l-l-o, and I'm here on behalf of the Lincoln Independent Business Association. LIBA opposes LB351. At a time when you are hearing from thousands of Nebraskans about high property taxes, making it easier to raise property taxes does not make any sense. The Qualified Capital Purpose Undertaking Fund or QCPUF was approved by the state to deal with problems like asbestos, mold, and other environmental and health hazards in public school buildings. The taxpayers have resolved many of these problems in our local school districts, but rather than let this tax levy go away LB351 expands its

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use to deal with violence prevention and cybersecurity issues. We certainly support our school districts spending money on cybersecurity and violence prevention. Last year, LIBA supported Lincoln Public Schools and the city of Lincoln's decision to spend an additional \$2 million on school security measures. LIBA also believes that staff and the students deserve to have a secure environment for sensitive documents, personal information, and general use. However, tapping a special levy that is outside the tax lid is not the best way to pay for these measures. LIBA is also concerned that allowing the use of the QCPUF levy for projects beyond its intended purpose will allow school districts to circumvent a vote of the people on bonds. In April, 2016, the Shickley School Board used the QCPUF levy as a way to bond without a vote of the people. Shickley Superintendent Bryce Jorgenson was even quoted as saying: The QCPUF route also allows us to not have to go to a vote. School districts also have the means to address violence prevention and cybersecurity issues through the traditional method relied on for bonding. For example, Lincoln Public Schools has spent close to \$6 million over the past several years from its last bond issue to create secured entrances to prevent unauthorized visitors from gaining access to schools. LIBA supported this bond issue in addition to the new funding for school security last year. A sizeable portion of Nebraska homeowner's property tax bill is already going towards supporting their local school district. In Lincoln, LPS's tax levy comprises more than 60 percent of a homeowner's tax bill. On top of that, property taxes fund the educational service units and are being used to pay off the three outstanding LPS bond issues. LPS is also preparing to issue another bond that could be worth as much as \$334 million. Considering all the property tax resources that school districts already receive, we do not believe spending a special-- sorry, expanding a special property tax authority is the right approach for dealing with violence prevention and cybersecurity issues within our schools. Thank you and I would be happy to answer any questions.

GROENE: Any questions? Senator Pansing Brooks.

PANSING BROOKS: OK, thank you for coming for, Mr. Antonello. So have you seen the, do you have the bill in front of you?

DUSTIN ANTONELLO: I don't have it in front of me but, yes, I was looking at it, reviewing it before I testified.

PANSING BROOKS: OK. So, so mold abatement is one of the things, but it also includes life safety code violations, life safety hazards,

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accessibility barriers. So it seems to me that this fits exactly what in that realm of what's necessary. So would you agree to that?

DUSTIN ANTONELLO: I would say you could stretch the definition maybe for things like the secure entrances and, you know, actual physical changes to your building in order to make it more secure. That, I think, would fall under QCPUF right now. I think we're really stretching it when we're talking about cybersecurity, especially when you're talking about things like software and hardware and other things that would traditionally not fall under physical improvements to buildings.

PANSING BROOKS: OK. So, so basically if a community decides it doesn't want to provide safety features and doesn't want to, want to protect its, its access to internet and information then LIBA believes that, that that school should not provide it, even though other schools across the district, all across the state are providing that? Is that correct?

DUSTIN ANTONELLO: No, that's not true. We just do not want-- we do not think capping this special levy which was not designed for cybersecurity issues is the way to pay for those improvements. Like I said in my testimony, we fully support LPS and other school districts making the necessary upgrades on cybersecurity. We just don't think a levy that was designed for a specific purpose, and in many ways could go away once we've resolved the issues that it was designed for, should be expanded to be used for things that it was not intended for.

PANSING BROOKS: But the problem is that this, when this was created we didn't have all the knowledge about the security issues in the cybersecurity issues. So I'm just wondering. You said you believe in and allowing them to have all of this protection. But if the community votes against because they don't want to pay any more then that's what you believe should happen? Is that the kids should go to school without the protections of the, of any violence protections and any cybersecurity protections, is that correct?

DUSTIN ANTONELLO: No, I think--

PANSING BROOKS: Well, how, then how would you suggest, if a bond issue does not pass by the voters, how would you suggest that the school move forward and, and make these precautions for the students and staff and faculty and parents?

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DUSTIN ANTONELLO: Well, I think that, I think that's the whole part of-- the point of going through a bond issue and putting up for the voters' consideration.

PANSING BROOKS: But if they say no, then what? Then some districts should be safe and other districts not across our state?

DUSTIN ANTONELLO: Well, I would argue that your elected officials, your school board members can be making the decision anyway on whether or not to spend the levy. So either way you could still have an instance where your elected officials on the school board decide not to spend that money on cybersecurity.

PANSING BROOKS: I think we should be erring on the side of precaution and protecting kids from violence. So thank you.

GROENE: Would you agree that they have a five cent building fund, and that's for maintenance and major changes to buildings. They could use that for the security and they should budget that. Plus, also, they have a depreciation fund that, that's how they get new computers and that's how they get new software for those computers every kids. And there is no special levy for that. And the cybersecurity, would you agree would also be part of that expenses when they buy computers, when they replace computers, when they buy software?

DUSTIN ANTONELLO: Yes.

GROENE: Be all part of that. That they do have avenues.

DUSTIN ANTONELLO: Yes, there are other means.

GROENE: Discretionary money, how to spend building, the building fund money. How to spend the depreciation money. So it's not like they can't do it, it's just how they budget this. Is that correct?

DUSTIN ANTONELLO: Correct.

GROENE: Thank you. Any other questions? Senator Murman.

MURMAN: Yeah, I'd just like to thank you for speaking up to keep the property taxes down in the state and for giving us the idea on how to do that.

DUSTIN ANTONELLO: I appreciate that.

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GROENE: Any other questions? Thank you.

DUSTIN ANTONELLO: Thank you.

GROENE: Any other opponents? Any neutral? We have one letter from the superintendent of Ralston Public Schools as a proponent. No opponents, no neutral. Senator Morfeld waiving. Thank you, sir. That ends the hearings for the day.