

## **Revenue Committee March 7, 2019**

**FRIESEN:** [00:00:01] OK. Welcome everyday-- everybody here to the Revenue Committee. My name's Curt Friesen, District 34, represent District 34, from Henderson. Committee will take up bills in the order posted. Our hearing today is part of the public legislative process. This is your opportunity to express your position on the proposed legislation before us today. If you're unable to attend the public hearing, would like to-- your position stated for the record, you must submit your written testimony by 5:00 p.m. the day prior for the hearing. Letters received after the cutoff date will not be read into the record, no exceptions. To better facilitate today's proceedings, I ask you abide by the following procedures. I'd ask you please turn off your cell phones and electronic devices. There's chairs in the front of the room. When you're ready to testify, be moved to the front of the room so you're ready. Order of testimony from-- we have the introducers first, then we'll have proponents, opponents, and then neutral. If you will be testifying, please complete the green form and hand to the committee clerk when you come up to testify. If you have written materials you'd like distributed to the committee, please send them to the page to distribute. We need 11 copies for all committee members and staff. If you need additional copies, please ask the page to make copies for you now. When you begin to testify, please state and spell your first and last names for the record. We will be limiting testimony to three minutes and we will use the light system. You will have a green light and then in-- at two-- at three minutes you'll wrap it up. And you'll have a yellow warning light. I think there's gonna be a fair amount of people testifying today. And if your remarks kind of reflect previous testimony, if you could not repeat too much we would appreciate being able to get out a little early today. Committee clerk over there is Grant Latimer. Kay Bergquist is over here, the research analyst. And just right to my left here is Mary Jane Egr Egerson-- Ed-- Edson. Get it out of my mouth. With that, I will let the committee introduce themselves, starting with Senator Kolterman.

**KOLTERMAN:** [00:02:06] I'm Mark Kolterman from Seward, District 24: York, Polk, and Seward Counties.

**LINDSTROM:** [00:02:09] Brett Lindstrom, District 18, northwest Omaha.

**McCOLLISTER:** [00:02:14] John McCollister, representing District 20, central Omaha.

**CRAWFORD:** [00:02:20] Good afternoon. Sue Crawford, District 45, eastern Sarpy County.

**BRIESE:** [00:02:23] Tom Briese, District 41.

**FRIESEN:** [00:02:26] And Senator Groene may join us at some point. With that, I think we will open the hearing on LB670. Welcome, Chairman Linehan.

**LINEHAN:** [00:02:35] Thank you, Vice Chairman Friesen and fellow members of the Revenue Committee. My name is Lou Ann Linehan, that is Lou, L-o-u A-n-n L-i-n-e-h-a-n. I represent District 39, which includes Elkhorn, Valley, Waterloo. I'm here to introduce my personal priority bill, LB670, the Opportunity Scholarship Act. LB670 would provide an income tax credit to individuals and businesses that have con-- that-- that contribute to state-approved scholarship granting organization. In turn, the scholarship granting organization would provide scholarships to lower income students to attend an accredited, nonpublic school of their parent's choice. As a state senator, I've had two priorities: delivering tax relief to hardworking Nebraskans while acting responsibly with taxpayers' dollars and working to make sure all children in Nebraska, regardless of their learning differences or circumstances of their birth, have access to a high-quality education. This legislation accomplishes both of those priorities. Every child, regardless of whether they are born into a family of means or not, deserves a high-quality education. In today's world we have that

abili-- we have the ability to meet unique needs of children, whether it be learning differences such as dyslexia or protecting the child from bullying. So why would we limit lower income children to only one school option? A school may and is probably a great fit for one child or even most children but rarely will any one school be the best fit for every child. Many families can afford to move to different neighborhoods to attend a different public school. This is very evident where I live in Elkhorn where people are building houses at an incredible rate because they want to be in the Elkhorn system and they can afford to do so. My own family, we moved from one public school to another when my son was struggling in the 2nd grade with reading difficulties. For my daughter, I paid private tuition so she could go to a all-girls parochial school. We could do that, but not all families can. It is unjust to limit a child's potential based on factors a child cannot control. I've invited several people here today to testify. Unfortunately, the weather has prevented some from doing so. I will work to get you their testimony. Jacob Idra, currently a student at Creighton University, will be the first testifier you will hear from today. Jacob will tell you a story of his family's sacrifice to ensure he had the opportunity to receive a high-quality education and the necessity of scholarships to access that-- access that education. Jake-- Jacob's father is here today too. I'm so grateful that they're taking the time to be here today to represent the thousands of families who would benefit from this legislation. Dr. Patrick Wolf is a professor and chair at the University of Arkansas College of Education and Health Professionals. He drove here [INAUDIBLE]. He is the foremost expert on effects of school choice policies on student outcomes, and authored numerous rigorous gold standard studies to this effect. I encourage you to ask him about how many claims circulated in-- in the last few days and last year suggest-- suggesting the research shows that these programs do anything to hurt children in public or private schools. Dr. Julie Trivitt, a professor of economics at the University of Arkansas who also came through the snow to get here today, she has extensively studied the fiscal impact of these policies on states. To that point, I have not been presented with any evidence that these programs have any long-term negative fiscal-- fiscal effects on states. To the contrary, we know that there are-- there are saving

states, they are saving states, excuse me, states significant money. For instance, in Florida and Iowa officials have released government reports showing, so their own government report, showing in Florida for every \$1.00 the state forgoes in revenue through their tax credit, the scholarship program saves Florida \$1.49, so it's a 50-cent, almost 50 percent return on the revenue forgone. Dr. Mike Ashton, superintendent of Omaha Diocese schools, is here as well. Many of these schools are predominantly low-income children. Many serve a majority of students of a different faith. Many serve special needs students and they do exceptionally well with limited resources. I encourage you to ask him about this. I have also invited the executive director of the Iowa Alliance for Choice in Education, Trish-- Trish Wilger, to speak about her state's program, how it helps children, families, and what impact it has on the state. This morning I circulated on the floor a document that I'll provide again to you now. And I say, as elected officials, and we all know this, we owe our constituents and Nebraskans to be truthful. In my career, which has spanned-- I'm old-- decades at every level of government, both local, federal, and state, I have never worked on a political issue or legislative bill that has been subject to so much willful misrepresentation by special interest groups. This bill will not hurt children attending public school. I am confident it will deliver long-term, significant savings for the state and local taxpayers. And most importantly, it can help lower income families struggling to find a school that works for their children. I will speak briefly about a few attachments I included in that handout. Dr. Wolf can speak in far greater detail about the research, but a summary is included there. Another is the physical [SIC] impact on states that have tax credit programs. Another is the ACT scores. Since being elected in 2016, I have heard countless times, as I know you have too, as Nebraskans across the state in Op-Ed-- Op-Eds and radio ads that we have the best ACT scores in the country. This has always been misleading on its face. Yes, Nebraska schools perform well and we should be proud of that fact. But students who qualify for this program and who are currently given no other options are most likely to be attending schools where the average ATC [SIC] scores are 14, 15, 16. This is unacceptable. Children who score lower than a 16 on a ACT while they're juniors in high school have almost no chance of success in college or career.

I have average scores for all schools in this state if you would like to see those, as well as how to compare nonpublic and public schools. Finally, each of you know I am committed to children with special needs and learning differences. We often hear, and it has been certainly claimed by many of the opponents here today time and again, that this bill will discriminate against special needs students. We have no evidence of this. Certainly private schools are limited in their resources and may not be the best fit for high-need students. But we should be giving parents more choices, not fewer. In other states there are private schools that cater specifically to students with dyslexia, to autistic students, and to foster care students, and to bullied students. Finally, the last document I think, or it might be second to the last, I provide you is the form that the Nebraska Department of Education Web site. It's the form for option enrollment. In fact, opponents to my bill will tell you that such choice is sufficient, our option enrollment, giving families options. However, Nebraska is one of only three states that allows public schools to discriminate in accepting students with an individual education plan, or an IEP, from participating in option enrollment. This means if your child has a learning different than you, as his or her parent, and you're taking steps to find another public school option to a state-approved and have fully subsidized policy, every school can discriminate against you precisely because your child has a learning difference. I have asked superintendents and people at Nebraska Department of Education about this practice and they have affirmed it's not only possible but the norm. I want to end with this point. Every member of this committee, every member of the Legislature would do what it takes to make sure your own child or grandchild wasn't limited by a school that is not meeting his or her needs. Maybe we would be aided-- aided by a state policy, maybe not. Maybe we would have to move, as I did, to a different neighborhood, maybe not. This is a privilege not shared by all Nebraskans. But as elected officials we can do something, something to even the playing field a bit for lower income children and provide parents who want nothing but the best for their children the necessary assistance to make that dream a reality. And with that, I'll take questions.

**FRIESEN:** [00:12:49] Thank you, Senator Linehan. Any questions from the committee? Senator Crawford.

**CRAWFORD:** [00:12:54] Thank you, Vice Chair Friesen. And thank you, Senator Linehan, for bringing this bill. I'm-- I was trying to just kind of see what our safeguards are on the bill. And in looking at, looks like it's a \$10 million limit the first year.

**LINEHAN:** [00:13:08] Yes.

**CRAWFORD:** [00:13:08] And then after that it will double or a little more than double each year after that.

**LINEHAN:** [00:13:14] Twenty-five percent I think it goes up.

**CRAWFORD:** [00:13:16] A hundred and twenty-five percent or a hundred percent.

**LINEHAN:** [00:13:19] So 125 percent, we'd be at a 25 percent increase--

**CRAWFORD:** [00:13:22] Increase.

**LINEHAN:** [00:13:23] --is what it means.

**CRAWFORD:** [00:13:23] OK.

**LINEHAN:** [00:13:23] So if you have that many people choosing options, if you had-- what \$10 million means is basically 5,000 students would use this option. So if you get to the 5,000 children,

then it would increase so more kids-- so you don't have to turn kids away.

**CRAWFORD:** [00:13:45] So it would be a 25 percent increase--

**LINEHAN:** [00:13:48] Right.

**CRAWFORD:** [00:13:48] --year after year.

**LINEHAN:** [00:13:49] So it would be-- I think what the fiscal note says is \$12,500, I mean \$12 million.

**CRAWFORD:** [00:13:52] Twelve million. Right.

**LINEHAN:** [00:13:52] Right.

**CRAWFORD:** [00:13:52] But there's no end in that, so no upper limit that we would hit in terms of where we would stop doing the 25 percent increases.

**LINEHAN:** [00:14:04] Right. But you would have to, I mean that I don't think is realistic to think you would have-- it would go on and on. I mean the thing that's kind of another red herring in all this argument, if you have perfectly happy children and they're going to your public neighborhood school, nobody pulls an 8th grader out of a happy situation and changes them. So the people who will be using this program are people with children who are struggling where they are.

**CRAWFORD:** [00:14:35] And so you think it probably won't expand. I mean it won't expand. It has to be-- expand by 90 percent. It has to meet 90 percent you're thinking. Is there a limit in other

states?

**LINEHAN:** [00:14:51] I-- I don't know that.

**CRAWFORD:** [00:14:53] OK.

**LINEHAN:** [00:14:53] People behind me can probably tell you. I think what's-- what I read and what I think is the fact, that most start out with this kind of a limit and they are so popular that they grow.

**CRAWFORD:** [00:15:03] Right. Well, that was my concern.

**LINEHAN:** [00:15:05] Right.

**CRAWFORD:** [00:15:05] If it's very popular, there's no-- looks like there's no end to how big it could grow.

**LINEHAN:** [00:15:08] But they're very popular, why would that be a concern?

**CRAWFORD:** [00:15:12] It's how much revenue it takes out [INAUDIBLE].

**LINEHAN:** [00:15:15] But-- and I know the fiscal note doesn't say this. I can-- I argued with the Department of Revenue and the Fiscal-- well, not the Fiscal Office, just the Department of Revenue. I find it beyond astonishing to say in the fiscal note that we would use all \$10 million, which means 5,000 kids would leave public school. And nobody saves any money on the public school side. I mean it's one thing to say if 50 kids leave or even 500 kids leave. You have 5,000 children leaving



public schools and nobody saves any money? That, in itself, is a problem.

**FRIESEN:** [00:15:55] Thank you, Senator Crawford. Senator Kolterman.

**KOLTERMAN:** [00:15:59] Thank you, Senator Linehan, for bringing the bill. Let's-- let's phrase it a different way. What-- what would happen if we dumped 37,000 kids on the public education door, front doorstep?

**LINEHAN:** [00:16:11] Well, since we spend over \$12,000 a child in public education, well over, you would have to find another \$500 million.

**KOLTERMAN:** [00:16:21] See, I look at this as just a trickle of amount of money. It's not a threat to anybody. My kids have enjoyed parochial schools, they've enjoyed public schools. We need to work together. Education is education.

**LINEHAN:** [00:16:38] And your kids or my kids wouldn't qualify because we're not--

**KOLTERMAN:** [00:16:40] I understand that. So I don't know what the big hullabaloo is about the bill. I think we should advance it.

**LINEHAN:** [00:16:50] Thank you. [LAUGHTER]

**KOLTERMAN:** [00:16:51] I'm not going to be able to stick around for the closing, so I'll give you my opinion now.

**LINEHAN:** [00:16:54] I thank you. I thank you very much.

**FRIESEN:** [00:16:57] Thank you, Senator Kolterman. Can we just call the hearing off?

[LAUGHTER]

**LINEHAN:** [00:17:01] Yeah.

**KOLTERMAN:** [00:17:01] I'd be good with that.

**LINEHAN:** [00:17:03] Well, let the-- let the people from Arkansas.

**GROENE:** [00:17:07] Thank you, Vice Chair.

**FRIESEN:** [00:17:08] Senator Groene.

**GROENE:** [00:17:09] If it passed, they'd leave quietly. Any, just for clarification, how many kids take the scholarship hasn't anything to do with the expansion of the \$10 million, because they're not-- the donor is not giving it directly to the kids. He's giving it to a scholarship fund. And it could keep growing to \$100 million even if only 50 kids. But every-- growth is based on how much is given,--

**LINEHAN:** [00:17:37] Right.

**GROENE:** [00:17:38] --not how much is used.

**LINEHAN:** [00:17:39] Thank you, as always.

**GROENE:** [00:17:39] I wanted to make sure somebody--

**LINEHAN:** [00:17:40] Yep.

**GROENE:** [00:17:40] --didn't correct you later.

**LINEHAN:** [00:17:42] That's right. Thank you very much, Senator Groene.

**GROENE:** [00:17:43] Anyway, you know, I got all those e-mails, too, and I understand people who-- that public education is a good thing.

**LINEHAN:** [00:17:53] It is.

**GROENE:** [00:17:54] But we had a hearing yesterday-- and hit me-- where-- where--

**KOLTERMAN:** [00:17:59] That's why I turned.

**GROENE:** [00:17:59] --where we were going to give hundreds of millions of tax dollars away.

**LINEHAN:** [00:18:05] We're going to [INAUDIBLE].

**GROENE:** [00:18:06] None of those people who were here got-- sent me an e-mail that that was going to hurt public education because we were going to give hundreds of millions away through LB720. So I really find suspect the rationale behind those emails I received that it's taking money away from public education.

**LINEHAN:** [00:18:28] I think I'm going to maybe mess this up. Some of you were here and I think it was in 2015 or '14, I'm not sure which year, we passed the tax credit. And some of you didn't vote for it, four of you, one sitting right in front of me, for tax credit for early childhood. Last, in 2016-17 the state had \$11.5 million to spend on early childhood tax credits. And I think most of people who are here today against this bill were probably here in support of that bill. So it does seem to-- it's confusing.

**FRIESEN:** [00:19:06] Thank you, Senator Groene. Any other questions from the committee?  
Senator Crawford.

**CRAWFORD:** [00:19:09] Thank you, Vice Chair Friesen. And thank you, Senator Linehan. Is there a limit on how much any one student can get on a scholarship? Was that in the bill or-- ?

**LINEHAN:** [00:19:20] It is not. What's limited is the family income.

**CRAWFORD:** [00:19:24] Sure.

**LINEHAN:** [00:19:27] What-- the only program that is now kind of a scholarship granting organization in Nebraska now, what they do is they give the child \$2,000 generally. Now if you have four or five kids, they might do more. But they give the child \$2,000. The parents have to come up with \$500 and then the school accepts a reduced tuition.

**CRAWFORD:** [00:19:50] Right.

**LINEHAN:** [00:19:51] So basic--

**CRAWFORD:** [00:19:52] But that's an agreement that they make. That's not in statute.

**LINEHAN:** [00:19:53] That's the way, agreement the largest scholarship granting organization in the state right now, that's the agreement.

**CRAWFORD:** [00:19:58] That price.

**LINEHAN:** [00:19:58] The people that I've talked to that are on that, that work with them, it's the Children's Scholarship Fund and they, that's how they do it. They want the parents have some buy-in, so the parents have to have some money. The child gets \$2,000 and then the school has to accept the lower tuition.

**CRAWFORD:** [00:20:13] Is there any benefit of setting some kind of limit in statute, too, so--

**LINEHAN:** [00:20:15] You could.

**CRAWFORD:** [00:20:15] --it doesn't go all the way--

**LINEHAN:** [00:20:16] Well, you get difficult--

**CRAWFORD:** [00:20:18] --[INAUDIBLE]?

**LINEHAN:** [00:20:19] --I mean, yes. I mean clearly this is all our legislation. This is a bill I'm clearly willing to talk to people about limits and--

**CRAWFORD:** [00:20:26] Uh-huh.

**LINEHAN:** [00:20:26] --you just-- when it gets to the kind of family, you know, if you-- but I'm willing to look at that. Yes.

**CRAWFORD:** [00:20:37] Yeah, OK.

**FRIESEN:** [00:20:38] Thank you, Senator Crawford. Senator Groene.

**GROENE:** [00:20:41] I didn't have a chance to read the bill. Looks very interesting reading, but I didn't have a chance.

**LINEHAN:** [00:20:47] We've been busy.

**GROENE:** [00:20:49] Can one individual give \$10 million?

**LINEHAN:** [00:20:51] Can one individual give \$10 million? I suppose.

**GROENE:** [00:20:56] If they've got a \$20 million tax--

**LINEHAN:** [00:20:59] I suppose they could, yes. I suppose.

**GROENE:** [00:21:02] And then the same arguments, which I had a little problem with the bill last year, I mean just a little one. The total amount of such contribution made during the tax year, they give 100 percent off.

**LINEHAN:** [00:21:11] But they--

**GROENE:** [00:21:13] And that argument about a double dip, they get another tax deduction [INAUDIBLE].

**LINEHAN:** [00:21:15] Thank you for both those questions.

**GROENE:** [00:21:17] All right.

**LINEHAN:** [00:21:18] Thank you. So we, yes, we addressed that, both, in this legislation. First of all, you-- you can only take 50 percent. So if you owe, if you owe \$5,000 in your state income taxes, you can only take 50 percent credit for this program. You can't, you've got to pay, as you talked about last year, we heard you, everybody needs to pay something into the state coffers. So it can only be 50 percent of your liability. And then remind me, oh, on the make money part, you can't deduct, take this credit and deduct it from your federal income taxes. You-- it's right in the legislation. You cannot profit. So there was the argument last year that if somebody got 100 percent credit or even 80 percent credit, is what I think we got down to, 80 percent credit, they took the 80 percent credit and then deducted it, they would actually get money back. They cannot do that. If they-- if they take this credit, they cannot deduct it. And the federal law, the federal government has come in now and corrected that too. You cannot-- you cannot get a credit and take a full deduction. So the federal law and this legislation keep that from happening.

**GROENE:** [00:22:20] So you could either-- you could either put your donation in as a contribution to a charity and get your 6.8-- 6.4 percent discount, plus your federal of 20 to 30 percent. Or if you use it as a tax credit, it can only be used as a tax credit at the state level.

**LINEHAN:** [00:22:38] Correct.

**GROENE:** [00:22:40] All right. Thank you.

**FRIESEN:** [00:22:41] Thank you, Senator Groene. Any other questions? On the tax credit, the way you described it, I mean currently somebody can make a contribution, right? And then you just get a-- your charitable contribution tax credit. And so now what this is--

**LINEHAN:** [00:22:58] Get a deduction versus credit.

**FRIESEN:** [00:23:00] Right. So you get 50 percent and those two are not tied together? Or you get them both, the most charitable contribution and the--

**LINEHAN:** [00:23:07] No, no. You just get one.

**FRIESEN:** [00:23:09] Pick one?

**LINEHAN:** [00:23:09] If you get the credit, you just get the credit.

**FRIESEN:** [00:23:12] OK.

**LINEHAN:** [00:23:12] You can't also have a donation, either, not on your state or your federal.

**FRIESEN:** [00:23:16] OK. So a child going into a private school now, in order to qualify for a scholarship you cannot be attending private school currently.

**LINEHAN:** [00:23:26] Thank you.



**FRIESEN:** [00:23:27] That correct?

**LINEHAN:** [00:23:27] That's right. I forgot to mention that.

**FRIESEN:** [00:23:29] OK.

**LINEHAN:** [00:23:29] Yes. So this has to be a child either in kindergarten or 9th grade or switching from a public school, which they call switchers in the lingo of school language. So it can't-- and I think there's some fear so that's a very important question. If there are children now who are in private school, which I think we have some here today that are going to talk to us, they would not qualify because they're already there. So it's got to be new enrollees.

**FRIESEN:** [00:23:59] So if they enrolled in public school for a year or a semester, will they qualify going back then?

**LINEHAN:** [00:24:04] I think it has to be a year if they-- if they go. But really, nobody does that to their children.

**FRIESEN:** [00:24:09] Just checking.

**LINEHAN:** [00:24:11] We hope they don't do that to their children or to themselves really.

**FRIESEN:** [00:24:14] And so-- and so there's some might move at 9th grade, too, and so you're saying--

**LINEHAN:** [00:24:18] Right, 9th grade is because, because what happens in Nebraska a lot, oh, I shouldn't say a lot but this does happen even where I live in Elkhorn, one of the young men who a couple years ago got a perfect score on his ACT at Millard, excuse me, not Millard, Elkhorn South actually went to St. Patrick's in Elkhorn K through 12. But Elkhorn where they live is a long ways from any private high school. So he-- so a lot of kids that are in K through 12 private schools end up going to public high schools because we have more seats and it's cheaper. Right? They can afford more elementary schools than high schools. So-- and then in my, the Linehan, backwards way of doing things, all of my children attended a neighborhood public school and my son went to the public high school, Westside. But my daughters, one stayed-- that stayed here in Omaha went to Duchesne, and then the other two, we moved to Virginia. We bought a house. The closest school was a parochial school. So they went to parochial school where they could walk, and which was smaller and not 20,000 kids--

**FRIESEN:** [00:25:27] OK.

**LINEHAN:** [00:25:27] --that were in the public school.

**FRIESEN:** [00:25:28] Any other questions from the committee? Seeing none,--

**LINEHAN:** [00:25:33] Thank you very much.

**FRIESEN:** [00:25:36] --proponents. Anyone who would testify in favor of LB670? Welcome.

**JACOB IDRA:** [00:25:52] Thank you.

**FRIESEN:** [00:25:55] Go ahead.

**JACOB IDRA:** [00:25:56] Right. Thank you all for allowing me to come here and testify. It's my honor. My name is Jacob Idra and I'm a current student at Creighton University. And today I'd like to just share--

**FRIESEN:** [00:26:08] Would you spell, spell your name.

**JACOB IDRA:** [00:26:09] Oh sorry. Jacob, J-a-c-o-b, last name Idra, I-d-r-a. So today I'd just like to share a bit of my story with you that I've titled "My Father's Words." As I walked by the hotel bathroom, I saw my father throwing up in the sink. I immediately knew something was different. He looked at me in the eye and told me everything will be OK. That was all I needed to hear. That was the first phrase I remember my father saying to me. Surely it would not be the last. My father's upset stomach was simply his body reacting to his first meal in the United States. I vividly recall the experience of leaving Africa and heading to our new home in the United States. It was late 2003 in Egypt and I remembered the air was filled with mixed emotions flowing with tears in the moment. As my family filled the bus with other refugee families headed to the airport, I did not understand why our other family members were weeping, as if they would never see us again. We were headed to the land of the free. Isn't this what we had been praying for? If so, why was everyone crying as if we would never see each other again. At the moment I did not know this exodus to America would leave the most powerful image of my childhood experience. I was not sure what the future had in hand, but I was confident my father's words: Everything will be OK. Our journey of tribulations and blessings in America would begin. We landed in Omaha, Nebraska, where life took off at a hundred miles per hour. One would expect me to say we had nothing but in reality we had each other, we had family, and we had a special blessing stored for us by God. That blessing was our now extended family: All Saints Catholic School. At a very early age, my father engrained the importance of education into our identity. Day in and day out he repeated yet another one of his famous phrases,

"ny tha asci sookeru ga," meaning keep your focus on your school. My parents worked countless hours to make sure we had private education. Their hard work, along with All Saints' flexibility, allowed for us the privilege of receiving private education which has been a blessing from God. From All Saints I was blessed to receive a scholarship to Mount Michael Benedictine, which has altered my life in so many positive ways. I remember early in my freshman year at Mount Michael,-  
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**FRIESEN:** [00:28:56] I want to--

**JACOB IDRA:** [00:28:56] --I asked my father--

**FRIESEN:** [00:28:57] --I want to tell you you're out of time, but I'll just let you keep going.

**JACOB IDRA:** [00:29:01] Oh, all right. I asked my father to transfer schools. He asked me where, I said South High. He turned to me with a serious look in his eye and answered my question with one of his own, as he usually did when he was trying to prove his point. I said that it was a magnet school and he wouldn't have to pay for any school. But my father looked at me as I was looking away and he said, do you know why I brought you here to America? As I was silent his words rang in my head, "ny tha asci sookeru ga," keep your focus on your school. He responded to my silence. Do not let money define what you can or cannot do. He continued. Son, nothing in America is for free. You must work for everything you have. I send you to private school to challenge you. Nothing good is easy. You must work for everything you want. I haven't questioned my father since. My father had helpers in his corner, the biggest being God. God blessed me with an opportunity to attend Mount Michael, leading to a scholarship at Creighton University. In fact, I would argue that I am nothing without the opportunities that have been presented to me at All Saints and at Mount Michael. Certainly I know that I am nothing without my father's words.

Nothing is good-- nothing good is easy in America so focus on your school and everything will be OK. I do not stand up here speaking for myself. I stand up here speaking for past, current, and future students in private education, especially those who are less fortunate. Education is our one-way ticket out of the struggle and into a better life. Now I'm not claiming to know this bill inside out, but I know this bill will allow for more students with similar stories to mine to have a choice in their education, a choice that could change their lives forever. Thank you.

**FRIESEN:** [00:30:50] Thank you, Mr. Idra. Any questions from the committee? Senator Groene.

**GROENE:** [00:30:58] What are you majoring in?

**JACOB IDRA:** [00:31:00] Business. I haven't decided, looking into finance or marketing.

**GROENE:** [00:31:05] Gosh, a taxpayer! Thank you. [LAUGHTER] Thank you.

**FRIESEN:** [00:31:10] Thank you, Senator Groene. Any other questions from the committee?  
Seeing none, thank you for coming and testifying.

**JACOB IDRA:** [00:31:18] Thank you.

**JOE MURRAY:** [00:31:27] I'll just sneak in here after the experts. Members of the committee, I am Joe Murray, that's spelled J-o-e M-u-r-r-a-y. I'm here in support of LB670. It is time to end hostility toward private schools and home schooling. Providing the best educational opportunities wherever they may be is something everyone should be able to embrace. I'm looking at Senator Kolterman here. Imagine for a minute come next August if approximately 40,000 students that attend private K through 12 or homeschool would enroll in Nebraska public schools. Based on the

average per pupil cost, it would cost around \$500 million. It would be a major crisis because a new infrastructure and staffing would be needed, which would drive the cost even higher. Rather than harming public education, every student that chooses to opt out of public school saves money that could be used toward more funding for the students in public school or, perish the thought, some of it could be used to lower property taxes in this overtaxed state. LB477 [SIC] would allow more students to opt out of public school. This has been-- there's been a scholarship program like this in Iowa since 2006. According to the Iowa Department of Revenue, this annually saves the state \$12 million. In Oklahoma, tax credit scholarship program saves a \$1.39 in state revenue for every \$1.00 in tax credits spent in 2017. Overall, in the 18 states that have one of these scholarship programs, they have realized more than \$1.8 billion in savings altogether. LB270 [SIC] is a win-win proposal that increases educational opportunity and saves public funds. One of the most memorable and joyful days of our lives was November 6, 1994, when our twin sons were born-- double the pleasure, double the fun, double the trouble ,and double the cost. When it came time for school we felt it was important to have our Christian beliefs be part of their education and so we went them-- sent them to school, church school, just as our blue collar parents had done for my wife and I. As our parents, we weren't swimming in money. It was a great sacrifice. As a child I had to feed bum calves, build up a cow-calve operation, and train horses to help my parents bear the cost of education. Our sons helped by detasseling and cleaning their school. There was no new cars or thrills. We had some real struggles, especially for years, a few years after our house was destroyed in the Hallam-Norris School tornado on May 22, 2004. With our home, barns, and everything else was destroyed, we had to beg, borrow, and scrimp to keep our kids in private school. No, we did not steal or get any help from the government. Our sons are grown now, finished with school and have good jobs. Things are good for us. We have no regrets. Would have been much easier if there had been a scholarship program like the one proposed by LB670. I ask the committee and the rest of the body to pass LB670. It is needed and is a win for everyone.

**FRIESEN:** [00:34:18] Thank you, Mr. Murray. Any questions from the committee? Senator Kolterman.

**KOLTERMAN:** [00:34:23] Thank you for coming, Mr. Murray. Did-- did your kids go all the way, K through 12?

**JOE MURRAY:** [00:34:26] Yes, they did.

**KOLTERMAN:** [00:34:26] OK. So they went to parochial high school as well.

**JOE MURRAY:** [00:34:31] They did.

**KOLTERMAN:** [00:34:31] OK.

**JOE MURRAY:** [00:34:31] Now I know there's-- I just heard some details of this bill that, you know, they'd either have to start with the scholarship or end. But I just know that there's many times I think during that time that we'd probably qualify for scholarships like this and I think would be a great help to people.

**KOLTERMAN:** [00:34:48] Thank you.

**FRIESEN:** [00:34:50] Thank you, Senator Kolterman. Any other questions from the committee? Seeing none, thank you--

**JOE MURRAY:** [00:34:53] Thank you.

**FRIESEN:** [00:34:53] --for your testimony.

**APRIL GARCIA:** [00:35:07] Good afternoon, everyone. Thank you for letting me talk today. My name is April Garcia, A-p-r-i-l, last name Garcia, G-a-r-c-i-a. I'm excited and pleased to be here today to be able to have my voice heard about the opportunities of LB670 Opportunity Scholarship Act. My daughter was fortunate to have the opportunity to attend both the public school and a parochial school of my choice. She started in a public school with a student-teacher ratio of 24 to 1. While this is manageable in most classrooms, I realize that some of my daughter's needs were not being met and that the teacher's available time was not allowing her to flourish. She needs and she deserves, excuse me, sorry, to have a better opportunity to learn. What she was able to transfer to Christ Lincoln schools, she was in class of 12 students and allowing her to excel in areas where improvement was much needed. As a 1st grader, Haylee can count money, do timed math, read level three books, and she can think outside the box to solve problems. She has learned about cooking, sign language, Spanish, and currently learning sewing in her Explore It class. While I am not always able to expect low teacher ratios, I know foundationally she-- at and in most cases are above her peers in her previous schools. I love my daughter and I want you to understand I would do anything in the world for her, including working two or three jobs to ensure that she receives the education, the best education and opportunity-- sorry-- to learn and to flourish. I was graced with a scholarship from the church and school supporters to help me afford its wonderful education. It's a great feeling to know that I don't have to spend additional time away from my daughter at extra jobs, and I'm pleased because Christ Lincoln is not only a school but they've become a family to me. Every teacher is loving and kind and spiritually guiding my daughter to the best that she can be. And I know my daughter's safe. And I have concerns, they are addressed immediately. My daughter's learning has blossomed since being at Christ Lincoln schools. Her social skills are slowly being defined, but in the last year and a half she has changed from being a shy and uncertain introvert to a positive, involved extrovert. I know this is an opportunity that a lot of families and



kids do not get to experience but should. And it's unfortunate that more families do not have the ability and opportunity to place their child in a school of their choosing purely due to financial burdens. I pray that the state of Nebraska will consider LB670 Opportunity Scholarship Act for all families that fits their child's needs regardless of the income. Thank you for your opportunity and God bless you all.

**FRIESEN:** [00:38:08] Thank you, Ms. Garcia. Any questions from the committee? Seeing none, thank you for coming up.

**ALYSON TULE MARTINEZ:** [00:38:27] Good afternoon. I'm Alyson Tule Martinez, A-l-y-s-o-n, and then last name Tule Martinez, T-u-l-e M-a-r-t-i-n-e-z. I'm a freshman Marian Catholic High School. Last year I gave a speech here in 8th grade. I went to St. Thomas More for 7th and 8th grade. I have three siblings, two sisters and one brother. They all attend to St. Thomas More, except my baby sister. We all received help by receiving a scholarship to attend Catholic education. Without the help of a scholarship, my family and I wouldn't be able to receive a Catholic education. I remember when I was in 6th grade my mom would always tell me she wanted to send us to a Catholic school since the day we were born. But she thought that day would never come because of money and other issues going on. My parents were on the edge of hope because they didn't think they would receive this kind of opportunity or see us where we attend now, but they didn't let that little hope fade away. They looked, searched, and made sacrifices. They did not give up because a parent does whatever it takes for their child or children to receive what is best for them. Eventually, they did find a way. We received a scholarship. My family was amazed about the opportunity we were given and we're so grateful. That joy we felt, the happiness and how thankful we were was all over the place. I think my mom was going to cry. The emotions that we feel is unexplainable but once you experience it you will get it and truly understand. Everyone deserves to experience those moments. I felt so grateful that we have received the scholarship. I was thankful that my parents did

this for my siblings and I. And all the work they done in the owners of this scholarship. Let me be honest. In 7th grade I was struggling. I was getting the best grades or doing my best. The reason I was struggling was a transition of a public to a private Catholic school because I went to a public school when I was in kindergarten to 6th grade. When I went to a Catholic school, the academics was more challenging and strict. I couldn't keep up. It made me feel down because I didn't want to let my parents down for all the work they've done or sacrifices. I wanted to make them proud. So I got up and aimed for the best because I know that not everyone receives these kind of opportunities and I shouldn't let it go to waste. I got to decide where to go to a Catholic school because of the scholarship. And I know many want the same opportunity but they get rejected. For the cause of the rejection, they would have to move on and find another school to attend to but not the Catholic school they wanted to go to. It's not fair. My family received it and got to choose Catholic schools. Why shouldn't other families get to choose Catholic schools also? Everyone should decide where to attend for their education and we need to find a way for them to attend because everyone has a choice and everyone should pursue that choice. People choose a Catholic education for a reason. People choose to send their kids to a Catholic school. We all choose many different things but it all has a reason behind it. People come to look for a Catholic education because they know it will do them good. They should be given that opportunity. The scholarship can do an impact on them, push them for the better and open up to a great education. We shouldn't take that away from them. More people should receive this kind of opportunity because education is their main priority and more people need this kind of help than what you think. I've got to experience the happiness and joy receiving a scholarship with my family. Now it's their turn.

**FRIESEN:** [00:42:00] Thank you, Ms. Martinez. Any questions from the committee? Seeing none, thank you for coming in to testify.

**SARAH SCHINSTOCK:** [00:42:19] Hello. My name is Sarah Schinstock, S-a-r-a-h S-c-h-i-n-s-t-

o-c-k. Ladies and gentlemen of the committee, thank you for allowing me for a few minutes to testify. I would like especially to thank Senator Linehan for sponsoring this bill. I am blessed to have been given a parochial education. I grew up here in Lincoln, in Air Park to be specific. I attended St. Mary's Catholic School, directly across the street from this very building. The curious part of this decision is that neither my parents nor myself were Catholic. My parents made the choice at the time to send me to St. Mary's because they felt that was the right path for me and my siblings. My mother was an educator and had done lots of research to find the best tailored education for my needs and the needs of my brother and sister. They were right. St. Mary's became an amazing community for me. They were with me in good times and in bad times, including when I lost my very mother to cancer when I was 12 years old. The wonderful fit of that school community became so much more for me-- a lifeline to my future. Now I'm the mom. My husband Jeff and I are the parents of seven children, six of which are currently school age. You may look at them and say those kids are definitely all Schinstocks. But as their mom I can tell you that as much as they are similar they are all very different and have unique needs. Our oldest daughter Regina has severe autism. We have tirelessly looked at every program available to find her the best fit. The amazing staff at Randolph Elementary, Pound Middle School, and East High School have been an incredible gift to our family. There were other options available that we could not consider because we simply could not afford them. Our other children have gone to St. Theresa's school. We have determined it the best fit for them. But it has been a great struggle for us. We value the education provided at our little Catholic grade school because Christianity is woven into the fabric of our children's lives on a daily basis. They are taught virtue throughout the day in varying subjects. They have the opportunity to grow in holiness by attending the sacraments. They have a value-based curriculum in which they thrive. And knowing our children, we know this to be the best source of education for their development and we are thankful that we have the choice to provide this for them. Humbly, and I mean this very humbly, I would like to tell you why this bill would benefit our family and families like ours. My husband Jeff earned his master's degree and works in ministry. It

is a very fulfilling job which he enjoys very much. It does not, however, pay great dividends, at least on this side of heaven. I am an educator by trade, but currently stay at home to raise my children. Because of these decisions that we have made for the good of our family, we qualify for free and reduced lunch. This bill would help us tremendously, because it would allow scholarship money to come aid us in tuition payment. It was just announced that tuition at our little Catholic grade school would go from \$50 a school year to \$1,600 a school year per student. As you can imagine, that is a sizeable jump for a family like ours and we find ourselves in the same boat as many, many other people. That is why I felt so convicted when I read the tenets of this bill loosely because it helps the giver with a tax credit and the receiver to be able to continue to thrive in the choices of schooling they have made for their children.

**FRIESEN:** [00:46:26] Could we please wrap up?

**SARAH SCHINSTOCK:** [00:46:28] I'm here today to ask for your help. This bill does no damage to your great efforts in public education but it does make it easier for families to have more options available for the unique set of circumstances of the child that they know best. Thank you.

**FRIESEN:** [00:46:46] Thank you, Ms. Schinstock. Any questions from the committee? Seeing none, thank you for testifying.

**PATRICK WOLF:** [00:47:11] Mr. Chairman, distinguished Senators, my name is Patrick Wolf, that's P-a-t-r-i-c-k W-o-l-f. I'm a professor at the University of Arkansas and I'm delighted to be here today to speak with you about the research record on private school choice programs such as the one envisaged in LB670. Although I'm from the University of Arkansas, the opinions I share here are my own and do not necessarily reflect any official position of the university or the University of Arkansas system. They have developed over 20 years, over a 20-year period, of me

evaluating private school choice programs across the country. And if you look on the third page of the handout you can see a stylized map of our United States of America. And literally, a visitor could come ashore on the eastern shores of Maryland and walk across the United States, either in a northern route or a southern route, and never set foot in a state without private school choice until they get to the West Coast. Of course, if they reached the eastern edge of Nebraska they'd have to go north to South Dakota or south to Kansas, because Nebraska is behind the curve in adopting private school choice programs. So there's been a great deal of research on the achievement, attainment, crime, and civic effects of private school choice programs on program participants. There also has been a great deal of research on the achievement effects of these programs on nonparticipating students who remain in public schools. The most rigorous studies use random assignment to eliminate any bias and I'll focus on those in my very quick review here. But because there's so much to cover, I'm going to present most of the research in tables with a color code to them. It's exactly like the lights that are going to be flashing in front of me. Green means the study found positive effects of private school choice on all types of participants. The yellow meant that there were-- there was null finding, that means that the results for students in private school choice programs were similar to those in public schools. And red means the results of participating in private school choice were negative. So first when we look at the achievement effects of choice, there have been 17 studies. Eleven of them find clear positive effects for participants on their subsequent test scores. Four find no significant difference. And only two report negative achievement effects of choice. When we look at the attainment effects, the effects of private school and on how far students go in school, we see that there's a much more consistent pattern of positive findings. Six studies documenting that private school choice improves educational attainment and just 1 null finding. There's a graphic there regarding my study of the D.C. Opportunity Scholarship Program where we found that students participate in the choice program, their chance of graduating from high school was 21 percentage points higher.

**FRIESEN:** [00:50:42] I'll just cut you off there maybe somebody will ask you a question and let you finish. Senator Lindstrom.

**LINDSTROM:** [00:50:49] Thank you, Senator Friesen. Thank you for being here. I think it's Dr. Wolf?

**PATRICK WOLF:** [00:50:50] Correct.

**LINDSTROM:** [00:50:52] Thank you, Doctor. When-- when choice programs like this, like LB670 are implemented, do you see anything on the other side of the equation as far as public schools? Do they do anything differently on their end to, say, compete with programs like this?

**PATRICK WOLF:** [00:51:09] Yes. There's been research on that question about what happens when traditional public schools face pressure from a new school choice program. And very consistently they-- they communicate more frequently and more substantively with parents. That's the first thing they do, is-- is there's better communication between home and school when there is a chance that students might leave the public school. The other thing they do is they develop new programs that are customized for the particular needs of the kinds of students who would be eligible for a choice program and, therefore, are-- are a danger to leave the public schools. Those are the two most consistent findings, are better communications and new programs customized for-- for vulnerable types of kids.

**LINDSTROM:** [00:51:59] Thank you, Doctor.

**FRIESEN:** [00:52:01] Thank you, Senator Lindstrom. Senator Groene.

**GROENE:** [00:52:02] Thank you, Vice Chair. When you did your study did you compare state statute and state constitutions as being a factor, getting in the way of programs like this?

**PATRICK WOLF:** [00:52:15] Yes, Senator, I'm-- I'm familiar with-- with the legal cases and have done some research on that. Nebraska is in a great position because your Blaine Amendment is-- is the least restrictive Blaine Amendment there is, for one thing, and secondly, there's a rich judicial history establishing that tax credit scholarship programs don't even violate restrictive Blaine Amendments. So they certainly--

**GROENE:** [00:52:41] That's federal, federal cases?

**PATRICK WOLF:** [00:52:43] That's the Arizona case, the Winn case, and that was appealed to the U.S. Supreme Court and the U.S. Supreme Court declined to hear it. So they let it stand. And there's also been a case in Florida that's-- that's-- that's confirmed that that tax credit scholarship programs do not violate Blaine Amendments.

**GROENE:** [00:53:02] State courts or--or--

**PATRICK WOLF:** [00:53:03] State courts, yes.

**GROENE:** [00:53:04] --or appellate courts or--

**PATRICK WOLF:** [00:53:04] Correct. Yes. Yes, Senator.

**GROENE:** [00:53:08] Federal courts that heard it or-- or was the Arizona case from the state court to the federal or the Supreme Court?

**PATRICK WOLF:** [00:53:16] It was the-- yeah.

**GROENE:** [00:53:16] Or did it go through the federal courts, state and federal courts?

**PATRICK WOLF:** [00:53:16] It went through the state courts and then the state Supreme Court made the definitive ruling and it was appealed to the federal Supreme Court and the Supreme Court did not choose to take it up. And I have a handout. I expected there to be some discussion so I have an additional handout that outlines, you know, what a strong constitutional position this particular legislation is in here in the state of Nebraska.

**GROENE:** [00:53:44] So our constitution, it says free instruction in the common schools of this state of all persons between the ages of 5 and 21 years. It's not as restrictive as some other states' constitutions is what you were saying?

**PATRICK WOLF:** [00:54:02] Senator, the key is that the aid that is provided is going to the parents and then the parents are choosing the school, so the government is not directly aiding a religious school. And so constitutionally there's no problem.

**GROENE:** [00:54:20] All right. Thank you.

**FRIESEN:** [00:54:21] Thank you, Senator Groene. Senator McCollister.

**McCOLLISTER:** [00:54:22] Yeah, thank you, Senator Friesen. Thank you, Dr. Wolf, for being in snowy Nebraska. Most of your research, as I reviewed it, is based on the achievement of the-- of the kids in school. Is that correct?



**PATRICK WOLF:** [00:54:35] That's correct, Senator. I've led efforts by a new wave of-- of researchers to look beyond just test scores and look at things like educational attainment, which is critically important to the life success of students, and also the effects of private school choice programs on criminal behavior and-- and other sort of character outcomes of young adults. We had very exciting findings we released a week ago on the Milwaukee parental choice program when we found that students who participated in that school choice program had an 86 percent lower chance of having been convicted of property crimes, a 53 percent lower chance of being convicted of drug crimes, and a 38 percent lower chance of being a subject to a paternity dispute when they were in their mid-20s compared to a carefully matched group of public school students.

**McCOLLISTER:** [00:55:30] I'm just wondering if there's research on the parents themselves. Because by simply sending their kids to a school of their choice perhaps they're indicating a greater involvement in their kids' education than some other cohorts. I wonder if there's some causation there.

**PATRICK WOLF:** [00:55:49] Sure, Senator. That's an excellent point and I coauthored a book about that topic called "The School Choice Journey." We tracked 100 low-income parents participating in the D.C. Opportunity Scholarship Program, and what we found over a five-year period is that many of them you moved from a-- what we called a client perspective. You know, the idea that, OK, I have needs, I fill out forms, government provides me with support. They move beyond that to more of a customer perspective where they realized they were making the choices in terms of the school that their child would enroll in through this private school choice program. And then ultimately to a citizenship per-- perspective when they took ownership of the program. And when a new Congress tried to shut it down in 2010 and 2011, thousands of parents rose up in Washington, D.C., and saved the program. So we usually don't expect that from low-income inner

city parents, but we saw it in the case of these parents actively involved in defending their opportunity to choose their child's school.

**McCOLLISTER:** [00:56:59] Thank you, Dr. Wolf.

**FRIESEN:** [00:57:01] Thank you, Senator McCollister. Senator Briese.

**BRIESE:** [00:57:02] Thank you, Vice Chair Friesen. And thank you for your testimony here today. You've spoken about and indicated somewhere here about the education disparity or differences in educational outcome of the private school student versus public school students. Why do you see that difference? Why is that different? Why does that difference occur?

**PATRICK WOLF:** [00:57:23] Senator, we are sort of at the frontier of identifying the exact mechanism, what is different about private schools that lead to better outcomes. I mean my general sense, my-- my general suspicion is that private schools, particularly those that are faith-based, have a long tradition of educating the whole child. So they have developed an educational environment and program where they seek to nurture all aspects of a child, their-- their intellect, their character, their spirituality, their civic outlook. And so I think that's why we see so many positive effects across a wide range of outcomes when we evaluate private school choice programs. It's because these private schools have a more expansive vision of the totality of what educating a child is and means.

**BRIESE:** [00:58:18] OK. Thank you.

**FRIESEN:** [00:58:19] Thank you, Senator Briese. Any other questions from the committee?  
Senator Groene.

**GROENE:** [00:58:23] So all the red states in that graph were-- have a program.

**PATRICK WOLF:** [00:58:28] Correct. Yes.

**GROENE:** [00:58:29] How-- are any of them state funded?

**PATRICK WOLF:** [00:58:30] They are all state funded except for the D.C. Opportunity Scholarship Program. That's the only federally funded private school choice program.

**GROENE:** [00:58:39] When I say state funded, is it tax dollars and appropriated by the state into the fund, or is it-- or is it a tax credit?

**PATRICK WOLF:** [00:58:46] There are--

**GROENE:** [00:58:47] Because this really isn't state funded.

**PATRICK WOLF:** [00:58:48] -- 16 of the programs are school voucher programs where there's direct appropriation, government, state appropriation is the funding. I think 23 are tax credit scholarship programs. So the tax credit scholarship funding mechanism, as in HB760 is-- or LB670 is the more preferred mechanism for funding these private school choice programs, the more common mechanism. And then finally there are education savings accounts programs. There are six of those. Those are a little more complicated in their funding.

**GROENE:** [00:59:25] Have you-- once these get started, call this the program seed money. Now you've got the foundations started that are going to-- and they've got employees to make sure the

scholarships remain. Does it lead to more philanthropy from people who say, see what's going on, and then they say, I don't care if I get the credit or not, I'm giving money to this organization? Or is it pretty much it's limited by \$10,000 tax credit, but have you seen any of those funds grow outside of that?

**PATRICK WOLF:** [01:00:01] Yes, Senator, I definitely have. I've looked carefully at the Florida program, which was the first tax credit scholarship program. It's 20 years old now. And there are several philanthropists who have supported that program. The infrastructure that's required, you know all of this is-- is nongovernmental. And-- and there have been many contributions outside of the structure of the tax credit scholarship program to help make that program work and grow. Similarly, we're seeing that right away in Illinois with the Invest for [SIC] Kids program, the-- the latest private school choice program enacted in, you know, right dead center in the middle of our country. There-- there have been-- there's been strong support from philanthropists in-- in-- in Illinois making sure that the-- that the organizations administering the program are-- have well-trained staff and are operating properly so that they can support this program, you know, with the very modest contribution allowed for administrative expenses. So there definitely has been supplemental philanthropy outside of the strict tax credit amount.

**GROENE:** [01:01:13] Where they're just taking the regular credits, donation credits, charitable credits on their taxes. Plus, you have foundations out there, which are tax-free in first place, so they might come in also when they have an existing--

**PATRICK WOLF:** [01:01:29] Yes, Senator, we've seen that in-- in other states.

**GROENE:** [01:01:34] Without any cost to the taxpayer.

**PATRICK WOLF:** [01:01:35] Uh-huh.

**GROENE:** [01:01:35] Thank you.

**FRIESEN:** [01:01:35] Thank you, Senator Groene. Senator Briese.

**BRIESE:** [01:01:38] Thank you, Vice Chair Friesen. And thank you again. You indicate earlier, what, 23 of these states have-- or scholarship tax credit type programs. What percent of those allow a one-to-one credit for the donation made? Is that commonplace or unan-- are they unanimous in that or what percentage do?

**PATRICK WOLF:** [01:01:58] Senator, they're certainly not unanimous in that. I don't have the exact breakdowns. There are some that-- that allow dollar-for-dollar reimbursement and-- and that's considered, you know, the best practice for a new tax credit scholarship bill. But I know there are other programs, you know, where it's down. The-- the lowest one is 50 percent, is 50 cents on the dollar. And that-- that program is struggling. I don't recall the exact state but I know that there is a-- a 50 cents on the dollar program that's-- that's not doing as well as the ones that provide a higher percentage of credit.

**BRIESE:** [01:02:39] As a one-to-one match or is that the minority?

**PATRICK WOLF:** [01:02:42] Senator, I can't-- I can't tell you for sure offhand. I know there are some and I know it's-- it's widely viewed as-- as the best practice--

**BRIESE:** [01:02:52] OK.

**PATRICK WOLF:** [01:02:52] --to do one to one.

**BRIESE:** [01:02:53] OK. Thank you.

**FRIESEN:** [01:02:55] Thank you, Senator Briese. Senator Crawford.

**CRAWFORD:** [01:02:58] Thank you, Vice Chair Friesen. Thank you, Dr. Wolf, for being here and representing this research. Could you talk a little bit about how the research is funded?

**PATRICK WOLF:** [01:03:05] The research is funded by-- by a variety of organizations. The largest amount of money that I've received from my research over the year has come from you all, the taxpayers. The-- the U.S. federal government funded several of my school voucher studies. But I've been funded by a wide variety of foundations across the ideological spectrum. None of them pressured me to change or-- or preordain my findings. And in fact I have reported private school choice results that are positive, neutral, and even negative. I go where the evidence points me and the-- the evidence usually points me in the positive direction. But there-- there are many different foundations and government organizations that have funded this deep body of research over the years, for me and for other researchers.

**CRAWFORD:** [01:04:04] Thank you.

**FRIESEN:** [01:04:05] Thank you, Senator Crawford. Senator McCollister.

**McCOLLISTER:** [01:04:06] Would you be willing to share the names of some of those foundations, Dr. Wolf?

**PATRICK WOLF:** [01:04:09] Sure. So they've included the Annie Casey Foundation based in Baltimore, the Joyce Foundation based in Illinois. I know the Spencer Foundation has funded some of my colleagues who have done school choice research. I've been funded by the Walton Family Foundation, by the-- the-- the, let's see, what's-- what's-- I can't even remember all of them, the Robertson Foundation which is based in New York. But the large-- my largest grants came from the-- from the U.S. Department of Education, their Institute for Education Sciences.

**McCOLLISTER:** [01:04:54] In recent years?

**PATRICK WOLF:** [01:04:57] In recent years the Smith Richardson Foundation has been a-- a substantial funder of me recently. Yeah, it's been a little while since I've had an-- an IES grant, but.

**McCOLLISTER:** [01:05:12] Thank you very much.

**FRIESEN:** [01:05:13] Thank you, Senator McCollister. Senator Groene.

**GROENE:** [01:05:17] Who-- is there somebody that does what you do who, call it a competitor in the same research dollars, who has come up with "counterfindings" than you have?

**PATRICK WOLF:** [01:05:32] Well, I mean that-- that I'm one of the few private school choice researchers who has done multiple major studies. I have several colleagues who have each kind of done one study. But I don't-- I can't think of a case-- well, I will give you one example. So-- so I was the original evaluator of the D.C. Opportunity Scholarship Program from 2005 to 2010. Then I took a break and another research team came in. Now my final conclusions were that the program had no conclusive impact on test scores, but it clearly improved high school graduation rates in that graphic I showed you, 21 percentage point increase. The second team that came in has only reported

results for-- for two years. My study stretched out four years. And they've reported negative effects of the program on math achievement, and I have that in-- in the handout. That's the Dynarski et al. study. They don't have a-- a large enough group of older students to even look at educational attainment, so their-- their study is different in scope. It's not as widely scoped as my original one.

**GROENE:** [01:06:50] That's fine.

**PATRICK WOLF:** [01:06:50] And the findings are slightly different.

**GROENE:** [01:06:52] Could I ask you what your-- you work for a public university,--

**PATRICK WOLF:** [01:06:55] Yes, Senator.

**GROENE:** [01:06:57] --a government funded. What's your educational background?

**PATRICK WOLF:** [01:07:03] I was a free lunch kid growing up. My-- my parents divorced when I was seven and somehow my mother found a way for myself and my three sisters to attend parochial school. That was really the only luxury we had growing up was access to-- to a Catholic school education. And I feel it-- it made a big part of-- in-- in my own life, played a very positive role.

**GROENE:** [01:07:32] Your university you went to?

**PATRICK WOLF:** [01:07:33] I went to the University of St. Thomas in St. Paul, Minnesota. So I'm used to snow. And from there I went to Harvard University, the political science doctoral program at Harvard University.



**GROENE:** [01:07:48] Thank you.

**FRIESEN:** [01:07:49] Thank you, Senator Groene. Any other questions from the committee?

**McCOLLISTER:** [01:07:53] One more.

**FRIESEN:** [01:07:53] Senator McCollister.

**McCOLLISTER:** [01:07:54] Thank you, Senator Friesen. Your research primarily is on school choice, Dr. Wolf. Can you extend that to charter schools? Does the same thing apply? Is that a subgroup that would change your research?

**PATRICK WOLF:** [01:08:11] Senator, I have done some research on-- on public charter schools. I did an evaluation of the public charter schools in Milwaukee and I've also done-- have ongoing research on discrepancies in funding of public charter schools relative to traditional public schools. In most circumstances, the same kind of child attending a public charter school receives lower funding than if they attended a traditional public school. Public charter schools are another school of choice for parents. It's another option that's valued by many parents. But some parents want a values-rich environment for their child's education that includes religion. And because charter schools are public, they can't have a religious component to the education the child receives. And so I think if you limit parental school choice just to public charter schools, you're taking an-- an entire model and type of education off the table for parents, and a lot of parents, that's-- that's the one they want.

**McCOLLISTER:** [01:09:18] Thank you, Dr. Wolf.

**FRIESEN:** [01:09:19] Thank you, Senator McCollister. Any other questions? So I guess right from the front page really you have a Department of Education Reform in the University of Arkansas.

**PATRICK WOLF:** [01:09:32] Yes, Senator.

**FRIESEN:** [01:09:33] That caught me. I've never heard of such a department in a university before. So I-- I guess when you talk about education reform, are you-- do you look at all aspects of education? Because, whether it's public or private, we have private colleges, we have public colleges, some are funded differently. So like these private schools, when they're-- I take it all of these had some sort of scholarship funding or method or were some of them privately funded? What are the options? Are majority scholarship funded schools?

**PATRICK WOLF:** [01:10:15] So-- so, Mr. Chairman, so I-- I-- I think I have two questions from you. One is, what the heck is the Department of Ed Reform; and the second is-- is were some of these programs [INAUDIBLE] privately funded, some publicly funded, etcetera? So the Department of Education Reform was established by a former Arkansas state senator who was term limited out of his position as the chair of the Education Committee and felt that he had a lot of work that was undone and also felt that the-- the legislating that he and his colleagues were doing would be better informed by some serious evaluation of different education reforms. And so he became the head of a foundation called the Windgate Foundation, and they funded the establishment of the Department of Education Reform at the University of Arkansas. So I am, I'm a product of a-- of a state senator in that sense.

**FRIESEN:** [01:11:16] OK.

**PATRICK WOLF:** [01:11:16] And, yes, the-- the programs we've evaluated are a mix of. There are a handful of privately funded programs that have been rigorously evaluated, most of them funded through the Children's Scholarship Fund, the umbrella organization that funds some scholarships here in Nebraska. Many of them have been the more traditional school voucher programs with government appropriations. And then some have been tax credit scholarship programs. So--

**FRIESEN:** [01:11:44] OK.

**PATRICK WOLF:** [01:11:44] --it's been a mix.

**FRIESEN:** [01:11:46] So when you-- when you were talking about the different colleges you've been to, we have some private colleges that are, would call them world-class private colleges, that have no public funding. You ever look at any of the college system more, or is it you've just been in K through 12?

**PATRICK WOLF:** [01:12:01] It's kind of bad for one's career to study high-- higher education reform when-- when one is a professor at a university. I know some very brave researchers who have done it and they're in the think tank world now. [LAUGHTER] So-- so-- so I like to focus on K-12.

**FRIESEN:** [01:12:25] OK. All right. Thank you. Senator Crawford.

**CRAWFORD:** [01:12:28] Thank you, Vice Chair Friesen. And thank you, Dr. Wolf. So the studies here that are a mix, the results are a mix of voucher programs and scholarship kinds of programs, is that correct?

**PATRICK WOLF:** [01:12:40] That's correct, Senator.

**CRAWFORD:** [01:12:41] The results are a mix of that. Yeah.

**PATRICK WOLF:** [01:12:42] Yeah.

**CRAWFORD:** [01:12:42] Do you have any comparative studies that have pulled out the scholarship programs specifically?

**PATRICK WOLF:** [01:12:49] So-- so, Senator, there just-- there just haven't been enough evaluations just of the tax credit scholarship programs to-- to sort of summarize those findings as a single kind of type--

**CRAWFORD:** [01:13:03] Uh-huh.

**PATRICK WOLF:** [01:13:03] --of school choice. But yet, when you think about what is the program, the program is expanding access to private schools of choice for disadvantaged populations. And-- and-- and you can do it a number of different ways: the voucher way, the tax credit scholarship way, the privately funded charitable way. And-- and so, you know, the-- the program has a very similar theme. It just kind of has some different dimensions and we don't yet have a deep enough research pool just on-- on tax credit scholarship programs to say that they have a distinctive effect, distinct from the-- the government-funded voucher programs.

**CRAWFORD:** [01:13:49] Thank you.

**FRIESEN:** [01:13:50] Thank you, Senator Crawford. Would-- public schools, obviously, have a lot of regulations put on them by the state. So when the state starts funding some of these private schools, do some of those regulations pass on to those private schools? Are they regulated in any way or are they left totally autonomous?

**PATRICK WOLF:** [01:14:12] Senator, there-- there is always some regulation. In fact, I mean private schools are subject to certain regulations just to operate even with their own-- with their own funds, some government regulations. What we found in our research when we look at regulations is the private schools participating in choice programs tend to be more heavily regulated when it's a government appropriated voucher program. And they tend to be less heavily regulated when it's a tax credit scholarship program, because there's a bit of an arm's-length separation between the government and-- and the private schools delivering the education there. The most extreme case, the most regulated private school choice program in the United States is the Louisiana Scholarship Program. I'll be releasing my fourth and final set of reports evaluating that program next month. But-- but you'll see that-- that it's-- it's on the red, it's in the red area where we've-- we found initially negative effects of the program on student test scores, largely because only 32 percent of the private schools in the state of Louisiana decided to participate in the program. So they were scared away by heavy regulations in that particular program.

**FRIESEN:** [01:15:36] OK. Seeing no other questions, thank you for your testimony.

**PATRICK WOLF:** [01:15:38] Thank you.

**FRIESEN:** [01:15:53] Welcome.

**JULIE TRIVITT:** [01:15:57] Thank you. Good afternoon, Mr. Chairman and members of the

committee. My name is Julie Trivitt, J-u-l-i-e T-r-i-v-i-t-t, and I am an economist at the University of Arkansas. And so before I go any further, I want to make sure you understand everything I say today are my thoughts and my opinions on this and are not driven by the University of Arkansas or the University of Arkansas system. OK? So I have been asked to speak about the fiscal effects. You've heard about some of the effects on children or potentially schools. I'm just going to talk about dollars and how it affects the state budget when you have an oppor-- or a tax credit funded scholarship program in place. These are not new. They've been around for about 20 years now. There are many states that have of them. And these programs have been much studied. It's real easy to see how the credit adds up as far as taxes that the state does not collect. And so a lot of people can easily recognize the cost of these programs. However, schools are funded with a mathematical formula and that mathematical formula does not change. And so we can look at that formula to see what would the funding have been were this program not in place, as opposed to when it is in place. There have been 42 studies where they have looked at tax credit funded scholarship programs, and of those 42 studies, 39 have found that it has a net positive effect on the state, that the education expenditures no longer needed exceed the tax credits that were granted. There were three where they found that it didn't have a distinguishable effect in either direction. None of the studies that I have seen have shown that a bill like this has a negative effect on the state budget. OK? So I've-- I've done a little research into Nebraska's funding formula and the bill that's been proposed. And so the handout that you have in front of you is some quick analysis that I have done looking at what we could project may happen to Nebraska's budget. So Nebraska, like a lot of states, is set up so that they determine how much money schools need based on the needs of the students in the district. And then you determine how much local revenue will be collected based on the assessments of property in the local area and other revenue mechanisms. And then the state becomes the funder of last resort. The state makes up the difference between any needs that are still unmet after the local revenue has been determined. OK? So this means as the needs of a district change, what the district generates revenue-wise doesn't change, but it falls on the state to make up that difference, whether

it's increasing or decreasing. OK? So with LB670 students would be granted scholarships from the nonprofit organizations and that allows them to attend a private school. And so the state no longer has an obligation to fund their resources in the public school.

**FRIESEN:** [01:19:05] Going to have to wait and have somebody ask you questions.

**JULIE TRIVITT:** [01:19:07] OK. What questions would you like to ask?

**FRIESEN:** [01:19:11] Any questions of the committee? Senator Groene.

**GROENE:** [01:19:13] Explain the bottom part of your handout with the numbers.

**JULIE TRIVITT:** [01:19:16] That table? Yes.

**GROENE:** [01:19:16] Yes.

**JULIE TRIVITT:** [01:19:17] OK.

**GROENE:** [01:19:18] I'm assuming you were getting there.

**JULIE TRIVITT:** [01:19:19] I was. I didn't speak quickly enough. I'm Southern. All right. So in Nebraska you have primarily urban schools that receive the equalization aid and the rural schools who do not receive the equalization aid because they have higher agricultural assessments per student. OK. So if a student utilizes one of the scholarships on this program and they're coming from an urban district, the state actually saves more money than if they're coming from a rural district because the state needs to give less money to those rural districts. So what I have done is I

have said, OK, if we assume that the tax credits the first year are utilized to the maximum legal amount, that \$10 million, and if these scholarship granting organizations had the maximum allowed expense ratio, that would generate \$9 million to be granted in scholarships. So if I assumed that-- or what I did assume was that the scholarship that the organizations grant would pay the full tuition at a private school, column (A) there shows if that private school tuition is set to the average amount of all private schools in Nebraska; column (B) shows that tuition amount being the average of all elementary private schools; and then column (C) is secondary private schools, the average. So I determined how many scholarships could be granted if the scholarship amount was at that level. And then I calculated, OK, if we assume that 80 percent of the students using this scholarship came from an urban district, what is the net effect to the state. And because those urban districts receive disproportionately large state aid, if 80 percent come from an urban district, the net effect, even once you've taken into account that \$10 million tax credit, is a savings of \$15 million the first year. OK? Eighty percent of your current students are in those urban districts and about twenty percent are in the rural districts. But it's possible that all students won't equally utilize the scholarships. So I kind of reduced those percentages of urban students where the state recognizes the largest savings. And you can see, as the percentage of students utilizing the district [SIC] from urban districts goes down, the net savings to the state decreases as well because you have more students utilizing it from districts where they receive less state funding.

**GROENE:** [01:21:48] Well, most of them smaller districts that don't get any state funding, they don't have any private school in a-- in a town of 800 or 1,000. So there's a variable that tilts it the other way towards urban.

**JULIE TRIVITT:** [01:21:58] Exactly. Yeah, I-- I intentionally tried to make it as conservative as possible. I think you're going to see more than 80 percent of the students using this coming from an urban district because they're going to have the more schools nearby where they could participate.



**GROENE:** [01:22:13] I truly respect your testimony, because you describe our TEEOSA formula better than 90 percent of Nebraskans understand it. Thank you.

**FRIESEN:** [01:22:21] Thank you, Senator Groene. Any other questions from the committee?  
Seeing-- Senator Briese.

**BRIESE:** [01:22:30] Thank you, Vice Chairman Friesen. Thank for your testimony. Would you anticipate, from what you've seen of our program or the proposal here, that the entire \$10 million would be utilized in the first year of implementation or-- ?

**JULIE TRIVITT:** [01:22:44] There have been some states where the first year that they implement, especially if it's a 100 percent tax credit, that the credit has been claimed in the full amount the first year, yes.

**BRIESE:** [01:22:56] OK. Would it be fair to say that we could get more bang for our taxpayer dollar on a program like this if we funded it at-- or if we had a 60, 70, 80, 90 percent credit?

**JULIE TRIVITT:** [01:23:09] If people will still contribute and you could fund just as many scholarships by giving up less tax revenue, that could be possible, yes.

**BRIESE:** [01:23:19] OK.

**JULIE TRIVITT:** [01:23:19] It just depends on what your taxpayers are willing to do.

**BRIESE:** [01:23:21] Sure. Sure. Is there a way to direct this or to incentivize or encourage new

donors instead of offering credits to previous donors, current donors? Does any state do anything like that, to your knowledge? I'm not sure how you do it, but--

**JULIE TRIVITT:** [01:23:43] You mean like not let the same taxpayer claim it two years in a row? Is that what you mean?

**BRIESE:** [01:23:47] Or folks that have already done it or are going to plan on continuing to do it regardless of this system. We talked about that yesterday with incentives. How-- how do we ensure that we're incentivizing people? You know, the goal here is to encourage and increase opportunity and we do that by maximizing the donations to these organizations.

**JULIE TRIVITT:** [01:24:09] Right.

**BRIESE:** [01:24:09] In attempting to do that, we want to encourage new donors, additional donors, more donors to encourage additional dollars,--

**JULIE TRIVITT:** [01:24:17] Right.

**BRIESE:** [01:24:17] --and not simply credit back ones that are going to donate anyway.

**JULIE TRIVITT:** [01:24:22] Well, you could put provisions in the bill, but then it might just be switching out who donates as opposed to actually--

**BRIESE:** [01:24:29] Yeah.

**JULIE TRIVITT:** [01:24:29] --getting new donors consistently. You might be better served by

just advertising: Here's what the scholarship has done, here's how many students were able to utilize it, and here are the terrific outcomes we're seeing as a result.

**BRIESE:** [01:24:42] Sure. But-- but then to answer my question, you haven't heard of a mechanism or any attempt to try to do that or-- ?

**JULIE TRIVITT:** [01:24:48] None of the bills that I have looked at have had a mechanism to trying to specify who donates.

**BRIESE:** [01:24:53] Seems like it would be problematic trying to come up with something to do that, but--

**JULIE TRIVITT:** [01:24:56] Yes, I haven't seen anything that-- that attempts that yet.

**BRIESE:** [01:25:00] OK. Thank you.

**JULIE TRIVITT:** [01:25:01] Uh-huh.

**FRIESEN:** [01:25:01] Thank you, Senator Briese. Senator Crawford.

**CRAWFORD:** [01:25:04] Thank you, Vice Chair Friesen. And thank you, Dr. Trivitt. Could-- in the programs that you've studied, we were talking a little bit about 100 percent credit versus other percents.

**JULIE TRIVITT:** [01:25:16] Uh-huh.

**CRAWFORD:** [01:25:16] Have you seen any variation in those programs in terms of the percent of credit that they give?

**JULIE TRIVITT:** [01:25:22] Well, as Dr. Wolf mentioned, the-- the one that did the 50 percent, they had trouble attracting donations to utilize the credit the first year. The ones that I had spoken to where they maxed out the first year, they were giving 100 percent credit. I did see a few bills that were proposed where they did a partial credit to try to take into account the fact that taxpayers were likely going to claim it as a charitable contribution on their federal return. But once the-- the IRS kind of changed the rules to say that wouldn't be allowed, all of them that we're kind of in play at the time amended to go back up to 100 percent.

**CRAWFORD:** [01:26:04] Thank you.

**FRIESEN:** [01:26:06] Thank you, Senator Crawford. Any other questions from the committee? Do you know the average cost to educate a student in a private school?

**JULIE TRIVITT:** [01:26:15] According to the information I found for Nebraska, the average tuition for all schools is \$3,076; for elementary it's \$2,536, and for secondary schools, \$6,048.

**FRIESEN:** [01:26:28] That was the total cost per student to educate them?

**JULIE TRIVITT:** [01:26:31] That's the tuition they charge per student.

**FRIESEN:** [01:26:34] It's what they charge. OK.

**JULIE TRIVITT:** [01:26:36] Uh-huh.

**FRIESEN:** [01:26:36] They're running on some donations, too, then, right?

**JULIE TRIVITT:** [01:26:38] It's entirely possible, yes.

**FRIESEN:** [01:26:41] Some contributions. Senator Crawford.

**CRAWFORD:** [01:26:42] I just thought of one question. Thank you, Vice Chair Friesen. Thank you, Dr. Trivitt. Have you done any studies that have shown the impact of these programs on tuition levels? So when this program comes into effect, we're subsidizing tuition. So do we see tuition go up in those states?

**JULIE TRIVITT:** [01:27:00] Yes. I have not personally done any or seen any where they actually look at tracking tuition over time. And several bills have kind of had a-- well, I know a couple that had a-- kind of a stopgap measure in place that said tuition cannot increase more than 3 percent per year from the time the bill is enacted, to try to keep them all from racing to the top.

**CRAWFORD:** [01:27:23] All right. All right. So in statute they had that for the tuition. Right.

**JULIE TRIVITT:** [01:27:26] Yes.

**CRAWFORD:** [01:27:26] Do you know what state that is or--

**JULIE TRIVITT:** [01:27:27] I'm sorry, I don't remember off the top of my head.

**CRAWFORD:** [01:27:30] OK. That's all right. Thank you.

**FRIESEN:** [01:27:30] Thank you, Senator Crawford. Any other questions from the committee?

Seeing none, thank you for your testimony.

**JULIE TRIVITT:** [01:27:37] Thank you.

**MICHAEL ASHTON:** [01:27:46] [INAUDIBLE]. Michael Ashton, Archdiocese of Omaha Superintendent, M-i-c-h-a-e-l A-s-h-t-o-n. I'm handing out a couple things because I brought way too much to say, didn't know it was just three minutes, so [INAUDIBLE]. There's also a pamphlet here bragging on some of the great stuff happening in our inner city Catholic schools in the consortium. I can address the question regarding cost, the cost averaged by our best estimates, and that's a difficult estimate because we're not centralized. We don't have any central audio cost information coming in. But our "elementaries" operate on a five to six thousand dollars total cost per pupil, and our secondary run on nine to twelve, depending on the-- the school. And I would say our best analysis is from the consortium, the consortium schools. We have a-- a limited jurisdiction, a combined jurisdiction governance. So those schools do share their information. I think it's \$5,000 per student right now. Let me get my notes so I'm less nervous. Thanks for your time on this very important topic, by the way. My role with the archbishop, we are to bring all souls to heaven, and the 1.1 million souls of the Archdiocese of Omaha. But that's not why I'm here today but I feel that it's necessary for me to share my bias. I have a clear bias toward the Catholic schools, but I'm speaking on behalf of all nonpublic schools. And my role of NDE, I am the superintendent. I serve as a superintendent on record of 71 schools in the archdiocese, so I am accountable to their compliance to Rule 10, which is commented on that handout I gave you. We do have nearly every single same compliance factor that our public schools have to obey. So we have licensed teachers. We-- we have minutes that we have to instruct in social studies. The licensure has to line up with the subject area. We have to have safety plans. We have to have child protection and all those things

that any other school does, mandatory reporting. So what does the Archdiocese of Omaha Catholic School attendee look like? A fun fact: Of our 20,000 students, we're one of the larger systems in the United States. One out of every Catholic school student in the entire United States actually resides in a Omaha Catholic school. That's 2 million nationally and 20,000 right here. So congratulations on your support of school choice and all the things you do to make that possible as a state. We have 2,000 full-time and part-time adults, 53 are elementary schools, 17 are high schools. We have one Dual Language Academy. It is the only pre-school dual language academy in Nebraska. We serve children three years old through five. They are half coming from-- 40, about 40 students coming from a Spanish-speaking household and about 40 coming from an English-speaking household, "co-learning" in a biliterate environment. It's a real exciting community to be a part of and we're excited to bring it to Nebraska. Five of them are in south Omaha, five of the "elementaries." They're incorporated into the consortium schools. I won't mention much because you have the hand out, but understand that's 1,800 students: 40 percent are minority, one-third of them qualify for free and reduced lunch, and 76 percent of them continue on to Catholic high school. Holy Name, Sacred Heart, and All Saints are part of the CUES system; 34 percent-- 84 percent, sorry, of their 560 students qualify for free and reduced lunch, 35 percent test as English language learners, and 92 percent go on to graduate successfully in four years from a Nebraska high school. Let me remind you, 84 percent are on free and reduced lunch. And when they get to a high school, they graduate at a 92 percent success rate.

**FRIESEN:** [01:31:24] I'm afraid you're out of time, so somebody is going to have to ask questions.

**MICHAEL ASHTON:** [01:31:28] Yes, please do.

**FRIESEN:** [01:31:28] Senator Lindstrom.

**LINDSTROM:** [01:31:29] Thank you, Senator Friesen. Thank you for being here. Did you mention 20,000 total students?

**MICHAEL ASHTON:** [01:31:35] Yes, 19,816 roughly.

**LINDSTROM:** [01:31:37] Give or take.

**MICHAEL ASHTON:** [01:31:37] Yes. Right now on any given day.

**LINDSTROM:** [01:31:39] Would you have another breakdown: elementary, middle school, high school?

**MICHAEL ASHTON:** [01:31:42] Yeah, it's about 1,200 students every grade level. We have a big bubble in our preschools. In fact, preschool has increased 30 percent from about 2,500 to 3,300. So there's an inordinate number of pre-K kids. But otherwise it's about eleven to twelve hundred all through the grades, per grade. So we graduate out last year 1,250 kids. And it's notable to mention that as you go up that scale and you look at the demographic breakdown, a lot of our Latino students are new entrants. We have about 700 new enrollees from the Latino community just in the last four years. So our Latino population is exploding. We have 330 right now in our high schools. That's the highest number of Latino students that we've ever had. And their ACT scores ride higher out of our high schools than any other state average, including Anglo students. Their average is over 21 on the ACTs. So they're not just signing on but they're excelling, and many of them are from our urban south Omaha neighborhoods.

**LINDSTROM:** [01:32:45] I have a follow-up question,--



**MICHAEL ASHTON:** [01:32:47] Uh-huh.

**LINDSTROM:** [01:32:47] --actually two. With-- as far as capacity, how many more students could you take on as it stands now?

**MICHAEL ASHTON:** [01:32:53] It is a difficult question because our buildings are a limitation in many areas. Take, for example-- example, Saints Peter and Paul. We maxed out at 300 as the Latino community really came into that building in the last four years. But as-- if you look at the consortium, where we have better numbers and better estimates, I easily have a hundred free seats right now that are open. I talked to Marque White, the a-- the a-- Marque Snow of the school board of OPS, and I said to him, when he had this \$400 million bond issue, you know, with \$400 million I could educate 100 students in empty seats right now for 100 years. So if you want to use that \$400 million differently, that would be great and we'll get more done than you will with your new schools.

**LINDSTROM:** [01:33:39] Thank you. Then one last question. There's a couple of us on the committee who have been here for a couple of years and so I know one of the arguments that will come up deals with discrimination--

**MICHAEL ASHTON:** [01:33:46] Yes.

**LINDSTROM:** [01:33:46] --or turning away students that may have some extra needs, special needs. Can you address that at all [INAUDIBLE].

**MICHAEL ASHTON:** [01:33:56] I can, absolutely. For the first time we hired a student services coordinator, Tracey Kovar. She teams up a lot with OPS on the use of federal dollars. And just a

short mention of federal dollars, if you're not-- if you're not familiar with that, a lot of special ed funding comes from the federal government that's used in the public schools, but it's assigned per child. So every child in a choice score is-- choice school is actually eligible for those funds.

Previously we were-- we were receiving special ed students in the Catholic schools that OPS would say, let us apply those dollars by transporting those children to our buildings, which was a way to get it done. We felt differently that we could do it more efficiently if we use the dollars to hire teachers and then the teachers would serve the kids within their Catholic school boundaries. That, that concession by OPS to manage those federal dollars differently, because OPS, by the federal government law, is supposed to steward those funds. I think the exact word is steward. And once they agreed to let's hire teachers and have them come into our Catholic school buildings, our numbers of special ed students has risen now to 1,200 students. It was about 800 three years ago. So we're taking in more special ed students than we ever have. You have to also think there's a little fudge number in there because some parents come to us because they don't want a label. They come to us. They say, I don't want special ed services. My child has a disability, but I don't want to be in that IEP process. I don't want to have those huge meetings with all the teachers around the table and battle of the public school on how we're going to use those funds. I just want my teachers to understand my child and our family. Can you serve us? And what we do as a Catholic school. And I can only speak for my Catholic school system. I can't speak for others. But I know it's common in private schools to simply say what are the things we can help you with and these are probably things we don't have the funding right now to help you with. Come aboard if you can accept that level of service. So some people will say that's discriminatory, why don't you just find the money. We do. That's why we enroll 1,200 when the state doesn't require us to enroll 1,200. It's a liability for us financially to take students that need more services, but we do it because it's right.

**LINDSTROM:** [01:36:09] Thank you.

**FRIESEN:** [01:36:11] Thank you, Senator Lindstrom. Senator Groene.

**GROENE:** [01:36:12] Do you refuse any student who wants to enroll?

**MICHAEL ASHTON:** [01:36:18] If-- the public schools, for instance, practice a real discretion when students have been expelled and we have to make sure that if there's a student expelled from one system that we have behavioral supports to help that student succeed. Those are cases when we-- we have to judge whether we can serve them, whether we have the staffing. That can also happen with a student with severe disabilities. Madonna School was the dream of Sister Evangeline that when she saw that earl-- earl-- mid-1900s that special ed students weren't served, that she'd build a community of special ed learners called the Madonna School. We're finding now that parents and best practice is pointing us to integrate those communities within schools, not the exact inclusion model that you see in public schools, but you take a classroom with severe disability supports funded by donors, place it in the context of the rich an inviting environment of a Catholic school, and then you have families. And it chokes me up a little bit. You have families for the first time that can send the older brother with their child of disabilities into the same community. It's a beautiful thing.

**GROENE:** [01:37:24] And it seems like you have a good work-- working relationship with OPS.

**MICHAEL ASHTON:** [01:37:31] We do.

**GROENE:** [01:37:32] Visit all the time, talk.

**MICHAEL ASHTON:** [01:37:33] Outstanding, especially with that bridge of Tracey Kovar. We maximize and produce about point three million dollars of professional development using Title II

funds that OPS stewards for us and allows us and approves for us to use it in the ways prescribed by federal.

**GROENE:** [01:37:49] So you don't feel like there's a competition--

**MICHAEL ASHTON:** [01:37:51] Well,--

**GROENE:** [01:37:54] --except on the basketball court.

**MICHAEL ASHTON:** [01:37:54] You know, I was going to say, there's lots of competition. But that's-- that's one of the tenets of you see that-- that calling card, love my school dot.com. We came out with that with the sincere appreciation of when people choose their school, they love their school. Whether they choose public, private, whether they choose homeschool, they love their school. And that's our message to OPS. We love OPS. We partner well with them. Our families are often sharing kids between the schools. We share resources. We look for as many ways to integrate as possible.

**GROENE:** [01:38:25] So the same mission.

**MICHAEL ASHTON:** [01:38:28] Yes. Kids.

**GROENE:** [01:38:29] You cannot-- you're not competing,--

**MICHAEL ASHTON:** [01:38:30] All about kids.

**GROENE:** [01:38:30] --not competing with them over--

**MICHAEL ASHTON:** [01:38:30] Right. Thank you.

**GROENE:** [01:38:32] What about a-- you're not the only-- you don't want this to sound like this is a Catholic bill. There's Brownell Talbot. There's other--

**MICHAEL ASHTON:** [01:38:40] Yes.

**GROENE:** [01:38:42] --other denominational schools in the Omaha area--

**MICHAEL ASHTON:** [01:38:46] Right.

**GROENE:** [01:38:46] --and you work with them.

**MICHAEL ASHTON:** [01:38:48] We do.

**GROENE:** [01:38:48] Is there any peer secular private school?

**MICHAEL ASHTON:** [01:38:55] Peer secular. Could you describe what you mean by that, peer secular private?

**GROENE:** [01:38:59] Harvard.

**MICHAEL ASHTON:** [01:39:00] Oh. Oh.

**GROENE:** [01:39:00] Harvard started as a Christian--

**MICHAEL ASHTON:** [01:39:00] OK.

**GROENE:** [01:39:00] --minister too, I believe. [INAUDIBLE].

**MICHAEL ASHTON:** [01:39:00] Oh, gosh. You know and I have to apologize. I am a newcomer to Nebraska. I don't know the landscape as well. I know my 71 schools really well but not the others. But I will say we are the fourth largest system, so when we talk about private school choice and we talk about even the children's scholarship fund, they struggle because they're not a Catholic organization. And I know this from the folks on the board. They want to make sure that they treat all choice opportunities the same. So when Tal Anderson brought this in to Omaha and realized, holy cow, 95 percent of the opportunity here is Catholic, how do we remain unbiased to a Catholic mission? And they've sustained that. They make sure that they are representative of all choice school systems in their scholarship system. I have to say we benefit a lot just in sheer numbers.

**GROENE:** [01:39:51] One quick question.

**MICHAEL ASHTON:** [01:39:53] Yes.

**GROENE:** [01:39:54] Is Boys Town 1 of the 71 schools?

**MICHAEL ASHTON:** [01:39:55] It is not. It is not a-- it is not. It is a school at the invitation of the archdiocese. There is a technicality in the canon law of what makes it diocesan or not. And Boys Town has chosen a nondenominational framework, so that's why. There's very many Catholic elements. We have a chaplain there that's assigned from the archdiocese. But it's not, it's not listed in the Catholic registry.

**GROENE:** [01:40:21] There's your secular school.

**MICHAEL ASHTON:** [01:40:22] Yes.

**GROENE:** [01:40:23] I'm just kidding. But anyway, thanks.

**MICHAEL ASHTON:** [01:40:24] Good point. Thanks.

**FRIESEN:** [01:40:25] Thank you, Senator Groene. Senator Crawford.

**CRAWFORD:** [01:40:26] Thank you, Vice Chair Friesen. And thank you for being here. Do students have to pass a test to get into some of the--

**MICHAEL ASHTON:** [01:40:26] That's a great question.

**CRAWFORD:** [01:40:26] --high school programs?

**MICHAEL ASHTON:** [01:40:26] That is a great question. We have-- and I'll be very frank about it. I think there's a pretty tough history in Catholic schools where many Catholic schools have lost a mission to be archdiocesan and have become very private. So we do have across the landscape of private schools exclusive Catholic schools. That's not the mission of the archdiocese and I can speak unilaterally about the 71 schools, that their mission is to serve as many people as they can and that bottom line. What they do is they try to match, especially-- here's-- here's a good example. The three archdiocesan coed schools-- Skutt, Roncalli, and Gross-- in the Omaha area, I can speak specifically to them because they've been examining this question together jointly. And their

struggle is, out of all of the students that apply, do we have the staffing? Do we have the support? Do we have the resources to serve every single child's every single need? So it's common to do that same examination with a student that comes in with an IEP, except on a broader scale. You have more scheduling issues when you're talking about high schools. Take Roncalli, for example. They serve a population in north Omaha. They're now above 30 percent minority population and they only realize about 40 percent of the tuition that they charge. Sixty percent of the tuition on the books is actually donor money or scholarships. And when those students come in, they test to find placement because they had a generous donor come in and put in what's called a Benilde Program. It's-- we're one of very few sites that use it, but it's a support system specifically for struggling 9th and 10th graders. It's a common issue, too. When we have students coming in from a non-Catholic partner, we don't know their curriculum as well. We don't know their levels as well. And a fully biased opinion, we find them to be struggling coming out of 8th grade compared to most of our 8th grade Catholic schools. So in a short answer to your question, there's no discrimination against certain levels or certain demographics or any sort of characteristic. It's simply a challenge that our high schools are trying to meet where do we have the staffing to simply do we have the resources?

**CRAWFORD:** [01:42:50] But there might be a discrimination in terms of performance.

**MICHAEL ASHTON:** [01:42:52] Correct. If a student has certain gaps that we don't feel there's any way to come across or to bridge, or we find that they'll come into 9th grade and struggle, one of the new programs at both Skutt and Creighton Prep is building up more summer programs for transition, 8th to 9th. Gross Catholic gives me the example, they say they have not refused a child in over six years and it's always looking at every profile, back mapping it to say, is there any possible way we can get you in this building.

**CRAWFORD:** [01:43:23] Thank you.



**MICHAEL ASHTON:** [01:43:25] Thanks.

**FRIESEN:** [01:43:26] Thank you, Senator Crawford. Senator Groene.

**GROENE:** [01:43:28] More questions.

**MICHAEL ASHTON:** [01:43:29] No, I appreciate them because I didn't get through it all.

**GROENE:** [01:43:31] What about prejudice toward different-- different religious sects? Do you-- do you qualify first? Do you-- probably favor the local parish, if it's a parish church school or do--

**MICHAEL ASHTON:** [01:43:39] True. The parochial model still stands where a church that hosts a school and pays the most for the school does save seats for people from that parish. Aside from that, there's no discrimination. I know that Duchesne and Creighton Prep both struggle with honoring their legacy students because now they're at a point in their history. Duchesne, for instance, if they-- you know, if they say if you're an alum, your children will come to the school. Well, they're getting to the point where the school's full of alumni children and they're having difficulty having any open seats.

**GROENE:** [01:44:11] So Methodist, Jewish, Muslim, you don't care.

**MICHAEL ASHTON:** [01:44:13] Yeah. That's not a discriminating factor.

**GROENE:** [01:44:16] All right. And then this scenario. I met some young kids here that raised, brought the point home to me, the immigrant--

**MICHAEL ASHTON:** [01:44:21] Right.

**GROENE:** [01:44:21] --entity there.

**MICHAEL ASHTON:** [01:44:21] Right.

**GROENE:** [01:44:21] Do you have any schools around there? Do you take some of those immigrant kids?

**MICHAEL ASHTON:** [01:44:21] We do, absolutely. In fact, if you go to All Saints or Sacred Heart or if you get into the north Omaha schools that are beyond Tenth Street, toward the-- toward the eastern edge and into north Omaha, I think it's, if I remember, All Saints School has near 100 percent free and reduced lunch and a majority of Sudanese refugees in attendance right now.

**GROENE:** [01:44:52] One last question, then I'll shut my mouth.

**MICHAEL ASHTON:** [01:44:53] No, I appreciate it. Thank you.

**GROENE:** [01:44:54] It's a 92 percent graduation rate from high school.

**MICHAEL ASHTON:** [01:44:58] Coming out of the CUES system, yes.

**GROENE:** [01:45:01] What about, do you track them through college?

**MICHAEL ASHTON:** [01:45:02] We don't yet. There are efforts to do so. They've reorganized.

The CUES system, if you're not familiar, they're three central Omaha schools-- Sacred Heart, All Saints, and Holy Name-- those three schools are in areas where there are very few Catholics and very few Catholic churches. So they are, in a sense, mission schools, much like Winnebago on the Indian Reservation in north, northeast Nebraska. So the model is they have a CUES, Christian Urban Education System development nonprofit that's linked to the CUES, which is the collaboration of the three educational institutions. And this development arm is helping to fund and drive money to assist with the funding of the school and-- and to a point, to--

**GROENE:** [01:45:47] But on the college, I mean the graduation rate.

**MICHAEL ASHTON:** [01:45:49] And they are actually looking to, that new development arm, is looking to track now college. Jesuit Academy though does track students into college and does research on not only the students from Jesuit Academy which I believe it's 87 percent.

**GROENE:** [01:46:03] Is that what we call Creighton?

**MICHAEL ASHTON:** [01:46:05] It is the Creighton-esque 4th through 8th elementary building in Omaha. About 22 kids per grade and all boys. Those children are tracked through high school. They are bragging right now, over the last, I think, ten years, a 99 percent graduation rate of those young men from north Omaha. And they're starting to track them through college to find where did they succeed then afterwards.

**GROENE:** [01:46:27] Thank you.

**MICHAEL ASHTON:** [01:46:28] It's extraordinary.

**FRIESEN:** [01:46:30] Thank you, Senator Groene. Any other questions? Seeing none, so your-- your total budget is funded with contributions.

**MICHAEL ASHTON:** [01:46:41] Tuition, contributions. If you think of a pie with three big pieces, every church struggles with the same three pieces. One of them is church givings. One of them is tuition. And one of them is donations, development [INAUDIBLE] all the other.

**FRIESEN:** [01:46:55] Tuition, tuition would be deductible to the person who as a charitable contribution?

**MICHAEL ASHTON:** [01:47:00] No, you do not get charitable contributions--

**FRIESEN:** [01:47:02] OK.

**MICHAEL ASHTON:** [01:47:02] --for tuition. Excellent point.

**FRIESEN:** [01:47:04] So over the years, if you-- it makes sense that within 12 years all of your students would be receiving a scholarship.

**MICHAEL ASHTON:** [01:47:14] We in the-- well, consider this. Every student that attends a Catholic school in the Archdiocese of Omaha is not paying the full share of what it costs to educate that child. So technically speaking, every single student receives some level of scholarship or tuition assistance just from the structure of that.

**FRIESEN:** [01:47:34] OK.

**MICHAEL ASHTON:** [01:47:34] Yeah. And I'll-- and I'll say the CUES system, the consortium system, Winnebago, these schools will tell you that without the \$2 million-plus that comes in every year from children's scholarship foundation, the very organization that a bill like this helps to power up and boost, those schools would probably not exist. They would probably not serve and you would have another about a thousand students to push into the public system at a cost of ten to twelve thousand a child.

**FRIESEN:** [01:48:04] Yeah. Thank you. Seeing no other questions, thank you for your testimony.

**MICHAEL ASHTON:** [01:48:08] Thank you very much. Appreciate your time. This is nerve-racking though but you did-- you really were very kind. Thanks.

**TRISH WILGER:** [01:48:21] Good afternoon. My name is Trish Wilger. I'm the executive director of the Iowa Alliance for Choice in Education. We're the statewide--

\_\_\_\_\_ : [01:48:39] Spell your name.

**FRIESEN:** [01:48:39] Spell your name.

**TRISH WILGER:** [01:48:39] Oh, I'm sorry. It's T-r-i-s-h, last name is W-i-l-g-e-r. We are the statewide school choice organization in Iowa. And as part of my position here for the last 13 years, I do a great deal of work with the Iowa School Tuition Organization Program. I'd like to share with you today a little bit of information about the Iowa program. It's hard to cram that in three minutes but I'll-- I'll give you some highlights here. There are just over 150 accredited schools that participate in our program and they serve 33,000, just over three-- 33,000 children. We have almost 11,000 of those students who receive some type of STO grant. So we're talking about a third of the

students. The STO program is reviewed by the Iowa Department of Revenue every five years and that report is given to our legislature. They also have a public panel of stakeholders and various people that serve on that panel, and I served on it this last legislative session in 2018. And I wanted to mention a couple of especially noteworthy findings by the Department of Revenue. They calculated that by saving the cost of educating those STO students in the public school system, the STO program not only covered the cost of those \$12 million in credits-- our program is capped at \$12 million, well, \$13 million going forward-- but it also saves taxpayers an additional \$12.6 million. So there's that net benefit of \$12.6 million. And admittedly, the DOR estimate was on the low end. They calculated a 30 percent calculation of students who would not be able to be in that nonpublic school were it not for the STO funding. In addition to that, they found that 24 percent of tuition grants were going to families with income below poverty guidelines; 42 percent going to families between 100 and 200 percent poverty guidelines, and 36 percent going to families between 2 and 300 percent poverty guidelines. I've heard countless stories from families over the years about STO grants changing their lives. And every year we have a rally at the Capitol, and I just wanted to share a sample of a couple families who spoke at that. One family had their children and an independent private school for several years. They were flourishing there. Dad lost his job. They suffered a significant setback. And the STO was able to stand-- stand up and help them with that funding. A single mom who had her children was able to go back to school, get her degree, and have her kids in her local Christian school.

**FRIESEN:** [01:51:38] Could you wrap up?

**TRISH WILGER:** [01:51:40] OK. And lastly, a parent who emigrated here from Mexico was working three jobs to try to get her kids into Catholic school and the STO was able to come in and help them. Since the STO program was instituted our nonpublic schools have at an increase in ethnic and socioeconomic diversity over the years. And I will say that over the 13 years we've had

the program, public education funding has not been increased but has been-- or has not been decreased but has been increased every year by the state legislature. So I would say that the STO program has bought-- brought nothing but positive change to Iowa. And I'd encourage you to follow suit and pass an STO program here.

**FRIESEN:** [01:52:23] Thank you for your testimony. Senator Briese.

**BRIESE:** [01:52:26] Thank you, Vice Chairman Friesen. Thank for your testimony and thanks for being here today. Any negative impact to public schools in Iowa because of this?

**TRISH WILGER:** [01:52:33] We have not seen any negative impact. The academic performance has stayed about the same or even improved some from that competition, especially in some of the smaller communities. It's helped with in some of the small towns in Iowa, your local nonpublic school and local public school work very closely together and they're the backbone of that community. So this program has helped to maintain that balance and really help as well. We've not seen any decrease in enrollment in public schools. In Iowa, the-- the student population in nonpublic schools and in all schools over the years has been slowly trending down. There's certain areas, like Des Moines, where the population, student population, is trending up, but the STO program hasn't. You know there's always a fear sometimes that we'll see students drain from the public system. We have not seen that there. And we've had a lot of success stories there that has been positive.

**BRIESE:** [01:53:45] OK. Very good. You have a, what, a \$13 million cap on it--

**TRISH WILGER:** [01:53:50] Yes.

**BRIESE:** [01:53:52] --at this point? And in '06 what did you start out with as a cap?

**TRISH WILGER:** [01:53:56] We started out at \$2.5 million the first year. It kicked in, in July, so that was just for that first six months. Then it automatically went to \$5 million that next year as part of the initial bill. Every increase since then we've gone back to the Legislature. And in the 2018 session they increased the cap up to \$13 million, so that kicks in for 2019. We had been stuck at \$12 million for five years previous to that. And for the life of the program, with the exception of the economic downturn in 2008, our program is maxed out every year. There's donors turned away. There's children turned away. But the STOs go out and do a tremendous amount of work and fund-raising and they've hit the cap every year except that one.

**BRIESE:** [01:54:49] OK. Thank you.

**FRIESEN:** [01:54:50] Thank you, Senator Briese. Senator Groene.

**GROENE:** [01:54:54] We're talking one to one here. What's your write-off?

**TRISH WILGER:** [01:54:57] Sixty five percent is our state income tax credit. In Iowa, in contrast to your-- this bill, in Iowa donors are able to take the full federal deduction. They can claim the full amount on their federal return, which I know is prohibited in your bill here. And we also have no cap on an individual donation. I know in your bill it's 50 percent, I think, of your-- your taxes that you would owe. There's no cap on that in Iowa.

**GROENE:** [01:55:34] So you could zero out your-- your state, what you owed the state for income taxes if you wanted to.



**TRISH WILGER:** [01:55:42] Yeah. there's no-- no limit on that, right.

**GROENE:** [01:55:45] But at 65 percent you had no lack of donors.

**TRISH WILGER:** [01:55:51] No, other than in 2018, because of the federal issue that's come out with looking at STO donations and federal deductibility, with donors not looking at the potential which they've still not put the decision out officially but if they do it's retroactive to August of 2018, then it may come about that they could only now claim the 35 percent remaining on their federal return. So we're still waiting for that decision to come about. And that did slow down some of the ability of STOs as the, you know, STOs that were usually done, let's say, in September. So we're really getting late into the year trying to get enough donations in.

**GROENE:** [01:56:43] Thank you.

**TRISH WILGER:** [01:56:43] So it did have an impact.

**GROENE:** [01:56:45] Thank you.

**FRIESEN:** [01:56:46] Thank you, Senator Groene. Any other questions from the committee?  
Seeing none, thank you for your testimony.

**TRISH WILGER:** [01:56:52] Thank you.

**ADAM WEINBERG:** [01:57:03] Thank you. Good afternoon, Vice Chairman Friesen, members of the Revenue Committee, and thank you, Madam Chair, for introducing this bill. For the record, I'm Adam Weinberg, A-d-a-m W-e-i-n-b-e-r-g, and I'm the communications and outreach director

at the Platt Institute. The Platte Institute supports LB670 and opportunity scholarships above any other tax expenditure the Legislature could adopt or has adopted. As we shared with the committee throughout the session, we believe the value of any tax expenditure should be measured by its economic and public policy rationale. While this committee is asked to approve numerous tax expenditures, few involve providing a service that is constitutionally protected for every young person in the state. But opportunity scholarships have another strong policy basis that can be observed in an increasing number of states. They provide educational opportunities to children whose families wouldn't otherwise have the economic means to access them. LB670 accomplishes this goal by encouraging Nebraskans to donate their own money to nonprofits that help students who would otherwise be supported by state and local property taxpayers. Senator Briese, you had the question of, what about a policy would incentivize new people to donate. One of the changes that I think is worth the committee's attention is that following federal tax reform more people than ever will be taking the standard deduction meaning this policy, in offering a tax credit, would enable ordinary Nebraskans who earn a paycheck and would otherwise take the standard deduction, to better afford donating to scholarship granting organizations. We also believe if there are considerations of cost to the state those can be addressed by reading through the tax expenditure report. And recent committee history, and I mean this respectfully, but providing tax-free admission to the zoo, giving a tax break to renovate a hotel, or paying turnback taxes to the Ralston Arena do not have as clear of an impact, in our opinion, on the well-being of Nebraskans as providing educational options for children who do not have them right now. You've heard some of the thoughts and some of the research about the fiscal impact of this legislation. Here at home Nebraska school finance strategies did two reports on the TEEOSA impact. The 30,000-foot view of their findings is that how it differs from the fiscal notes that have come out on these bills over the years is that they look at private schools with significant capacity in Nebraska as being based in districts that have-- that are equalized and, therefore, that would have more of an impact on the formula than a dispersed migration of students from across the state. Now as this committee likely knows, this

policy would have to be part of some kind of grand bargain in a 33-vote Legislature. One thought I've had over the years, if it could enable a compromise, is that the bill could be amended to include a companion tax credit program for public school foundations or for educators. But another thing that may be worth looking at is a recent state that adopted a program like this in Illinois. Illinois now has a \$75 million tax credit scholarship program, not because everyone in their Legislature liked the program but because it was agreed to as a compromise as far as overall education funding reform. And here is where our Legislature is right now, in a discussion about how to raise the proper revenue to fund our public schools. So we would be glad to work with any senators interested in finding an acceptable compromise because we believe opportunity scholarships can naturally coexist with the efforts to rework the education funding system in Nebraska. Thank you, and I'd be happy to take any questions.

**FRIESEN:** [02:00:09] Thank you. Any questions from the committee? My question is, if, if-- it sounded like the schools were relatively full of students, and so why-- when we use incentives, we're usually trying to make something happen. We're trying to get somebody to move to the state or create jobs or whatever else it is, but these incentives we're going to give now don't change anything. The students that are going there, the schools are full, they're going to continue to go there wherein something, something that's happening, regardless of whether or not we do this.

**ADAM WEINBERG:** [02:00:47] That is a good question. However, the information that I'm operating on is that there is greater capacity in the equalized districts that could be tapped into and that-- that would have the largest impact on the formula. But that's the most recent information I have access to. And there are probably some other folks testifying who would get you the most recent data on where there's capacity.

**FRIESEN:** [02:01:07] OK. All right. Thank you. Senator Briese.

**BRIESE:** [02:01:09] Thank you, Vice Chair Friesen. Thank you for your testimony here today.

Your organization has done research on school spending in Nebraska, cost per student in particular?

**ADAM WEINBERG:** [02:01:18] We have in the past, yes.

**BRIESE:** [02:01:19] And I think we've heard that earlier and we've all heard it, I guess, about the lower cost per educating students in our private school systems. Why is that?

**ADAM WEINBERG:** [02:01:30] Well, I think there are a number of reasons that would probably be better suited for some of the educators. But the truth of the matter is, if you really look at it, there are so many charitable donations from the private school systems, from the folks who are interested in supporting these school systems. So I'm not sure that necessarily the issue in this particular policy is about the cost per pupil for the cost of educating a student. Because while in some cases, for example, with K-- K through 8, you will have lower costs. But then you get to high school and in some of the parochial schools it can be higher. But I think really what your interest as, if you forgive me for saying so, as a committee is what is the state's cost that-- that-- that is imposed upon the state for providing the credit? Because the credit, in many cases, can be less than the cost it would otherwise cost for the state to educate that student in the current school, if they're a switcher.

**BRIESE:** [02:02:19] OK. OK. Thank you.

**FRIESEN:** [02:02:21] Thank you, Senator Briese. Senator Groene.

**GROENE:** [02:02:24] Omaha is known for its philanthropy. They're very wealthy people. I got a text from my St. Pat's and their enrollment continues to fall. A great little school across the street

from this building, where kids always came from all ethnicities, is closed. So it's not full schools everywhere. [INAUDIBLE] blue collar people in North Platte, so it's a struggle for the parish. And now I'm not a Catholic, so don't anybody-- but anyway, so it varies across the state. And the economy is also changed because you have people teaching in certain schools because of their personal convictions, will take a lot less pay, a lot less benefits. I think that plays a lot into the cost per student in these situations. So that, you're always going to have that. So anyway, I just wanted to clarify that these schools aren't all full.

**ADAM WEINBERG:** [02:03:28] Thank you.

**FRIESEN:** [02:03:31] Thank you for asking-- answering my question, Senator Groene.

[LAUGHTER] So have you-- have you done any research on the cost. Maybe, I think Senator Briese maybe asked that question. Earlier they said it was nine to twelve thousand dollars per student for K through 12. Is that-- that seems--

**ADAM WEINBERG:** [02:03:50] I believe that was the number quoted for high school, if I--

**FRIESEN:** [02:03:52] For high school?

**ADAM WEINBERG:** [02:03:54] Yeah.

**FRIESEN:** [02:03:54] OK. All right. Thank you.

**ADAM WEINBERG:** [02:03:55] Sure.

**FRIESEN:** [02:03:56] Any other questions from the committee? Seeing none, thank you for your

testimony.

**ADAM WEINBERG:** [02:04:01] Thank you, Committee.

**FRIESEN:** [02:04:13] Welcome.

**KATIE LINEHAN:** [02:04:14] Thank you, Vice Chairman Friesen and members of the Revenue Committee, my name is Katie Linehan, K-a-t-i-e L-i-n-e-h-a-n. I work for American Federation for Children, an organization that works across the country to support school choice policies and the families that rely on them, and AFC is supporting my ability to be here today. But I have been working on school choice for approximately eight years now, mostly in Nebraska. Last year I moved to D.C. and am now working on the communications team for AFC and supporting work in states across the country. Most of my work has to do with sharing stories about how school choice has changed lives. I've included some of those stories in the material that's being passed out right now. The initial reason I got into this work was because, as a teenager, I became very close to a family with children whose lives were profoundly impacted by the schools they attended, both at sometimes public mostly, and then private, and then back to public. I came to recognize their extraordinary potential and also the limitations placed on that potential not only because of difficult circumstances beyond school but also in those schools. After law school, I worked as a kindergarten instructor at Girls Inc. and north Omaha. There, too, I realized that the students who we served were every bit as capable or more so than the very affluent children I worked with at a private academy in South Korea, a country where students regularly outperform students in the United States. I also worked as a middle school teacher in a charter school in Harlem where more than 75 percent of the children were and still are today low income. Children in that school and that particular network of schools outperform kids in the entire state of New York, including the wealthy suburbs of Manhattan. I mention these examples so you might understand why it bothers me so much to hear

that giving families additional education options won't help children or that it would hurt children that choose to stay in public school and also that a child's circumstances cannot be overcome if given a high-quality education that meets his or her needs. I also want to say that the amount of money being spent and power exerted by wealthy foundations and individuals to limit the opportunities available to children born into lower income families in Nebraska does make Nebraska stand out. With that, and because others have provided such great testimony, I would love to answer questions. I did provide a couple of sheets. One compares Florida to Nebraska, some numbers I'd be happy to talk about in more detail. And then also, Senator Crawford, I have some information on the Florida, sorry, nervous, program and the limits they have on their scholarships. I guess I could go to till red, but I'll just invite questions if anyone has any.

**FRIESEN:** [02:07:04] Thank you, Ms. Linehan. Any questions from the committee? Senator Crawford.

**CRAWFORD:** [02:07:10] Thank you, Vice Chair Friesen. And thank you. So you have answers to the questions I asked about Florida.

**KATIE LINEHAN:** [02:07:15] Yes. So as I mentioned, I do coms. for AFC, but I did ask our policy person if she could give some guidance on that and she sent me, which I can get you, we have a whole book on this, but in Florida their rule-- and I'll also say Florida has the largest tax credit scholarship program in the country. It's been in existence for 20 years. It's 100 percent credit and it serves over 100,000 students, mostly low-income children of color. And their limit is whichever is less: tuition and fees or, for K through 8, it's 88 percent of what they spend on public school expenditures per student, so in Florida that's \$6,400, 92 percent for grades 6 through 8 so that's \$6,800; and 96 percent for grades 9 through 12, so that's \$7,000. So it can't go above that. So that way if they increase public school expenditures the private school tuition can go up but it's

never 100 percent.

**CRAWFORD:** [02:08:15] Thank you.

**FRIESEN:** [02:08:18] Thank you, Senator Crawford. Any other questions from the committee?  
Senator Groene.

**GROENE:** [02:08:20] So you're not-- I get back to I happen to believe public schools do a good job and the people who work there care about kids and they love what they do. This isn't really a competition between-- it's just a child and a parent's ability to send that child [INAUDIBLE] free society. Right?

**KATIE LINEHAN:** [02:08:42] I agree. And I would say when I initially started working in this, a lot of the conversation was, and still is, and I think it's a valid argument, that no child should be stuck in a failing school and that we would define what a failing school is. And while that remains true and I absolutely believe that, especially as I've now been exposed to programs around the country that have these similar private school choice programs, and it's one reason I provided the packet, most of the stories we really hear are from families who have a child with a learning difference. Autistic children are often-- come up in these personal testimonials where they were, they are brilliant children, learn differently. Their, you know, amazing capacity for language and all, unlike their peers. And then they hit kindergarten and go into a school and it does not work for that child's emotional, social, and intellectual needs. And again, I included testimony so I-- there are a couple stories and there where parents talk about this. And they don't care if it's a public school or private school. Some public schools-- well, charter schools, but maybe some traditional district schools cater specifically to that need and they are looking for another option. And if a family can't afford it and they have to watch their child.



**GROENE:** [02:10:08] Thank you. I'm just--

**KATIE LINEHAN:** [02:10:09] So anyway, but, yeah. So and then also the research shows that these programs do improve outcomes in public schools as well, so it is not public versus private. On the issue of Florida, because it has the largest tax credit program in the country, on one of the handouts I provided, on the back are the National Assessment for Educational Progress scores. And Florida does spend-- I'm not saying there's a correlation here, but they do spend significantly less per student than Nebraska in Florida. Since 1990, their rate of improvement for student outcomes has gone-- has increased at a far greater rate than the increase in outcomes in Nebraska. And that's happened in step with the growth of a major school choice program. And that's just public school outcomes. So we see their public schools are getting much, much better in Florida while they're embracing school choice.

**GROENE:** [02:11:03] Thank you.

**FRIESEN:** [02:11:03] Thank you, Senator Groene.

**GROENE:** [02:11:07] Now I'm going to--

**FRIESEN:** [02:11:09] Senator.

**GROENE:** [02:11:09] --get my daughter to come down and testify them three--

**KATIE LINEHAN:** [02:11:10] I know.

**GROENE:** [02:11:10] --committee members. She's a public school teacher, by the way.

**KATIE LINEHAN:** [02:11:14] Well, I taught in a public school as well.

**FRIESEN:** [02:11:17] Thank you, Senator Groene. Senator Briese.

**BRIESE:** [02:11:19] Thank you, Vice Chairman Friesen. Thank you for your testimony. Thank you for being here today. We see these differences in ACT scores between private schools and public schools. Have you tried to assess or determine why that is, why that difference exists, or any opinion on that?

**KATIE LINEHAN:** [02:11:30] I don't. I mean I feel-- in front of researchers talking about this. I-- I mean I believe when a researcher says that we can't-- we can't take that much from what an ACT score is and talk about whether it's the school quality. I think it does speak to something. Why there's this difference in public and private school, you know, I can't explain that. But I do think, and I included this pet-- handout on ACT scores and at the bottom of that page it shows that by far the fastest growing demographic in Nebraska is Hispanic and Latino children. Since 2006, the number of graduates has I think, yeah, tripled. And if you look at Hispanic/Latino student performance in public school in Nebraska, it's 17.2, in private school it's 22.3, and in Omaha Archdiocese schools, which serve 40 percent of the state, it's 23. So at UNO you cannot get admitted, the minimum is a 20. So what these numbers show is that if you're a Hispanic/Latino student, the average is not even close to being able to attend one of our public universities. But if they attended one of the schools on the right, that's enough to get a scholarship at those schools. And since that is the fastest growing demographic, I mean there's-- it's better in each demographic. But something is working in schools for all kids and I think we have to take these numbers seriously and when thinking about policy. And then some of the schools down here, you know,

those ACT scores should be an alarm in Nebraska.

**BRIESE:** [02:13:14] OK. Thank you.

**FRIESEN:** [02:13:16] Thank you, Senator Briese. And the other questions from the committee?  
Seeing none, thank you for your testimony.

**KATIE LINEHAN:** [02:13:20] Thank you.

**JESSICA SHELBURN:** [02:13:20] Good afternoon, members of the committee. I will keep this very brief because you've heard a lot of testimony today and there's no need for me to repeat it. My name's Jessica Shelburn, J-e-s-s-i-c-a S-h-e-l-b-u-r-n. I am the state director for Americans for Prosperity here in Nebraska. On behalf of our activists across the state, we would urge you to support LB670, which would create the opportunity scholarship program, tax credit scholarship program that would expand educational opportunities to students across our state. LB670 increases the choice in education for Nebraska families by enacting the tax credit for donations to the nonprofit scholarship granting institutions. In turn, these organizations can then provide low-income students with scholarships to attend a school that best fits their unique educational needs, interests, and abilities, providing each student with the best foundation for an enriched life. Every child in Nebraska should have access to a quality education, allowing them to discover, develop, and apply their unique talents to find lifelong fulfillment and contribute to their community and our society in general. The oppor-- this opportunity would be available to all students regardless of income or zip code. We encourage you and your colleagues to work on solutions that extend educational opportunities to all families throughout our state. When families are equipped with a devi-- with diversity in tools they can make the best decisions regarding the education of their children. LB670 is an important first step forward in giving more students access to an environment that is fully

conducive to their academic growth. And with that, I am happy to answer any questions.

**FRIESEN:** [02:15:16] Thank you. Any questions? Seeing none, thank you.

**JESSICA SHELburn:** [02:15:20] Thank you.

**FRIESEN:** [02:15:23] Any other proponents? Seeing none, anyone wish to testify in opposition to LB670?

**ANN HUNTER-PIRTLE:** [02:15:43] Good afternoon, Vice Chair Friesen, members of the committee. My name is Ann Hunter-Pirtle, A-n-n H-u-n-t-e-r-hyphen-P-i-r-t-l-e. I'm the executive director of Stand For Schools, a nonprofit dedicated to advancing public education in Nebraska. Stand For Schools strongly opposes LB670. And I want to start by being clear about what our testimony is not. It is not a rebuke of private education. Nebraska is blessed to have excellent public, private, parochial, and home schools, and we value all of those schools. I also can't speak to all of the sources proponents have cited, but I can tell you there is a wealth of evidence on the other side of the story. While well-intentioned, there is a large and growing body of evidence to show tax credit scholarships do not work as intended. They would send the state in the wrong direction on property tax relief by placing further strain on an already overburdened General Fund. They mainly benefit students who can already afford to attend private schools and they fail to improve or, in some cases, set back student academic performance. And they create special treatment for one type of charitable giving over all others. We support evidence-based policies that will help our schools serve all children better. But LB670 is the wrong choice for Nebraska. Proponents have claimed LB670 will save the state money. However, the \$10 million fiscal note in the first year of the program is likely to increase by 25 percent annually with no upper limit. The Legislative Fiscal Office believes the credit is likely to be fully subscribed each year, and we agree, because the return

to donors is so generous. Notably, the Legislative Fiscal Office also does not anticipate significant reductions in General Fund spending, as a result of the program, because not enough students will leave public schools to see savings. That is consistent with other states' experiences, because the number of students who transfer from public to private schools are too few and far between to result in real or consistent savings to the fixed costs of school districts. LB670 could divert \$93 million in revenue as early as 2030. At a time when our state consistently ranks 48th or 49th in the nation for state support of our K-12 schools, and when Nebraskans are urgently calling for property tax relief, we should be discussing legislation to fund our public schools, not creating an alternate education system that would reduce available funding and force districts to rely even more heavily on property taxes. Proponents of LB670 have said it will help vulnerable children, but unlike private schools, which are open to all, page 3, line 22 of the bill states that private schools under LB670 must comply with 42 U.S.C. 1981, which only prohibits discrimination based on race. That means students would not be protected from discrimination based on religion, national origin, special education needs, English language learner status, refugee status, sex, gender identity, sexual orientation, pregnancy, or disability. Page 11, line 5 states the bill should not be construed as granting the state more authority over participating private schools. We believe taxpayer dollars should be used to support schools that are open to all children, whereas private schools under this bill would not meet the same accountability requirements as public schools. In addition, the bill's supporters have said it would improve academic outcomes and help low-income students. It won't. I'm happy to answer any questions. We oppose the bill and urge you not to advance it to General File.

**FRIESEN:** [02:18:55] Thank you. Any questions from the committee? Senator Crawford.

**CRAWFORD:** [02:19:01] Thank you, Vice Chair Friesen. You cite some studies of the majority of students who receive scholarships are those who had means to attend private or parochial schools.

Could you talk about--

**ANN HUNTER-PIRTLE:** [02:19:13] Yes.

**CRAWFORD:** [02:19:14] --those studies were--

**ANN HUNTER-PIRTLE:** [02:19:15] Sure. Well, I'll-- I'll start by saying this. Under the bill, a family of four making over \$90,000 a year, which would put them in the top 40 percent of earners in Nebraska, would qualify for scholarships. And so in states like Florida and Georgia, the majority of students who receive scholarships within a few years of the program starting, what basically happened in those states was that initially scholarships went to a wide range of students but over time they became more concentrated in middle to upper-middle class families.

**CRAWFORD:** [02:19:51] Thank you.

**ANN HUNTER-PIRTLE:** [02:19:51] Uh-huh.

**FRIESEN:** [02:19:51] Thank you, Senator Crawford. Any other questions from the committee?

Seeing none,--

**ANN HUNTER-PIRTLE:** [02:19:51] Thank you.

**FRIESEN:** [02:19:51] --thank you for your testimony.

**MADDIE FENNEL:** [02:20:12] Good afternoon, members of Revenue Committee. For the record, I am Maddie Fennell, M-a-d-d-i-e F-e-n-n-e-l-l, and I'm here representing the 28,000

members of the Nebraska State Education Association. You have my complete written testimony as well as a study, because I had heard, I was listening in my office and heard a number of studies referred to. It's easy to pull many on both sides, and I've provided one for you. I'm gonna, for the interest of time, abridge some of my comments. I do want to go and say that our state constitution requires the Legislature to provide for the free instruction of everyone from ages 5 through 21 in the common schools of our state. Yet, it is clear that the Legislature has rarely provided adequate and full funding for schools. In fact, a look back at state aid to education appropriations through TEEOSA shows that the Legislature has only fully funded the needs of public schools in this state three times over the past 14 years, for a cumulative shortfall of \$814 million. And let there be no doubt this has contributed mightily to an overreliance on property taxes to fund our public schools. Even absent some of the constitutional problems with this bill, there is the more pressing issue of the state projected revenue shortfall just last week of more than \$110 million. Creating a private scholarship tax credit now would come at a time when our state school funding needs are increasing and when state funding of K-12 education has been constrained due to budget shortfalls. The Appropriations Committee's preliminary budget has already reduced TEEOSA funding by \$38.5 million in the fiscal year '19 to '21 biennium. Let me say that I, myself, am a product of a Catholic education from 1st grade through my bachelor's degree from Creighton University. It was a burden on my parents to pay for our Catholic education. My dad was a blue-collar railroad worker who relied on my grandparents for assistance to pay the bills. But just as in Lent when many Christians commit to fasting and giving up certain luxuries to replicate the sacrifice of Christ's journey into the desert for 40 days, my parents taught us that the sacrifice our family made was a way of actualizing our faith. They didn't ask anyone else to pay. My family rejected the notion that paying taxes and paying private school tuition was double paying for something. They also paid for roads they would never travel and for sidewalks they would never walk. But they saw this as a commitment to the common good. LB670 hurts public schools. Public school dollars used for private school scholarships would otherwise provide needed funding for our public schools. Nebraska already ranks 48th in the nation

for state support of K-12 education. We need to be investing in public schools, not diverting public dollars into private schools. We ask the committee to oppose this bill and, instead, focus its efforts on meeting the responsibility to fully fund Nebraska's public schools. Thank you.

**FRIESEN:** [02:22:50] Thank you. Any questions from the committee? Senator Crawford.

**CRAWFORD:** [02:22:53] Thank you, Vice Chair Friesen. And thank you for being here. I was trying to listen and read at the same time.

**MADDIE FENNELL:** [02:23:02] I know

**CRAWFORD:** [02:23:02] I-- I didn't-- could you elaborate on the constitutional issue you think that--

**MADDIE FENNELL:** [02:23:07] So Article VII, Section 11 of the Constitution of the State of Nebraska prohibits the Legislature from appropriating public funds for sectarian education. Clearly, the real impact of this bill, although somewhat circuitous through the use of a tax credit, is an expenditure of public funds that would benefit private schools.

**CRAWFORD:** [02:23:25] So that's the-- the clause that says we can't give public money to private schools.

**MADDIE FENNELL:** [02:23:30] Right.

**CRAWFORD:** [02:23:30] Thanks.



**FRIESEN:** [02:23:30] Thank you, Senator Crawford. Senator McCollister.

**McCOLLISTER:** [02:23:33] Has-- has that ever been tested in court, Maddie?

**MADDIE FENNEL:** [02:23:36] In the state of Nebraska, not that I know, because we've never funded these programs.

**McCOLLISTER:** [02:23:40] Anyplace else?

**MADDIE FENNEL:** [02:23:40] I believe it has, but I couldn't cite to you specific cases. And it would depend very much on what the state law, how it was written, so it would be very different state to state.

**McCOLLISTER:** [02:23:48] Thank you.

**FRIESEN:** [02:23:49] Thank you, Senator McCollister. Senator Briese.

**BRIESE:** [02:23:51] Thank you, Vice Chair Friesen. Thank for your testimony here today. Appreciate you being here. But your testimony, your belief is that we wouldn't see any savings from this over the years.

**MADDIE FENNEL:** [02:24:00] I don't believe we would. And, first of all, we're already in a problem with overreliance on property taxes. And we know that the state's commitment to funding comes from income tax. So if we take even more, you know, income tax out, it's going to cause an even greater reliance on property taxes. The other thing is that while a few students may use it here and a few students may use it there, that doesn't mean that you're-- you're not going to need an

entire building. You might remove three students from a school, but you still need the school building. You still need a classroom. So unless you saw it in great density, that wouldn't happen. And in fact, in many places, I know Florida has been discussed here, in late-- in the latest study that I was reading, Florida is now 50th in per capita spending on K-12 and 41st in student spending. And they're really struggling greatly. Their teachers are struggling greatly. They're having a hard time finding teachers, because so much money is going into these types of scholarship programs that it's draining the funding available for public education.

**BRIESE:** [02:24:58] I was thinking a previous testifier, one of the earlier testifiers, said 39 out of 42 studies indicate some sort of savings long term. And I can see, you know, that act-- first few years or first year or first few years it might be kind of tenuous. But you know in theory, according to these folks, that down the road it can save some dollars. But anyway, but thank you.

**MADDIE FENNELL:** [02:25:17] Thank you, Senator.

**FRIESEN:** [02:25:17] Thank you, Senator Briese. Any other questions from the committee? So I guess my question, the NSEA, you know, we've-- we've tried to do property tax relief for a number of years.

**MADDIE FENNELL:** [02:25:32] Uh-huh.

**FRIESEN:** [02:25:32] And every time we've tried to limit, I guess, using property taxes, NSEA has usually opposed us. And so we're trying to find different methods of funding. But, so if you're saying that there's going to be no savings here and there's-- I look at in the nonequalized districts right now, I mean there's no change. I guess if a student goes from public to private school and with a scholarship there's-- we're not going to see any funding changes at the unequal districts because

they get no money. In the urban areas, those few that do shift, I mean I don't know how many students they're anticipating would be able to shift away. I mean there, I don't see much of a savings there really either unless we see a significant number move. So it's frustrating, I guess, when we're trying to do things and we get blocked at every route when we're trying to fix how we fund K through 12 because it's not fair. But sometimes we'll look for alternative routes, I guess, and so--

**MADDIE FENNEL:** [02:26:45] Yes, Senator, and I haven't been-- you know, I've only been in my position for two years and so I have not had the opportunity to weigh in and take part in many of those conversations. I know you and I have had some good conversations about this. Quite honestly, I think that we're not going to see the answer that we need until we can get everyone to the table and have everyone be willing to take part of the pain. That means the schools might have to change a few things. But that also means that we're going to have to get rid of a lot of the exemptions. We're going to have to look at TIF funding and-- and is it right for one entity to give away potential school funding by allowing TIFS without letting a school board weigh in on that and say how it's going to bother them? We have to look at who we exempt from taxes. We're no longer predominantly a-- a goods-based economy. We're now a pro-- a services-based economy. And yet we exempt a significant number of those services from taxes. I think there's a lot of things we can look at. Quite honestly, if we go away from the table and everybody feels a bit of pain then we've probably gotten it right. But if we go away from a table and somebody feels like they've gotten a win, and the big thing is, is it's the kids that lose in the end. All of our kids lose in the end.

**FRIESEN:** [02:27:51] Do we have to look at spending.

**MADDIE FENNEL:** [02:27:54] I think we do. And I think that there's-- you know, one of the things I thought was interesting where people were asking, you know, what's the difference, I mean I went to Catholic school my entire life and then I taught in public school. And this is only my

personal perspective. I'm not going to cite any study or anything else. But I think there's two things that I see that was the primary difference. Number one was the autonomy. I know many of my public school colleagues would love the autonomy that many of their Catholic school colleagues get. I mean we're told what to teach and how to teach it. And it's-- it's legislated significantly. And many of them sometimes feel that why those-- those things were passed in the best interests of children often we call it the implementation gap between when the policy was passed and it actually hit the road in the classroom, and what happened to it and whether it's working or not. We've seen some of that happening with Senator Linehan's bill, which we strongly supported on-- on K-3 reading. And we now see some districts that are changing and adding things on to that, that are actually making it more difficult to implement. And so-- which was not the intent of her bill whatsoever. So we're very concerned about that. So I think autonomy is one piece. I also think the other piece is parent involvement. And I saw a big difference in the parent involvement when I was at a Catholic school as opposed to when I've taught in the public schools. Some of that was because my Catholic school friends, they had more stay-at-home moms who could spend time in the schools and who could come to events and who could volunteer, whereas the parents I taught-- their children I taught were often working multiple jobs because they were working minimum wage jobs and so they had to work multiple jobs and didn't have time to come up to school. They didn't care about their kids less; they just didn't have as much time to commit to their kids' schooling.

**FRIESEN:** [02:29:36] OK. All right. Thank you. Any other questions from the committee? Seeing none, thank you--

**MADDIE FENNEL:** [02:29:40] Thank you.

**FRIESEN:** [02:29:42] --for your testimony.

**JASON ALEXANDER:** [02:29:49] Good afternoon, Vice Chair Friesen and members of the Revenue Committee. Greetings from snow-free Beatrice. We had no snow last night, so we're thankful for that. Our school theme is--

**FRIESEN:** [02:30:02] State and spell your name, please.

**JASON ALEXANDER:** [02:30:02] Jason, J-a-s-o-n, A-l-e-x-a-n-d-e-r. Our school theme at Beatrice is one school, one family, making a difference every day. I'm here representing STANCE and 20 member districts with 30,000 students. I'm here to oppose LB670, the Scholarship Opportunity Act [SIC]. As you've heard, in a time where our state is struggling to generate enough revenue to adequately fund public education, it seems unconventional to me that this legislation would be considered. LB670 states it will enable the greatest number of parents and legal guardians to choose among quality education opportunities for all-- all children. STANCE respectfully disagrees. Allowing tax credits to the most affluent supporters in the 191 private schools and 37,839 privately educated students is not going to benefit the most students in Nebraska. According to statistics and facts about Nebraska schools in the 217-- 2017-18 manual, this bill excludes the 323,391 students attending our 244 public schools in our state. Students in Maxwell, Bayard, Albion, Valentine, Henderson, and many others will never reap the benefits of this scholarship opportunity. Privately operated elementary and secondary schools in Nebraska satisfy the state's requirements in legal operation and provide quality educational opportunities. This is also stated LB670. I'm not here and do not intend to question the quality of our private schools. We have a terrific relationship with the two private elementary schools in our community, in every community that I've worked in. But on behalf of every publicly funded school in this state, there are hardworking, taxpaying citizens' love and support, and the students that attend these schools call home eight hours a day for 185 days of the year, this legislation seems rather disparaging. Aside from that, how do we know these private schools provide the same quality educational opportunities

when they're not accountable to some of the legislation that's handed down, whether it's NSCAS assessments, whether it's ACT testing, naturalization, or state writing assessments. Furthermore, special education opportunities in these schools are almost totally derived from the public school funding and public school staff that are also responsible for educating my 50 percent of 25 percent of students that are special education students as well. Through IDEA and PL-94-142, requirements are already there for a woefully under-- under-reimbursed educate-- special education population. Under state statute 79-232 dash through 236, choice already exists. You know this already. You've heard that argument, so I'll skip over that and move quick, quicker. LB670 states: It is in the best interests of the state in Nebraska and its citizens to encourage individuals and businesses to support organizations that financially assist parents, legal guardians who want to enroll their children in privately operated-- accomplished through the use of a tax credit. I sincerely ask these questions. Is LB670 a tax credit bill or is it a scholarship opportunity? Why is it not in front of the Education Committee if it's a scholarship opportunity? I would ask all of you to think about your constituents back where you come from. Are they in favor of this? This seems to be a very gray area in this proposed legislation. It's no secret, now more than ever, our state-- or in our state and in-- in-- in the nation we have higher numbers of impoverished, poverty stricken, and higher service need students attending our public schools as well. This legislation provides a track-- tax credit and scholarship to those making a choice to pay tuition, and the gap between the most affluent and the most needy continues to expand as a result of this legislation.

**FRIESEN:** [02:34:08] Can you wrap up,--

**JASON ALEXANDER:** [02:34:09] Finally,--

**FRIESEN:** [02:34:09] --please?

**JASON ALEXANDER:** [02:34:09] Yep. Finally, I would just say the members of STANCE urge the members of this committee to vote in opposition to LB670 and prevent its debate on the floor. I do prevent-- I do very much appreciate you and all the tough discussions you have to have as state senators. The jobs you do on a day-to-day basis I'm not envious of. I just ask that you truly consider this, this bill before making passage.

**FRIESEN:** [02:34:37] Thank you, Mr. Alexander. Any questions from the committee? Senator Briese.

**BRIESE:** [02:34:42] Thank you, Vice Chairman Friesen. Thanks for your testimony here today. And I-- I truly appreciate the discussion too. It's a very, very needed discussion. And would you agree that there's really nothing we do that is more important than how we educate our children?

**JASON ALEXANDER:** [02:34:55] I would agree.

**BRIESE:** [02:34:55] Yes, I believe that wholeheartedly. And when it comes to something of such importance, should we ever be satisfied with the status quo?

**JASON ALEXANDER:** [02:35:03] We never should.

**BRIESE:** [02:35:04] We should always-- and I agree with that, too, and-- and it's my belief we should always be looking at all options, how can we better serve our kids and save the taxpayers money. But anyway,--

**JASON ALEXANDER:** [02:35:16] I would-- I would agree that, Senator Briese, and I appreciate the relationship we've had when working in the past when I was at Ord. I think that our kids are the

most important commodity we have. And they're not a commodity that starts to begin-- beginning of a conveyor belt and ends at the end of a conveyor belt that just ends perfectly and goes out and gets sent. Our kids are all special and they all have special needs in one way or the other. That's why this isn't a private-public debate. It is a discussion about how do we fund all of our kids's education in the best manner we possibly can. And I just see where, if this bill passes, it's going to be-- it's going to take away part of the income, allocated income tax credit that is in part of the TEEOSA formula. That is not going to help public education. I don't want to hurt private education, but I certainly want to make sure that my one in four kids that qualifies for special education that I struggle to fund right now to have enough staff to put in the classroom to work with those kids, isn't hurt as well.

**BRIESE:** [02:36:23] Thank you.

**FRIESEN:** [02:36:23] Thank you, Senator Briese. Any other questions from the committee? Seeing none, thank you for your testimony.

**JASON ALEXANDER:** [02:36:30] Thank you all very much for your time.

**JACK MOLES:** [02:36:44] Good afternoon, Senator Friesen and members the Revenue Committee. My name is Jack Moles, J-a-c-k M-o-l-e-s. I'm the executive director for the Nebraska Rural Community Schools Association. Today I'm also speaking on behalf of the Nebraska Council of School Administrators. Before beginning, I'd like to say that, like Maddie Fennell, I am also partially a product of parochial schools as I did-- my parents did send me to Catholic schools in my younger years. On behalf of NRCSA and NCSA, I would like speak in opposition to LB670. Our members are firmly opposed to the concepts included in the bill. It has been suggested to me that the initial \$10 million is not that much money when compared to the amount of money this



committee is likely looking to put toward an eventual property tax relief school funding bill.

However, I'd like to make two points on that suggestion. First of all, \$10 million may not see-- be that much, but with a mechanism that allows for annual growth that could conceivably approach or surpass \$100 million in a given year, we believe that this bill will indeed be a big-dollar item. And I did a little exercise. I mapped out over ten consecutive years of-- of a 90 pers-- where they reached 90 percent requirement, the reserve reached in order to increase by another 25 percent, then total those numbers up. After ten years, is over \$330 million. When 175 of our public schools do not receive equalization aid, we do not believe diverting state funds to this program is the best choice for using state dollars. The Unicameral has programs that need to be addressed, such as property tax relief, public school funding, Medicaid expansion, the state prison system. All of those need funds at a time in which the state revenues are falling below expectations. In spite of those funding concerns though, NRCSA's and NCSA's biggest concern over LB670 is the philosophy of using state revenues to support private schools. Private schools have a role in our state, but they should not be funded by the state. Purists may say that this bill does not directly finance public-- or private schools, but our perception is that this bill does serve that purpose. And I'm getting close to my time so I'll just close by saying again NRCSA and NCSA are firmly opposed to LB670 and the philosophies and concepts supported by the bill. Thank you.

**FRIESEN:** [02:39:14] Thank you, Mr. Moles. Any questions from the committee? Senator Groene.

**GROENE:** [02:39:18] So when I donate to my church who has a-- a school and I take it off my taxes, 6.84 percent, are you against that.

**JACK MOLES:** [02:39:37] No.

**GROENE:** [02:39:37] Why not?

**JACK MOLES:** [02:39:38] Well, because it's allowed within our tax structure as it is currently.

**GROENE:** [02:39:43] So would this if we pass it. Thank you.

**JACK MOLES:** [02:39:46] But it would allow full-- the full donation be taken, so--

**GROENE:** [02:39:50] And a child would be educated. As an educator, I would think you would appreciate that.

**JACK MOLES:** [02:39:57] They-- they would be educated either way.

**GROENE:** [02:39:59] Yeah.

**JACK MOLES:** [02:39:59] So--

**GROENE:** [02:40:00] Thank you.

**FRIESEN:** [02:40:01] Thank you, Senator Groene. Any other questions? Senator Crawford.

**CRAWFORD:** [02:40:05] Thank you, Senator Friesen. And thank you, Mr. Moles, for being here today. I think one of the challenges in thinking about the reduction of costs is thinking about what difference it makes if it you pull one student or two or three students out of school. So I wondered if you could comment on that in terms of rural schools.

**JACK MOLES:** [02:40:25] You know, as I looked at it, a lot of our rural kids would never have

access to this. If you go across the southern part of the state, for example, you have Hastings. And I'm looking at the high school level. There are some pro-- some elementary schools out there. For example, I know McCook has an elementary. But if you go across that southern border there, Hastings St. Cecilia and then North Platte St. Pat's I think are about the only two, Kearney Catholic's, along that area. You go into the Panhandle-- nobody. So all of our rural schools are not going to have access to that.

**CRAWFORD:** [02:41:06] Thanks. Thank you.

**FRIESEN:** [02:41:07] Thank you, Senator Crawford. Any other questions from the committee?  
Seeing none,--

**JACK MOLES:** [02:41:09] Thank you.

**FRIESEN:** [02:41:14] --thank you for your testimony.

**DON MAYHEW:** [02:41:30] Thank you, Chairperson Friesen and other members of the Revenue Committee. My name is Don Mayhew, spelled D-o-n M-a-y-h-e-w, and I'm here today representing Lincoln Public Schools, where I serve on the board of education. I'm also speaking today on behalf of the Greater Nebraska Schools Association. I offer testimony today in opposition to LB670. Looking briefly at the elements of the bill, I would like to focus on three areas of concern. First, this bill would put pressure on existing funding. Creating a private scholarship tax credit now would come at a time when our state school funding needs are increasing and when state funding of K-12 education has been constrained due to budget shortfalls. The Appropriations Committee's preliminary budget reduced TEEOSA funding by \$38.5 million in the FY '19-21 biennium, as was mentioned earlier. Second, the bill may not serve who it is intending to serve. Though proponents

claim these tax breaks are a way to provide a private school option to families who would otherwise not be able to afford it, LB670 may not effectively target the families it claims to help. Instead, it will subsidize the private education of students who may have attended private schools anyway. Students do not have to have attended public school to receive this scholarship to switch to attending private school. Under LB670, students at 370 percent of the federal poverty level would be eligible to qualify for scholarships offered into the programs. This means that in fiscal year '19 a family of four could make up to \$92,870, putting them in the top 40 percent of Nebraska earners, and still qualify for the scholarships. Third, the bill will give a workaround for private schools to receive indirect public money through a scholarship organization without accountability. Public schools are required to be transparent about their budgets and about student outcomes. Private schools are under no such obligations under LB670. LB103 introduced this year would add several new transparency requirements for the use of public money. LB670 does the exact opposite for private schools. Academic standards are not required for schools to be eligible to receive the scholarship funding. In the bill, it indicates that the bill gives the opportunity for individuals to send their children to quality private schools but no comparability measure is recognized by the state [INAUDIBLE] to measure private schools. This tax credit could actually provide scholarships for students to transfer from a higher quality school to a lower quality school without the parent's knowledge. The bill explicitly states that this proposal does not grant the state any expanded authority over private schools and that just because they qualify for a tax credit scholarship does not mean a private school has to enroll them nor keep them nor pay the scholarship back if the student disenrolled prior to the completion of the school year. Public schools across the state take great pride in accepting all students through their doors and all students means all students. Allowing the contrary seems opposite the purpose of public education. Currently children across the state have access to high-quality public education provided equitably and accountably by the state of Nebraska. We're opposed to LB670 because it would find a way to route public funding through tax credits to private schools that sidestep state quality assessments, avoid state budget transparency

practices, and retain their policies allowing them to deny access to any student that they choose.

Thank you for your time. I would be happy to try to respond to your questions.

**FRIESEN:** [02:44:53] Thank you. Are there any questions from the committee? Senator Groene.

**GROENE:** [02:44:55] A tax credit is a tax credit. Why weren't you here yesterday when LB720 was going to-- proposing taking hundreds of millions off the tax rolls, tax credits?

**DON MAYHEW:** [02:45:08] Are you suggesting that every-- every time that there is something that changes the budget that I should come and testify against it--

**GROENE:** [02:45:13] No, tax credit.

**DON MAYHEW:** [02:45:13] --because it might be at the expense of the public schools?

**GROENE:** [02:45:16] --tax credit. This is just a tax credit. This does not affect TEEOSA one bit. This is not in the TEEOSA formula. This is a tax credit.

**DON MAYHEW:** [02:45:23] TEEOSA is being reduced by \$38 million. This will be new spending in-- in the budget. It's hard to draw-- to come up with a conclusion other than that there-- that this is going to potentially affect less money going into TEEOSA.

**GROENE:** [02:45:36] So if I give a company \$20 million tax credit and they don't pay their corporate income taxes, or I give somebody \$10,000 credit, tax credit, it's still out of the General Fund. There's no difference, is there? It's less revenues for the state.

**DON MAYHEW:** [02:45:52] That's correct.

**GROENE:** [02:45:53] So this isn't about tax credits. This is about the kids, because you years later have. You're a public institution. We, as a people, in our constitution, just like a courthouse, a county jail, or any other public institution, we give you a duty-- educate children if they walk in the door. They're not your children. You have a job as a government employee, your employees do. We tell you what to do, the child walks in the door. You take pride, you take everybody? You don't take everybody. You have a duty to take everybody. You have no choice who you take. If they're a citizen, they walk in that door, that government entity educates them. You're not a private entity. Thank you.

**FRIESEN:** [02:46:47] Other questions?

**GROENE:** [02:46:49] Yes.

**FRIESEN:** [02:46:50] Thank you, Senator Groene.

**DON MAYHEW:** [02:46:51] Yeah. If I could respond, I don't think I said anything to suggest anything different. I agree with your-- your basic underlying premise. We-- we are, we are charged by the people to educate their children and we take everybody who comes through our doors, and we do take pride in that.

**GROENE:** [02:47:05] And if-- and if-- and if a child wants to go somewhere else, that's none of your business.

**DON MAYHEW:** [02:47:09] Of course. I'm not speaking against private education. Speaking

against tax dollars going to fund private education and the language in this bill that does not provide-- that talks about accountability but does not guarantee accountability, does not actually provide a promise of accountability. My problem is with the language of the bill.

**GROENE:** [02:47:30] All right. Thank you.

**FRIESEN:** [02:47:31] Thank you, Senator Groene. Any other questions from the committee?  
Senator Crawford.

**CRAWFORD:** [02:47:34] Thank you, Vice Chair Friesen. And thank you for being here to testify. I wonder, you had mentioned something about if a student starts the year and doesn't finish the year, you're concerned about the bill on that front. Could you elaborate on what you mean there?

**DON MAYHEW:** [02:47:49] If a student were to start the year at a private school and be eligible for the tax credit and then they were to leave that private school and come back to the public schools, they would still get that tax credit. There's no mechanism in here to pay that back or reimburse it.

**CRAWFORD:** [02:48:03] To whom?

**DON MAYHEW:** [02:48:03] The state.

**CRAWFORD:** [02:48:04] To the state.

**DON MAYHEW:** [02:48:05] Uh-huh.

**CRAWFORD:** [02:48:05] I see what you're saying. OK. Thanks.

**DON MAYHEW:** [02:48:07] But then the district, of course, that they came from would have lost the state aid.

**CRAWFORD:** [02:48:11] Oh, because it wouldn't be counted on the day that the district gets its count.

**DON MAYHEW:** [02:48:13] Right.

**CRAWFORD:** [02:48:14] What-- is our certain day of the year that that happens, I assume?

**DON MAYHEW:** [02:48:19] For us in Lincoln it's the fourth Friday in September, fourth Friday when school starts, yes.

**CRAWFORD:** [02:48:25] OK. Thank you.

**FRIESEN:** [02:48:27] Thank you, Senator Crawford. Any other questions from the committee?  
Seeing none--

**GROENE:** [02:48:30] Just one quick one.

**FRIESEN:** [02:48:31] Is it a question?

**GROENE:** [02:48:32] Yes, it is.



**FRIESEN:** [02:48:32] Thank you, Senator Groene.

**GROENE:** [02:48:32] My lectures are over. If a child moves into your district October 10, it's the same situation, isn't it? A family moves in your district and a child enrolls. It's no different, is it?

**DON MAYHEW:** [02:48:49] That's correct. The state aid would then kick in the following year.

**GROENE:** [02:48:52] Just the same situation if this odd situation where a child left the private school and then enrolled in a public school October 10. It's the same thing. A child walked in your door. Right?

**DON MAYHEW:** [02:49:05] Sure.

**GROENE:** [02:49:05] That's your only concern. [INAUDIBLE].

**DON MAYHEW:** [02:49:07] No, that's not my only concern.

**GROENE:** [02:49:09] All right. Thank you.

**FRIESEN:** [02:49:10] Thank you, Senator Groene. Any other questions? Seeing none, thank you for your testimony.

**DON MAYHEW:** [02:49:15] Thanks for your time.

**MARQUE SNOW:** [02:49:30] Good, I believe, afternoon now. Give me a second. I apologize. This is my second time testifying, so--

**FRIESEN:** [02:49:33] It's quite all right.

**MARQUE SNOW:** [02:49:33] Whoo, all right. It's a little bit different on this side than at the school board meeting, so--

\_\_\_\_\_ : [02:49:44] You'll do great.

**MARQUE SNOW:** [02:49:48] Thank you. Thank you, Senator Chair Friesen and members of the Revenue Committee, my name is Marque Snow, M-a-r-q-u-e S-n-o-w. I am not related to that stuff outside on the ground, so be nice to me. I'm the president of the Omaha Public School Board of Education. I'm appearing before you today on behalf of Omaha Public Schools and on behalf of Nebraska Association of School Boards in opposition to LB670. Omaha Public Schools is the largest public school district in the state of Nebraska serving a diverse population of over 53,000 kids, speaking over 119 different languages. Omaha Public Schools opposes LB670 which authorizes the creation of opportunity scholarships for students to attend private schools in Nebraska. Through tax credits, LB670 diverts \$10 million from the General Fund that could be used for funding our public schools. In a year when forecasted revenue is \$110 million below projections, there would be no room in the budget to fulfill the Legislature's constitutional obligation to fund our public schools, which have not been fully funded for decades. If this bill passes, the diversion of public dollars to private school students will reduce the General Fund. When the General Fund is insufficient, the Legislature historically cuts TEEOSA, which is already underfunded. Governor Ricketts announced this year that his priority was to fully fund TEEOSA as part of his budget, but due to the reduced forecast receipts cuts to TEEOSA in the budget have already began being discussed. I've served on the school board since 2013 and I do not understand why \$10 million in public funds should be given to private schools when year after year we still do

not fully fund our public schools across the state. We at Omaha Public Schools pride ourselves on offering a wide variety of educational opportunities and innovative pathways for parents and students on their journey from elementary school through graduation. We focus-- we have focus schools as well as magnet schools. We are 1 of 20 school districts across the nation that have a dual language program that is K through 12. We offer over 20 career academies. Our South High graduating students, our students from South High the largest feeders into UNO. Staying on track with investments is a majority initiative for the district. Textbook adoption, building maintenance, and planned system upgrades can be challenging as it is without any further cuts to TEEOSA or diversion for public dollars. It is clear that the net effect of LB60-- LB670 would divert funds from public schools to private schools. Thank you.

**FRIESEN:** [02:52:27] Thank you, Mr. Snow. Any questions from the committee? Senator Groene.

**GROENE:** [02:52:31] Thank you, Mr. Snow. Thank you for what you do and go to meetings on cold nights.

**MARQUE SNOW:** [02:52:37] Yes.

**GROENE:** [02:52:40] We do this all the time. I mean you talk about direct hit on your budget is the tax increment finances the city of Omaha does. I think you got right at 7 percent of your entire valuation is off the books, and it's not a dollar for dollar replacement by TEEOSA. So this body did that to you, took those tax credits, do you-- do you complain to the city council?

**MARQUE SNOW:** [02:53:06] If you talk to Councilman President Ben Gray, I complain all the time. So I live in Gifford Park, right across the street from Midtown Crossing, and that entire area is TIFed. In the neighborhood I live in, 95 different languages are spoken, Gifford Park, 68111. It's a

very diverse community there. And when you see that those students don't receive those funds, those full funds to help support them, and we pride ourselves and we make the best of it. And I'm just coming here to testify to make sure that our voices are heard. Any more taken away from public dollars will further hinder the district as well as across the entire state our public schools.

**GROENE:** [02:53:47] Thank you.

**FRIESEN:** [02:53:48] Thank you, Senator Groene. Any other questions from the committee? I take it OPS would strongly support getting state aid to all of our 175 school districts that don't receive any.

**MARQUE SNOW:** [02:54:00] Yes.

**FRIESEN:** [02:54:02] Thank you very much.

**MARQUE SNOW:** [02:54:03] Thank you.

**FRIESEN:** [02:54:03] See no other questions, thank you for coming.

**JOSEPH COUCH:** [02:54:21] Hello. My name is Joseph Couch, J-o-s-e-p-h C-o-u-c-h. And I'm here as the chair of Nebraska Secular Democrats opposing LB670. However, I'm gonna go off book here a little bit. First very quickly, I'd like to address something since it's not the first time I've heard Senator Groene say that it's suspect that we're here in opposition to this and not in opposition to another bill. I'd like to let the senator know that I have a job. I have a family. Yesterday I was unloading a truck at this time. So I'm not getting paid to read all these bills I can't be expected to read 700-plus bills and write opinion pieces on all of them. However, you are paid to read these

bills. So I find it a little suspect that you said you haven't read this bill in front of your committee. But on to the bill itself, I think it's important to note that we aren't really talking about private schools as much as we're talking about religious schools. Roughly 90 percent of private schools in Nebraska are religious. If you count the number of-- if you count every single testifier in support of this, all of them were supporting religious schools. So I'd like to read just a little bit of a bill that was on the floor this morning and last week. Since youth is the time most susceptible to the acceptance of principles and doctrines that will influence them throughout their lives, blah, blah, patriotic corn swill-- that last bit is me, but that is the section which would read in our statute if LB399 passes. And I mention this because it parallels the threat of indoctrination posed by this bill and indoctrination so this Legislature is currently trying to pass that bill and they think rightly that when you're young, you're most susceptible to new information. Churches also notice. Every single church service I've gone to at least in the last couple of years, they bring their children up front and it's very cute, but they don't know what they're talking about when they say God loves me. They don't know, by abstract confident-- cons-- oh, my goodness-- concepts like infinity and everything that most gods represent. I also know that Senator Groene would think that this would be a good tool for indoctrination since on the hearing for LB73 he said that religion was a tool to control people. I'm paraphrasing, of course, but you can go back and look at the transcripts or I have a recording of it. I see that my time is up but I'd love to answer your questions.

**FRIESEN:** [02:57:29] You can just wrap up just really quickly.

**JOSEPH COUCH:** [02:57:31] Oh. Yeah, I'd just like to talk real quickly about the discrimination. I know all these schools say that they will accept anyone no matter who they are. But that doesn't mean they're not going to teach them that they're less than because of it. A gay person going to a Catholic school is still going to be told, hey, the Pope says you're not still a full person. And I don't think that kind of school should receive public funds.

**FRIESEN:** [02:57:58] OK. Thank you for your testimony. Senator McCollister.

**McCOLLISTER:** [02:58:03] Yeah. Thank you, Vice Chair Friesen. I guess I wasn't unaware, Joseph, that-- that Catholic schools were exempt from the employment guarantees for race, religion. Is that a fact? Is-- are they exempt from those prohibitions?

**JOSEPH COUCH:** [02:58:20] I'm not 100 percent sure. When I was reading the bill I believe it said that the scholarship granting organizations are not exempt from those so--

**McCOLLISTER:** [02:58:32] Are exempt or are not exempt?

**JOSEPH COUCH:** [02:58:33] They are not-- or they are required to comply with antidiscrimination laws.

**McCOLLISTER:** [02:58:39] OK. That was my understanding as well.

**JOSEPH COUCH:** [02:58:42] Yes.

**McCOLLISTER:** [02:58:42] Thank you.

**FRIESEN:** [02:58:44] Thank you, Senator McCollister. Any other questions? Seeing none, thank you for your testimony.

**JOSEPH COUCH:** [02:58:52] Thank you.

**DAVE WELSCH:** [02:59:07] I'm back.

**FRIESEN:** [02:59:08] Seen you here a lot this year.

**DAVE WELSCH:** [02:59:11] That's what you do when you retire. You come down to the Capitol for your entertainment. Good afternoon, Senators. My name is Dave Welsch, D-a-v-e W-e-l-s-c-h. I am here to testify in opposition to LB670. I am a husband to Deb, the dad of two kids, and grandpa to eight grandkids. Deb and I have been greatly blessed. We normally would not publicly share the information I am about to provide in my testimony, but we feel it is important to provide you with a real-life example of why this bill would set a poor precedent on what should be considered a tax credit in Nebraska's tax code. Currently the state does not consider any charitable donation to be a tax credit. One of the reasons given to support LB670 is that these charitable donations would provide for the private education of kids that would have otherwise been educated in public schools. Public schools are supported by state and local taxes. So as scholarship money is given to these private schools to provide the education, then the rationale is that there would be a cost savings to public schools. But let me give you a few real examples of other charitable day donations that would also-- that should also be approved as a tax credit rather than simply as a tax deduction, if we follow this same rationale. Deb and I make charitable donations to the Milford Schools Foundation Scholarship Fund. This fund provides college scholarships to Milford High School Graduates. These graduates attend both private and public colleges and universities. Many of these colleges and universities are supported by state tax dollars. So by making a charitable donation to the Milford Schools Foundation we are, therefore, lowering the amount of state resources needed for our public colleges and universities. We also support the BackPack and FoodNet programs in the Milford community. These charitable programs provide food to families in need. Since a state also provides funds to families in need of food assistance then we are also helping to lower the amount of state resources needed for these programs. Our charitable donations are currently considered to

be eligible as a tax deduction and when we file our tax return. Deb and I do not believe that these donations should be elevated to the status of being an income tax credit. Currently the state does not consider any charitable donation to be a tax credit. We do not support the proposal in LB670 to elevate donations to a scholarship fund to the level of an income tax credit. Doing so would single out a very specific class of charitable donations as a tax credit which would be poor tax code policy for the state of Nebraska. Thank you. And I'd be happy to take any questions.

**FRIESEN:** [03:02:09] Thank you, Mr. Welsch. Do we have questions from the committee? Senator Groene.

**GROENE:** [03:02:13] Do you have any private schools around Milford? You have a strong Mennonite community, don't you?

**DAVE WELSCH:** [03:02:19] Yeah. I believe there's-- I think the school is still going over at West Fairview Mennonite Church. There's some parochial schools in the area, certainly up in Seward there's a couple of them up there. That's correct.

**GROENE:** [03:02:34] So the area does have some?

**DAVE WELSCH:** [03:02:36] Yes.

**GROENE:** [03:02:39] All right. Thank you.

**FRIESEN:** [03:02:39] Thank you, Senator Groene. Any other questions from the committee? So you're-- you're saying that your donation to the Milford Public Schools of their foundation, you get a, hopefully, if you're in that upper tax bracket, which maybe now you aren't, I'm not sure, but you'd



get a 6. some percent deduction.

**DAVE WELSCH:** [03:02:52] Yes, if we itemized deductions. Yes, that would be the case.

**FRIESEN:** [03:03:06] So we can maybe elevate all tax credits then.

**DAVE WELSCH:** [03:03:10] I would suggest that we don't elevate any charitable donations to the level of a tax credit. It is simply poor tax policy for the state of Nebraska.

**FRIESEN:** [03:03:18] You're staying consistent. Thank you.

**DAVE WELSCH:** [03:03:22] Yeah.

**FRIESEN:** [03:03:23] All right. I don't think I have any other questions. Thank you.

**DAVE WELSCH:** [03:03:25] Yeah. Thank you.

**FRIESEN:** [03:03:26] Good to see you here again.

**DAVE WELSCH:** [03:03:26] Sure.

**FRIESEN:** [03:03:29] Any other opponents?

**PATRICIA WONCH HILL:** [03:03:37] Hello. My name is Patricia Wonch Hill, spelled P-a-t-r-i-c-i-a W-o-n-c-h H-i-l-l. I am a research professor at you UNL, but I'm here today as a citizen and I speak only for myself. First of all, the fact that this bill is before the Revenue Committee and not

the Education Committee is a dirty trick. It is particularly Orwellian that this bill is in front of the Revenue Committee when it will result in lost revenue for our state, tax revenue that should go to our social services, human services, schools, roads, and parks. Truly this bill is a welfare bill for billionaires who have bought our very democracy and it will ensure the 1 percent can continue to not pay their fair share in taxes so they can amass more and more wealth. Senator Linehan has repeatedly brought this bill to our Nebraska Legislature, and it has repeatedly been defeated in committee. But here it is again, and the reason is, is it achieves multiple goals for the Ricketts family and she is working for them, not directly of course. Billionaires like to hide these purchases very skillfully and-- and that is what is dark money. Not only do billionaires and their paid-for politicians personally benefit from this bill financially, they don't just want to freeload off the rest of us and skip paying any taxes at all, they also want the taxpayer dollars from hardworking Americans slated for public schools to line their own pockets. Their long game isn't just freeloading. It is a steady stream of revenue. For-profit schools funded by taxpayer dollars are a cash cow where they have a steady stream of taxpayer generated income with no accountability, while our public schools are slowly drained of all resources. So LB670 is not just billionaire welfare. It is a privatization of public services which will result in taxpayer funded revenue for billionaires. And if that weren't enough, they have a third motive that also has nothing to do with, quote unquote, choice or opportunity. As Patty Pansing Brooks pointed out the last time this bill came up, these schools will have no regulations and no financial incentives to the Ricketts or Koch families to even try to educate our children with intellectual disabilities, learning disabilities, or physical disabilities. They get to pick and choose the most profitable students to skew their scores, because the root of all this is that these billionaires hate public education. They can't come out and say it. They have their paid-for politicians spout the words "choice" and "opportunity" with earnestness each year. But the real incentives of these billionaires is to perpetuate inequality. This is a win-win-win for them, all at the expense of 95 percent of all U.S. children. They don't like the First Amendment. They don't want a separation of church and state. They don't care much for

science or facts. They just want to make money. And a public that can think critically is not a good long-term profit investment. They don't believe in one of the most fundamental tenets of our deman-- democratic republic, that we all have an even playing field, that education for all means all, that education is a great equalizer, that we all have a real shot at the American dream. They don't care whether or not the next generations of Nebraskans, access to a world-class education from our public schools and public university system. They would prefer to not have that. The billionaires don't care if K through 12 public schools succeed.

**FRIESEN:** [03:06:51] Please wrap up, please.

**PATRICIA WONCH HILL:** [03:06:52] All right. I'm a fifth-generation Nebraskan. I had a decent public education in North Platte public school district. I have three children in this, in Lincoln Public Schools. We aren't stupid. Nothing is perfect. No school is perfect. But Nebraskans love public schools. We have one of the best school systems in the entire country. We have the-- one of the highest graduation rates for high school graduates. There's nothing wrong. Our public schools aren't perfect, but we need to fund them fully and we don't need to take away our revenue base for that. Taxpayers shouldn't be on the hook for this and this will take away revenue from our state.

**FRIESEN:** [03:07:29] OK. Thank you. Are there any questions from the committee? Senator Groene.

**GROENE:** [03:07:32] Thank you. Another North Platte resident.

**PATRICIA WONCH HILL:** [03:07:38] Former.

**GROENE:** [03:07:39] Former.

**PATRICIA WONCH HILL:** [03:07:39] Born and raised.

**GROENE:** [03:07:41] So did Maddie Fennell. But should we then create laws that no billionaires can infect education with their money?

**GROENE:** [03:07:48] Susie Buffett?

**PATRICIA WONCH HILL:** [03:07:51] Yes. Well, I mean here's the thing. Citizens United, says Citizens United, money is not speech. They are lining their pockets at the expense of taxpayer dollars. And that's not what the Buffetts are doing.

**GROENE:** [03:08:03] Aren't they using their money to influence outcomes of education in-- in a manner of maybe they want to social engineer?

**PATRICIA WONCH HILL:** [03:08:10] No.

**GROENE:** [03:08:12] Thank you.

**FRIESEN:** [03:08:13] Thank you, Senator Groene. Any other questions? Do you work for the university?

**PATRICIA WONCH HILL:** [03:08:22] I do.

**FRIESEN:** [03:08:22] OK.

**PATRICIA WONCH HILL:** [03:08:22] Is that it?

**FRIESEN:** [03:08:22] Funded with taxpayer dollars.

**PATRICIA WONCH HILL:** [03:08:24] Yes. And I love public education, I love my university, and I love my public schools.

**FRIESEN:** [03:08:29] So do I. Thank you.

**PATRICIA WONCH HILL:** [03:08:30] Great. Thanks.

**THOMAS GRAY:** [03:08:46] All right. Good afternoon, Senators. Thank you for holding this, holding this hearing. I'm here to speak against LB670. My name's Tom Gray, I live up in Omaha, last name, G-r-a-y. I spent 24 years in the military. I got to educate my children in six different states, spent time in Germany. I spent time in Iowa. My children spent several years in a Catholic school. So up-front I want to say that it's entirely possible to get a good education in a private school. I am not anti-private school. However, because I've seen how people are educated around the world, particularly in Afghanistan where I served some time, I'm concerned about religious education and whether that is necessarily a good fit for our country. Religions are humanist in the sense that they look out for the rights of the individual and they're open to everyone and they're loving. This is all wonderful, until they aren't. Islam is widely a very open, loving religion except when the Wahhabis came along. And then you get madrassas in Pakistan that trained the Taliban that took over Afghanistan and made it a living hell for the citizens. This is my concern. We put a lot of effort in our country into making schools that people with any religious beliefs at all or no religious belief can attend, get a good education. Religion is not an issue. Now we may have done an important job in places, but I think we've done very well with that. Separation of church and

state is important. My children went to a Catholic school. I appreciated the values that they learned there. A values-rich environment is a phrase that we heard here in testimony. I'd also like to point out that 1919, 100 years ago, this is the 100th anniversary of terrible lynchings that took place across the country and across Nebraska, the lynching that happened in Omaha included lynching the mayor of Omaha when the mayor tried to stop the lynching of a black man. So a question I have about this bill is would it also support a church or a school, a religious school, private school, organized by white supremacists or Christian Identity Movement followers who teach that people with black skin have been cursed by God and are lesser than everyone else, and that people with white skin like mine need to be in charge? Is there anything in Nebraska a government that would allow the government to control what's taught? Or does this bill support them both equally? Would this bill support a madrassa if it was privately, you know, a private education? So that's my concern.

**FRIESEN:** [03:11:45] Thank you for your testimony. Any questions from the committee? Seeing none, thank you for your testimony.

**RENEE FRY:** [03:12:02] Good after-- good after. Good afternoon, evening. I'm not sure what it is. My name is Renee Fry, R-e-n-e-e F-r-y. I'm the executive director of OpenSky Policy Institute. I going to make several points really briefly. One, I wanted to touch on the deduction versus the credit that's been talked about quite a bit today. I do want to point out that the credit in this bill is 14.5 and a half times more lucrative than a two-- than a traditional donation made at 6.84 percent. So you're looking at a \$10,000 donation getting back \$10,000 versus a \$10,000 donation getting a \$684 tax deduction, so a significant difference I think Mr. Welsch talked about, you know, "valuings" or putting into value that a deduct-- or a donation to a private scholarship organization is valued more than a donation for cancer research or for university scholarships or all sorts of things. So we have concerns about that. There was talk about studies we have looked at the report from Florida that's often cited that's Senator Linehan talked about in her intro. However, the authors of

that report state in their appendix that they had no information from which to estimate the percentage of students who had switched from public to private schools because of the program. So they actually assumed that 90 percent of recipients switched because of the program, and they admit-- admitted that the program actually breaks even at 60 percent and that it would cost the state money at 50 percent, 50 percent and below. So this is important because if the scholarships are going to kids that would have gone to private school anyway, it just cost the state money. The credit can only result in savings if a significant number of public school kids transfer to private schools in a way that would reduce public school expenses. And I think that's really important. We've heard about the budget impact, \$93 million by 2030. This would actually balloon to a \$1 billion by 2041 if there weren't any additional caps, so a significant amount of money. Finally, I want to mention that we do have heartburn doing something through a tax credit that we probably can't do through an appropriation. So at OpenSky we generally have concerns that tax credits and other spending through the tax code lack transparency and can become an unknown strain on the budget, and it doesn't allow us to prioritize spending on those programs compared to spending done through the appropriations process. So given that this is 100 percent credit, presumably you could administer it directly through the appropriations process. Take out the middle man, right? But this is likely prohibited by the constitution. As you see in my handout, we have highlighted several case law that raise concerns about whether you could actually do this directly. Therefore, we have serious reservations about implementing a tax credit that would be unconstitutional, violating Article VII, Section 11, if it were done as a direct appropriation. So with that I'd be happy to answer questions.

**FRIESEN:** [03:15:04] Thank you, Mr. Fry. Any questions from the committee? Senator Groene.

**GROENE:** [03:15:04] First, to compliment you. You take the same position on all tax credits, not just ones that you disagree about socially. I'm the Education Chair. My job is to take a look at kids, make sure they all have the best opportunity. Education:--

**RENEE FRY:** [03:15:25] Uh-huh.

**GROENE:** [03:15:26] --I'm not the public education chair; I'm not the-- I'm not the private education chair. I'm children's education. Why wouldn't we look at something where it would decrease costs to the state because less children in the system, less children that the public educates lowers the cost over all, puts less kids in a class room, gives more efficient-- efficient use of our dollars, a dollar of tax dollars given would go further because we're not adding to the system? I don't understand why, as a public policy and the goal is, and which I say to myself every day, to try to get every 3rd grader only gets one chance at an education and it's only one chance to read. Why wouldn't we try to find policies as state, as the people that people in this state put in charge to find that very best way we can do it, expand it, more opportunity? Why wouldn't we do that?

**RENEE FRY:** [03:16:39] We absolutely should. I just don't believe, based on the research, that this is the way to do it. There's a really good report from the National Education Policy Center that walks through these programs and what you would have to do for this to actually save the state money. And basically, he-- he walks through the only way that the state saves money is if you're moving kids who would go to private school. And because of this credit, because these scholarships are now available, they're going to go to private school. Right? That's the only way you save state-- you save the state money, because otherwise the state is just subsidizing a kid going to private school that would have gone to private school anyway. And so in this bill what we're subsidizing are kids going into kindergarten, kids going into 9th grade. As you heard, there are a lot of kids in Omaha that will go to private school in 9th grade, and so we're going to end up subsidizing kids that would go to private school anyway.

**GROENE:** [03:17:32] Right now we subsidize public education, the state does, at 36 percent. All



right? A child, overall, costs about \$12,000. So we're about four, four grand. Statewide, all taxpayers, we're saving \$12,000. We're saving the state \$4,600. The property taxes raised locally now can be spent on the other children because that base is always there. I don't understand how you give \$10,000, and what is the credit per child, \$5,000 at the most?

**RENEE FRY:** [03:18:08] There is no limit on the amount of the--

**GROENE:** [03:18:11] No, the scholarship.

**RENEE FRY:** [03:18:12] Yeah, there's no limit on the amounts, amount of the scholarship [INAUDIBLE].

**GROENE:** [03:18:14] Each, each child can get that.

**RENEE FRY:** [03:18:16] So presumably you could-- you could provide a scholarship to Brownell, which is I think, you know,--

**GROENE:** [03:18:20] --but it's still--

**RENEE FRY:** [03:18:21] --tens of thousands. So-- so remember that in order to be able to save the state money or to save a school district money you would have to have the right number of kids leaving, right, because we've talked about fixed costs before and that's highlighted in the LFO report. So unless you have enough students from the same school building leave that allow you to hire one less teacher. You don't have that same cost savings. And so that's the problem with the Florida report. They assumed 90 percent were switching, but admitted that at 50 percent it would actually be a loser for the state. And they were just estimating that 90 percent. And so-- so you

would have to have a significant number of kids, for example, in OPS who would go to a private school that wouldn't have gone to a private school otherwise for OPS to actually be able to save money, because they still have to have a teacher in their classroom. They still have to have, you know, heat in the building.

**GROENE:** [03:19:17] So in that argument there, should we stop option enrollment because it's harming OPS because that's choice? And it costs the state a little less maybe to-- for option than it does-- well, it doesn't, about the same, but it's harming OPS and their efficiencies.

**RENEE FRY:** [03:19:38] You know, that is not something we've looked into that question specifically, but we could do that. I just don't know about-- enough about the OPS budget and what-- what the [INAUDIBLE].

**GROENE:** [03:19:51] I appreciate this because I don't look at this as Catholic, private against public. I look at grad-- my job is to educate the child; what policies can I do, as an elected official, to do that, to make it most efficient with the people's tax dollars and get the best outcomes. And you're the first one who testified that I could get in that debate. Thank you.

**RENEE FRY:** [03:20:15] Thank you.

**FRIESEN:** [03:20:15] Thank you, Senator Groene. Any other questions? Senator McCollister.

**McCOLLISTER:** [03:20:19] Yeah. Thank you, Vice Chair Friesen. You mentioned some of the statistics from Florida.

**RENEE FRY:** [03:20:27] Uh-huh.

**McCOLLISTER:** [03:20:29] And it's been my experience that some of those statistics were-- were in question,--

**RENEE FRY:** [03:20:30] Yes.

**McCOLLISTER:** [03:20:31] --particularly with regard to some of the testing protocols. Do you have any knowledge of that?

**RENEE FRY:** [03:20:38] So in terms of the educational outcomes, we have not spent-- and that's just not our bailiwick. So we've really looked at the budget side. And when we look at studies that have said that these programs save money, they're built on a lot of assumptions, and assumptions are built on and depend on a significant number of kids who would go to private school just, but for this program, who wouldn't have gone otherwise. And when you look at some of the studies, what you see is that you're actually capturing a large number of students. I think there was a study in Arizona where they found upwards of 70 percent of the students that were getting the scholarships would have gone to private school anyway. That was what they found there. And so, again, you have to have a significant number of kids who are only going to private school because the scholarship is available for the state to actually save any money.

**McCOLLISTER:** [03:21:29] Wasn't quite my question, not my question, but thank you.

**RENEE FRY:** [03:21:31] Oh, sorry.

**McCOLLISTER:** [03:21:32] [INAUDIBLE] OK.

**RENEE FRY:** [03:21:32] Do you want to clarify what your question was?

**McCOLLISTER:** [03:21:34] I think not.

**RENEE FRY:** [03:21:35] OK. Sorry about that.

**FRIESEN:** [03:21:35] Thank you, Senator McCollister. Any other questions? So-- and I think I'm-- I-- I get where you're going. It doesn't save money because-- how many-- how many students do we have going to private school right now, do you know, in the state?

**RENEE FRY:** [03:21:51] I don't know the answer to that.

**FRIESEN:** [03:21:51] I mean the number I heard in Omaha was around that 28,000 and something.

**RENEE FRY:** [03:21:53] Yeah, that's what I heard as well, but I don't know statewide.

**FRIESEN:** [03:21:57] So let's use the number 28,000 and there-- let's say there's some-- some empty seats there, a thousand. So currently 28-- 20,000 kids are going to private school and somebody is paying the bill. And so we offer these incentives. All of those kids are going to get that incentive, so we're going to subsidize those 20,000. And then, if we may attract another thousand fill those other seats because of the scholarship program, that-- so we would move a thousand kids from public school to private school if that was-- if there were openings like that.

**RENEE FRY:** [03:22:37] If-- so if you had-- so let's take a school like Buffett in OPS. So they have-- they-- they have, I can't remember what they're called but the extra buildings outside, right, because [INAUDIBLE] not enough classrooms inside. So if it worked out that you had, you know,

the right number of kids that are in those outdoor facilities--

**FRIESEN:** [03:23:00] Portable.

**RENEE FRY:** [03:23:01] Portable,--

**FRIESEN:** [03:23:01] Portable classrooms.

**RENEE FRY:** [03:23:01] --yes, thank you, and they all left so that you didn't have to have a teacher in those portable classrooms, then maybe in that particular instance. And again, they were leaving only because of the scholarship program. But-- but again, if you have three kids leave from each of those portable classrooms, you're still going to have to have a teacher in there. So the public school isn't saving any money. We're just subsidizing the private education, the private school education for this other-- for these other students that do-- the three students that do leave.

**FRIESEN:** [03:23:36] OK. Have you ever supported any other tax credits?

**RENEE FRY:** [03:23:39] As you know, we-- we-- we really do not favor tax credits. Senator Linehan made a comment earlier about how there would be people who are testifying today in support of the early childhood provider tax credit. We did not support that tax credit and I actually pulled up, I was curious when she made that comment because I pulled up the committee statement. And no one that has testified in opposition to this bill today actually supported that tax credit that she mentioned earlier. But we-- we very much universally are skeptical of tax credits. We think that they cause a transparency issue. We can't hold them to the same standard as we can. Spending through the appropriations process. And so it is on a rare occasion where we would consider supporting a tax credit.

**FRIESEN:** [03:24:31] Thank you. Any-- Senator Crawford.

**CRAWFORD:** [03:24:34] Thank you, Vice Chair Friesen. And thank you, Ms. Fry, for being here. I'm trying to still sort of walk through the cost savings argument. From some of what we've received, I think they were talking about the savings based on formulas for funding. So the state pays so much per student, Then the state funding might go down. But I think your point is that the cost of educating that student would still be there because you still have to have the room, still have to have the teacher.

**RENEE FRY:** [03:25:06] Right.

**CRAWFORD:** [03:25:06] So--

**RENEE FRY:** [03:25:06] That's right.

**CRAWFORD:** [03:25:06] --perhaps it might, if enough, if children move, it might save a state if it was based on foundation aid. But it would still cost more to the local government to--

**RENEE FRY:** [03:25:20] Yeah, I'd have to look into that.

**CRAWFORD:** [03:25:22] --pay for that student.

**RENEE FRY:** [03:25:22] But I mean I think to that point, what you could end up doing, I mean it depends on whether you're thinking about that, the \$10 million that, you know, grows up to \$100 million and to a billion, right? If that's considered, are you considering that state money or not? In

that instance, right, if you don't have the perfect number of kids who are leaving from one to-- one to private school, you potentially have a more expensive system, right? Because now we're paying for the public education if you don't have enough kids who leave for public education to save money, right, and now we're subsidizing private education, conceivably, you're actually spending more money for-- to have-- support these two different systems.

**CRAWFORD:** [03:26:09] So give an example of what that would look like.

**RENEE FRY:** [03:26:13] So-- so right now we have funding for K-12 education through our TEEOSA formula, right? And as I said, you would actually have to have, in order for the cost per child to go down or for the-- I shouldn't say the cost per child but the total cost. For OPS to actually be able to save money, right, you would have to have students who-- enough students leave from a grade that you could actually hire fewer teachers, right, and get rid of your portables so that you're not heating those, right, because right now you have fixed costs in a school district. So you would have to have the right number, a significant number, leave so that you could actually reduce costs as a school district. So-- so you have your fixed costs as a school district, unless you can get enough to leave. Then we're creating this other system, right? So now we're spending the amount of money we're spending on TEEOSA plus another \$10 million, which grows over time, and essentially funding two systems. So, in other words, if you don't have the right number of kids leave from each still-- student school building to be able to risk reduce your costs there, we're just adding additional costs.

**CRAWFORD:** [03:27:21] Thank you.

**FRIESEN:** [03:27:22] Thank you, Senator Crawford. And other questions? Senator Groene.

**GROENE:** [03:27:28] We just came out of that cycle with the baby boomers. If you look at student enrollment from the '70s, I mean my age group was the peak. We went through 20 years of declining enrollment at the schools. And it's just been the last three or four years, five maybe, and part of that enrollment increase was we-- we threw the Pre-K in there. We survived and it wasn't added cost. We don't know if it saved us money because enrollment went down. In fact, it did, if you look at the curve. So this is not a new phenomenon if-- if that would happen. But we're not talking that many kids. What you are talking is-- is Omaha is increasing, building new schools, that you might not have to add one more grade school or one more high school. Now that is a huge cost savings.

**RENEE FRY:** [03:28:18] Correct, if--

**GROENE:** [03:28:19] If you're on a growth curve and you slow the growth curve down,--

**RENEE FRY:** [03:28:21] --if you have--

**GROENE:** [03:28:22] --which they are.

**RENEE FRY:** [03:28:22] --if you have enough students leaving from that potential school building who are going to private school. But you actually have to be able to reduce-- yes, you could save if you have enough students. So if you've got a thousand empty seats, you would have to have them all coming from that potential new school, right, to be able to save those dollars. If you still have to build that building, you're not going to have to cot-- have the cost savings. So you would have to have significant numbers from a particular location who are leaving to see that savings.

**GROENE:** [03:28:57] We could debate all day.



**FRIESEN:** [03:28:59] Thank you, Senator Groene. Seeing no other questions, thank you--

**RENEE FRY:** [03:29:03] Thank you.

**FRIESEN:** [03:29:03] --for your testimony. Any other opponents to LB670?

**JUDY KING:** [03:29:15] Mine will be short. My name's Judy King, J-u-d-y K-i-n-g, and I'm an opponent of LB670. And as Senate-- Senator Crawford knows, that the military moving into the state do not send their kids to private schools because our public schools are so great. If this bill would go through, why would we not do this for the two-year certificate programs, include those? I also believe that this would be against our state's constitution and would bring a court challenge. And that's all I have to say.

**FRIESEN:** [03:29:52] Thank you, Ms. King. Any-- any questions from the committee? Seeing none, thank you.

**DONNA ROLLER:** [03:30:15] Good afternoon. My name's Donna Roller, D-o-n-n-a R-o-l-l-e-r, and I went to the work/trouble of copying some articles for you. One is NPR and the other one is ACLU, and those articles, I hope you take the time to read them because they offer an opposite, totally opposite opinion of what was given by the proponents of this bill. I won't-- part of my, let's see, one of this paragraph was taken by another testimony. But Senator "Liller"-- Linehan criticized-- characterized special ed needs, that private schools or these private religious schools offer all of that, but that is-- that language is not in the bill. That's not guaranteed that special needs would be served, children. And it is my understanding that public school's greatest expense are those children that have severe mental disabilities or-- or physical disabilities and learning

disabilities. We fund a whole school in Lincoln with behaviorally disabled children. And I doubt very much that those private schools would be accepting those students because those fees can be up to a hundred, two hundred thousand dollars a year for one student. And I think distributing these scholarships on the 501(c)(3) organization would be discriminatory. It would be serious consequences for students' civil rights, equality, and religious freedom. And I see-- I see no language in this bill that guarantees minorities the right to these scholarships. And it-- it could also mean to serve a means to segregate children. There also is a loophole, and I'm not a tax analyst so I don't know what that means. But the very wealthy can also not only take a tax credit from our state, they can also do it at the federal level, which would also-- would-- would make that wealthy person a 30-35 percent increase for making a donation. So they actually made money off of this. And then most disturbing to me is that we have a wealthy Governor. He's worth \$45-50 million. I think this is a wealth tax, a wealth credit. Those are the people that are going to funnel the most money into these kind of programs. So you can see the avenue that this is going to go. He donates his money. He doesn't pay. I mean I'm not singling him out. This could be any wealthy person. But I know that he can do that. So he can also funnel it into his 501(c)(3), the Platte Institute, to divert those taxes into a scholarship, and then those scholarships can go directly to their family's private school in Bellevue. So I'm just showing you a line of what a wealthy person can do with this kind of a tax credit. And I-- somebody touched on the unconstitutionality of it, and I think it would have a constitutional challenge because our constitution does state that the use of state funds to support public school; that to support pub-- to support school maintained by religious domination [SIC] is a violation. And that--

**FRIESEN:** [03:33:38] Could you please wrap up?

**DONNA ROLLER:** [03:33:39] I will. I have one sentence. May I do that?

**FRIESEN:** [03:33:43] Yes.

**DONNA ROLLER:** [03:33:44] The Nebraska Constitution clearly states that the Legislature cannot authorize donations for public corporations for religious purposes. And since 90 percent of our schools are religion-- religious-based then, yes, I think this is an indirect way to divert money to private religious schools. And you're not saying it directly, but that that will be the ultimate outcome.

**FRIESEN:** [03:34:10] Thank you, Ms. Roller.

**DONNA ROLLER:** [03:34:11] Thank you.

**FRIESEN:** [03:34:12] Any questions from the committee?

**DONNA ROLLER:** [03:34:15] Thank you.

**FRIESEN:** [03:34:15] Seeing none, thank you for testi-- [INAUDIBLE].

**DONNA ROLLER:** [03:34:16] I know you have a difficult job. Thank you.

**FRIESEN:** [03:34:19] Any other opponents who wish to testify? See none, anyone who wish to testify in a neutral capacity? Seeing none, Senator Linehan.

**LINEHAN:** [03:34:27] Thank you. I want to be tra-- try to be quick. I do owe OpenSky an apology. They weren't here. Buffett Early Childhood was, Holland Children's family [SIC], so I made an assumption, which always get you in trouble. I do, however, have another bill here,

LB1108, which was two years ago, was Senator Harr's bill which had a \$48-- \$54 million tax credit in for creation of work force development. And the NSEA was in support of that tax credit. I also, my poor staff, they've been running. And we still got pages here? We do have private schools in the Panhandle, quite-- actually quite a few of them. I was even surprised. So here's a map of all the private schools in the state of Nebraska. Can I keep one in case somebody's got a question? Down in the corner is all the private schools in Omaha, in Douglas, Sarpy County. There may not be a lot of empty seats in Omaha but we just-- there's two Catholic schools that have closed in Lincoln this year, one right across from the Capitol. There are schools that could probably expand if they had more students. I think, though, before we go there, let me go to a couple of things. I wrote a list of about six things, so I'll go-- try to go through them. I think one of the most important things that was said here today wasn't about money but what one of the testifiers said about the change in perspective from the people that get these tax credits. People who come with a client perspective, fill out a form and get something, who change into-- a consumer perspective into a citizenship perspective. I mean that is amazing. You take somebody who's used to surviving on what somebody gives them, and you change them into a citizen who fights for their rights. I've always thought one of the reasons that parochial schools work is they come with all the services the public schools are now saying they need, wraparound services. When you're associated with the church, whether it's Lutheran or Christian or any denomination, when the parents aren't getting their kids to school, somebody calls and there's some guilt applied. It just is what it is. You can say it's wrong or right, but it's wraparound services. Senator Crawford, the cost, I can work on limiting the cost. I guess I was going on the fact that the Omaha Scholarship Fund, which is the only organization that does that right now, there generally is \$2,000. It wasn't any idea about getting anywhere close with full cost. But obviously, if we need to cap that, we could do that. The regulations on-- there's just like somehow a fallacy that we don't regulate our private schools. We regulate our private schools more than almost any state in the nation. I've got a handout here. Sorry, I know it's late. I think there's five pages here. They have to be-- their teachers have to be certified. Their teacher-to-student ratio, their

testing, it's the same as for our public schools. There are 80 percent of our kids, as one of the testifiers from Arkansas-- I'm sorry. I'm tired so I'm forgetting names. But I appreciate very much them being here. They did a great job. We all know I think that 80 percent our kids are in three counties, and those three counties have a number of Lutheran, Christian, Catholic, and there are nonsectarian private schools. There's two of them in Omaha. There's a Phoenix Academy which many people access because their kids are struggling readers. They specifically work with young people with dyslexia. And I think Senator Albrecht can explain to you how she had to get a scholarship to get two of her daughters in that academy because they weren't reading at grade level when she was a single mom, and she depended on a scholarship. I-- we can incentive-- I understand Senator Briese's question on incentivizing new donors. They raise, my perception of this is you, and I would expect this out of people, if you're going to get-- you would increase your donations if you get a credit, and there would be more people willing to do it. Guess I can go to the next one. Why does it cost less than public schools? I-- I mean this is like, you know, the elephant the room none of us talked about. I'm just going to go ahead and say it. They're not unionized, guys. Catholic schools, parochial schools are not unionized. They don't make as much. They don't have free healthcare. I'm not saying it's free, but they don't have probably as good of healthcare plans. And they don't have the retirement plans of which runs public schools about 35 percent of their cost. So that's why it's cheaper. It's not like it's not hard to figure out. ACT scores, why are they higher? Because, expectations. When a kid walks in, I, like Katie is here. She left public school, went to a high school. As somebody mentioned here earlier, she was behind her freshman year. When I took my two youngest daughters and we left here and we were in good schools here. They are still good schools. When they got to Catholic schools, they struggled for the first year 'cause they are very-- they run on a very thin, tight margin, and they get the basics down. You know how to diagram a sentence, you know your verb tenses. Constitutionality: Again, the Supreme Court's made this decision. We can talk all day about whether it is or isn't, but they have found tax credits to be constitutional because the money's not going to schools. The money goes to the parent and the

parent decides. So there's no constitutional question about this. Saving money: Let's just-- we have opt-in, in Nebraska. We know we spend \$100 million a year in opt-in funding out of TEEOSA funding. Fifty million of that, fifty million goes to Omaha Public School children who opt out to other public schools in Douglas and Sarpy County. So my math might not be exact here, but I did use my phone. That means 5,263 kids opt out of OPS and go to another public school. We, the state, spend, send that school that they opt into \$9,500. If just a thousand of those 5,263 kids decided instead to go to a parochial school and it cost us \$5,000 a kid, you know, if we save, I'm-- and it costs \$5,000 for the scholarship, which is more than it would, so we'd save \$4,500 a kid. So a thousand of them would save us \$4,500,000. The math is just that easy. It's why they don't like it. Here's another cost saver. Superintendent Mike Ashton was here today, superintendent of 71 schools, not 1, 71 schools. We're not going to-- I'm not, I don't think this committee is, not if we're going to [INAUDIBLE] property taxes. We're not reducing TEEOSA by \$38 million. That's what it's like. So that's the appropriators. That's their idea. That's not happening, at least I'm not voting to do that. A couple of things said here later, I understand people are-- this isn't about billionaires, either billionaires who are against it or for it or all the other billionaires. There aren't that many of them out there. This is about little kids. One more cost saver: We're talking where you've got OPS and Lincoln Public Schools, your largest schools in the state, are building new buildings, new high schools, new "elementaries." This isn't about just taking one or two kids out of class. This is about having to expand their physical presence, which means bonding, which means hundreds of millions of dollars. And then finally I'll just say I find it very amazing that nobody saves money when a kid leaves their school, but every time they get five more kids it costs a lot of money. And that can't. It's one of our problems here. There is a cost for every child in your school. And if we're going to-- everybody's concerned about this will be in effect and they'll take-- grab up the \$10 million the first year. Like I said when I opened, that's 5,000 kids. Really? We're going to see 5,000 kids leave our public schools and it doesn't save us any money? Then we've got a bigger problem. So with that, I'll take questions.

**FRIESEN:** [03:43:53] Thank you, Senator Linehan. Senator Groene.

**GROENE:** [03:43:53] Clarify, is there a limit on a scholarship?

**LINEHAN:** [03:43:58] No, but we can change that. Well,--

**GROENE:** [03:44:00] There should be. I mean would--

**LINEHAN:** [03:44:01] Yeah, it should be.

**GROENE:** [03:44:01] --assume Creighton Prep or somebody is hot-- a lot higher than--

**LINEHAN:** [03:44:04] Right. No, there should be a limit on the scholarship. There should be.

**GROENE:** [03:44:06] Shouldn't be any more than what the-- the grade school would be probably.

**LINEHAN:** [03:44:10] Right. Part of the-- part of what-- when I was-- we're doing this is this. We turn this over to a scholarship granting organization and we will control them, right? So if they start getting silly, we won't give them any money. We won't let them do it. I mean we control, we accredit the scholarship granting organization. So I wasn't even thinking about them doing those kinds of things because I'm, you know, if we have to approve them and they start doing silly--

**GROENE:** [03:44:35] [INAUDIBLE] way more kids to get-- have an opportunity.

**LINEHAN:** [03:44:37] Right. Right. The whole idea is more kids, right.

**GROENE:** [03:44:41] Sometimes I get confused. But the reality is, folks, the Appropriations Committee is talking \$26 million, not \$38.

**LINEHAN:** [03:44:51] OK.

**GROENE:** [03:44:51] The \$38 was a number in the fall. And they ran the numbers, Department of Ed, valuations went up in the cities. And they're going to hit what ag found out, that more is going to come from their property taxes. So they're talking \$26 million, not \$38 million. And, Senator Linehan, isn't part of what we do here, we look at this whole state constitution and not the part that says that we try to uphold it? And some people forget the religious freedom part of this constitution that says: All persons have a natural and indefensible [SIC] right to worship Almighty God according to the dictates of their own conscience. "No person shall be compelled to attend, erect or support any place of worship against his consent, and no preference shall be given by law to any religious society, nor shall any interference with the rights of conscience be permitted." Isn't a lot of this about the right of conscience?

**LINEHAN:** [03:45:53] Yes, that second part in both our constitution and in our U.S. Constitution frequently is not spoken about.

**GROENE:** [03:46:02] As a body, we should help those kids where their parents have a right of conscience.

**LINEHAN:** [03:46:08] The point is we're not supposed to interfere with your ability to practice or not to practice--



**GROENE:** [03:46:15] Yes.

**LINEHAN:** [03:46:15] --your religion of your choice. [INAUDIBLE].

**GROENE:** [03:46:16] And if you want to send your child to a certain school because of that practice, you should help that, not abate it.

**LINEHAN:** [03:46:25] Right.

**GROENE:** [03:46:25] Yeah.

**LINEHAN:** [03:46:26] At least--

**GROENE:** [03:46:27] Thank you.

**LINEHAN:** [03:46:27] --that's what I think the constitution says, though I'm not a lawyer.

**FRIESEN:** [03:46:29] Thank you, Senator Groene. Senator Crawford.

**CRAWFORD:** [03:46:32] Thank you, Vice Chair Friesen. And thank you, Senator Linehan. Thank you for the-- the cites for the federal constitutionality of this kind of program. I think one of the unique things about the Nebraska State Constitution is we have this clause about not providing public funds to a school or institution of learning not controlled by a state or political subdivision.

**LINEHAN:** [03:46:53] Is that the Blaine Amendment?

**CRAWFORD:** [03:46:55] I don't know that that's-- I don't know if it's called Blaine Amendment or not.

**LINEHAN:** [03:46:58] So in the-- when the-- and it was Catholics? Sorry, Senator. When they-- when there was a fear that we wouldn't, Catholics, wouldn't assimilate into American culture, which was founded mostly by Protestants, they-- they didn't like the idea of Catholics having their own separate schools. So, I'm going to get confused on my history. I can get it all to you. But there was a state-- I think a U.S. Senator who rallied against making sure that, you know, these people assimilated and the Pope wasn't going to run. So that that became very popular. The const-- the U.S. Supreme Court has-- never upholds that. I mean we haven't had a court challenge here--

**CRAWFORD:** [03:47:46] Of that specific question.

**LINEHAN:** [03:47:46] Right. But it-- it wouldn't stand up because we're not, again, even-- even-- we don't even-- you can't even challenge that because we're not giving the money to schools. We're giving the money to parents, and that doesn't say you can't give money to parents.

**CRAWFORD:** [03:48:01] OK. Thank you.

**FRIESEN:** [03:48:03] Thank you, Senator Crawford. Any other questions from the committee? The parent does have to send the kid to school, though, don't they? Can they homeschool?

**LINEHAN:** [03:48:11] Actually, they can homeschool.

**FRIESEN:** [03:48:13] Homeschool.

**LINEHAN:** [03:48:14] Yeah. No, we still have rights in America.

**FRIESEN:** [03:48:19] OK.

**LINEHAN:** [03:48:19] We hear a lot that we don't, but we-- but you have to, going back to the first thing I said here, it's very important that people learn that, that they actually have rights.

**FRIESEN:** [03:48:28] OK.

**LINEHAN:** [03:48:28] So if this helps people learn that, that's an incredible gift.

**FRIESEN:** [03:48:32] Thank you, Senator Linehan. Senator Groene.

**LINEHAN:** [03:48:34] Same look I give him.

**GROENE:** [03:48:37] Think we have-- I think we have a Governor-- I think we had a Governor find out about Section 4, the religious freedom, when he tried to break into a church building and drag the kids out. He's not living here anymore.

**LINEHAN:** [03:48:49] Right.

**GROENE:** [03:48:50] And that court case ruled that parents did have the rights to conscience of-- conscience be permitted. Dave Welsch in the back, I owe him an apology. He did, he came in with facts, too, not us against them.

**LINEHAN:** [03:49:07] Yes.

**GROENE:** [03:49:08] So thank you.

**LINEHAN:** [03:49:08] He's a great American.

**FRIESEN:** [03:49:14] You done? Thank you, Senator Groene. Thank you, Senator Linehan.

**LINEHAN:** [03:49:17] Thank you all very much for a very long day and a very nice weekend. Oh, and I [INAUDIBLE].

**FRIESEN:** [03:49:21] We have-- we have--

**GROENE:** [03:49:25] One more bill.

**FRIESEN:** [03:49:27] We have one more bill yet but we have letters. We have some pro-- proponents and numerous opponents. I will not read them all in but they will be on the record. That will close LB670.

**LINEHAN:** [03:49:59] Welcome, Senator Bostelman. Are you ready to open LB279?

**BOSTELMAN:** [03:50:42] I guess I know how to clear a room. [LAUGHTER]

**LINEHAN:** [03:50:44] You should be happy about that.

**BOSTELMAN:** [03:50:48] Good evening, Chairman Lina-- Chairwoman Linehan and the Revenue Committee members. My name is Bruce Bostelman, that's B-r-u-c-e B-o-s-t-e-l-m-a-n, and I

represent Legislative District 23. I'm here today to introduce LB279 which is a bill that would exempt pre-- prepared food and food ingredients from sales tax sold by a veterans service organization that is congressionally chartered, has active chapters in Nebraska, and is exempt from federal income tax under Section 501(c)(19) of the Internal Revenue Code of 1986. Currently in Section 77-204.10 [SIC] we have exemptions for prepared food and food ingredients in place for public and private schools, school districts, student organizations, parent-teacher associations, churches, service-- servings to patients and inmates in hospitals and other institutions licensed by a state for care of human beings, food sold at political events, food sold to handicapped or recipients of Supplemental Security Income. With this bill, I am just seeking to include food sold by veterans organizations to this list. This money would be better served going towards our veterans and local communities for areas such as fire departments, libraries, scholarships, activities, school events, and more. Several-- several other states have similar exemptions-- about-- exemptions. About 14 states exempt sales of food by veteran organizations, and in some of these states the food is exempted from sales upon purchase of the food as well. I brought this bill on behalf of the Nebraska Veteran's Council. Every year more and more veterans service posts are closing their doors. Tax burdens are a large factor in the financial pressures of posts remaining solvent. Allowing them to exempt sales tax on the food sold to these organizations would alleviate some of these financial stresses and allow these organizations to continue serving our communities and our veterans. I have consistently worked on legislation over my past two years to support and retain our veterans in this state. This bill stays-- this bill stays true to that effort and coincides with other related efforts to support veterans. Furthermore, this bill would not hurt local businesses. These veterans service organizations typically serve food a few times a month, on average about 75 people. Also not everyone from the public is allowed to attend these events. Because they are exempt from federal income tax under Section 51(c)(19) [SIC] of the Internal Revenue Code of 1986, these organizations are required to maintain a sign-on roster and members are only allowed to bring in one guest. The money that is made from these food fund-raisers are not seen as profit for the

veteran organizations but, rather, it is used to provide more services to these organizations, such as providing transportation for veterans to their doctor's appointments. The veterans service organizations will still be required to pay sales tax when purchase-- purchasing the goods and food for the event. All this bill seeks to exempt is these organizations from collecting the sales tax. Finally, this bill ends the confusion of these organizations as to when they are to pay the sales tax and use tax. Right now we have some paying it, some not paying it, and almost all are confused about who needs-- who needs and to who doesn't need to pay this. This bill takes a step forward in streamlining the process. I will ask that I think retired Chief Master Sergeant Dupell had sent some-- had provided some testimony, had e-mailed it into you and it gives a good background on that area just talked about. If you review that, though, I think that would be good to understand more where that comment comes from. And I would urge you to support-- your support for LB279 and its advancement to General File. And I would be happy to answer any questions you may have.

**LINEHAN:** [03:54:55] Thank you, Senator Bostelman. Are there questions from the committee? This-- the fiscal note looks a little high to me. That's like a lot of revenue for to-- if it's a \$256,000 loss.

**BOSTELMAN:** [03:55:08] Must be a lot of hungry people out there.

**LINEHAN:** [03:55:15] I know. It's--

**BOSTELMAN:** [03:55:16] Yes, Senator Linehan, I agree. I looked at that and I-- the rationale has it steps up.

**LINEHAN:** [03:55:22] It is--

**BOSTELMAN:** [03:55:22] And we've talked to-- we've-- we've talked to the Fiscal Office about it a little bit and I think it's over, I think, I think it's a little high as well,--

**LINEHAN:** [03:55:30] Because--

**BOSTELMAN:** [03:55:30] --but not a little, probably a lot. And I think perhaps Mr. Holloway will be behind me--

**LINEHAN:** [03:55:34] OK.

**BOSTELMAN:** [03:55:35] --and he can speak to that just a little bit.

**LINEHAN:** [03:55:36] OK.

**BOSTELMAN:** [03:55:36] Because I don't-- they're using 75 percent. What they're using is they're taking the internal sales and use tax that's reported to the internal-- to the Nebraska State Department of Revenue, and 75 percent of that they consider coming from the food sales. That's where that number comes from. So I'm not so sure and, you know, it's something I'd sure be willing to look into a little bit further if need be, especially on this topic.

**LINEHAN:** [03:56:01] Thank you. Other questions from the committee? Thank you very much.

**BOSTELMAN:** [03:56:05] Thanks.

**LINEHAN:** [03:56:06] And you're going to stay for closing.

**BOSTELMAN:** [03:56:06] Certainly.

**LINEHAN:** [03:56:14] Thank you.

**GREG HOLLOWAY:** [03:56:16] Senator Linehan and members of the Revenue Committee, this is my first opp-- well, second opportunity to be before you. And Senator Kolterman has left both times and he's my senator. My name is Greg Holloway, G-r-e-g H-o-l-l-o-w-a-y. I represent the Nebraska Veteran's Council. I'm their appointed, designated mouth, so officially to boot. This is more than just the question of how much money this is going to cost us. It's the question of every single solitary village and hamlet and town in the state in Nebraska that has a veterans organization that has a physical presence in a building. The building is just not a bar and a kitchen. It's a place where they might have a baby shower one day and a funeral dinner the next. There's a wide gamut of all these any the chance, chance of losing all of these organizations, we've lost a lot of-- VFW Post 131 in Lincoln, Nebraska, has no longer a facility. The American Legion in Lincoln, Nebraska, actually still does have-- no longer have a club. So losing every single solitary one of these little places where the communities go and gather. You know, nobody says, meet me down at 114 Main Street. They meet say meet me at the vets club in these little towns, all the way from Scottsbluff to Nebraska City and points south and north. These are the-- these are the livelihoods of these small communities, the meeting places for every single solitary person. Other organizations hold their meetings in them. Like I say, you might drink to a birth one day and drink to the loss of life the next. It's as simple as that. It might sound like a lot of money, but I don't think it is. I think that is way high. I know in Seward, Nebraska, I wish we was making that kind of money. There's times when we just struggle to pay our bills and still maintain our scholarship funds for we-- we did like 14, 13 scholarships, \$500 schol-- \$500 scholarships last year for the high school. We got to cut back a little bit. We've cut back on our Voice of Democracy and Patriot's Pen Programs a little bit, the money that we give out in prize money. We have to cut back a little bit. And in every single,



solitary dollar we could save and this reduction of the costs of spending money on the food sales tax, and like Senator Bostelman said, it's really confusing. I've-- I've talked to-- I've been involved in the veterans organizations in the state of Nebraska since 1972.

**LINEHAN:** [03:59:21] I'm going to ask you, so I can ask you a question--

**GREG HOLLOWAY:** [03:59:21] Sure.

**LINEHAN:** [03:59:21] --because your red light is on. So you're from where now? Where are you from?

**GREG HOLLOWAY:** [03:59:27] I'm from Bee, Nebraska.

**LINEHAN:** [03:59:29] OK. How many vets clubs are there still in Nebraska? Do you have an idea?

**GREG HOLLOWAY:** [03:59:32] Oh, well, let me see. I talked to the American Legion and they actually don't know how many physical places that they have that serve food. Now the VFW have probably 30, I would think. The Disabled American Veterans has three. We have three-- Hastings, Lincoln, and Omaha-- that actually have a food service business, you know? That's-- there's a lot more American Legion, but I could not get that information from the America Legion because they don't track it, and it amazes me. And I tried to get the VFW to get the information to you but-- I hope they-- I hope they maybe got it to you. You're familiar with Jim Shuey. You know Jim.

**LINEHAN:** [04:00:27] I do.

**GREG HOLLOWAY:** [04:00:28] He sent you an e-mail about all of-- a good e-mail about that.

**LINEHAN:** [04:00:32] OK.

**GREG HOLLOWAY:** [04:00:32] I wish you would please make-- read that really good.

**LINEHAN:** [04:00:34] I will read it and I'll make sure the committee sees it.

**GREG HOLLOWAY:** [04:00:35] Because he is-- really explains a lot of the stuff.

**LINEHAN:** [04:00:38] Great. That helps.

**GREG HOLLOWAY:** [04:00:38] He was our adjutant for the--

**LINEHAN:** [04:00:39] Yeah.

**GREG HOLLOWAY:** [04:00:40] --Disabled American Veterans.

**LINEHAN:** [04:00:41] Yeah.

**GREG HOLLOWAY:** [04:00:41] He's really a sharp guy.

**LINEHAN:** [04:00:42] Right.

**GREG HOLLOWAY:** [04:00:42] He knows all about all the tax stuff and-- and revenue stuff.

**LINEHAN:** [04:00:46] OK. I will share that. I'll share that e-mail with the committee.

**GREG HOLLOWAY:** [04:00:48] Yeah. I'm not sure how many of our American Legion physically have places where they like serve food or the VFW. I could guess off the top my head, but it might not be right.

**LINEHAN:** [04:00:59] Other questions? Senator Friesen.

**FRIESEN:** [04:01:01] Thank you, Chairman Linehan. So is the Bee chicken thing still going? They used to--

**GREG HOLLOWAY:** [04:01:08] The Bee fish fry?

**FRIESEN:** [04:01:09] I thought they had a chicken meal once a year.

**GREG HOLLOWAY:** [04:01:11] Oh. Oh, at the church, at the Catholic Church. Yeah. It will be the end of April. Check it out.

**FRIESEN:** [04:01:18] OK.

**GREG HOLLOWAY:** [04:01:19] They serve about 800 meals in a day. They've got-- they're a factory.

**FRIESEN:** [04:01:23] OK, so go on to the fish fry. The-- sometimes the vets club have fish fries. Do they charge sales tax on those?

**GREG HOLLOWAY:** [04:01:30] You know, here's the-- here's the way that if all the veterans clubs wanted to do it, they would quit charging for their meals and say give me a donation and everything would be a donation. Then you wouldn't have to pay taxes to start with,--

**FRIESEN:** [04:01:42] But-- but they do--

**GREG HOLLOWAY:** [04:01:42] --but then they don't.

**FRIESEN:** [04:01:43] But they do pay sales tax on that? I mean I've-- I've been to them; I don't-- didn't remember.

**GREG HOLLOWAY:** [04:01:47] Yeah. Yeah.

**FRIESEN:** [04:01:48] OK.

**GREG HOLLOWAY:** [04:01:49] Yeah.

**FRIESEN:** [04:01:49] [INAUDIBLE] Grand Island has a hamburger--

**GREG HOLLOWAY:** [04:01:50] They have to pay taxes on that.

**FRIESEN:** [04:01:52] Grand Island has a hamburger feed pretty regularly that's--

**GREG HOLLOWAY:** [04:01:54] Unless, now, if we have a hamburger feed or something like that, that is more like a fund-raiser, it's not a regulated meal. We have like at the Seward VFW, we have three regulated meals a month.

**FRIESEN:** [04:02:11] OK.

**GREG HOLLOWAY:** [04:02:11] Best prime rib you ever had. So you ought to come to Seward for some good prime rib, come Seward. About 20 bucks, but it's worth it. But if we, like we have on the 4th of July we have-- serve like 500, 3-- well, 300 hamburger meals after the-- after the 4th of July program. That money goes to a specific program so I don't think we have to really pay taxes on that because it's-- it's-- it's a program that's a donation. But I'm-- don't quote me on that.

**FRIESEN:** [04:02:44] So sometimes you do have, I've been to some places, they just have a donation bucket there.

**GREG HOLLOWAY:** [04:02:50] Uh-huh. Actually that's the way I prefer it because you make more money.

**FRIESEN:** [04:02:52] Gotcha.

**GREG HOLLOWAY:** [04:02:54] Yeah.

**FRIESEN:** [04:02:54] All right. Thank you.

**LINEHAN:** [04:02:55] Thank you, Senator Friesen. Other questions from the committee? Seeing none,--

**GREG HOLLOWAY:** [04:02:59] I know pretty much everybody here left--

**LINEHAN:** [04:03:01] Well, no, we're still here.

**GREG HOLLOWAY:** [04:03:02] -- and everybody, every-- you and I see a lot of each other. And I-- and I have advocated for veteran's benefits for many, many, many years and I never asked for anything that is not actually legitimate, nothing frivolous. This is a passion and you got to look into your hearts and say do we want to help them keep these physical presence in these small villages and hamlets and so their people, the people in these communities, have a place to come once in a while. That's all I'm asking.

**LINEHAN:** [04:03:42] OK.

**GREG HOLLOWAY:** [04:03:42] You know?

**LINEHAN:** [04:03:43] Thank you.

**GREG HOLLOWAY:** [04:03:43] All right?

**LINEHAN:** [04:03:43] Yes. Thank you. Appreciate you being--

**GREG HOLLOWAY:** [04:03:44] Thank you for indulging me again. I think this is the last time this session that you have to put up with me.

**LINEHAN:** [04:03:49] You're fine. Are there other proponents? Any--

**GREG HOLLOWAY:** [04:03:57] Just because nobody is here with me,--

**LINEHAN:** [04:03:59] I know.

**GREG HOLLOWAY:** [04:04:00] --had a lot of people to show up but they're all snowed in,--

**LINEHAN:** [04:04:02] I, yeah, I believe you.

**GREG HOLLOWAY:** [04:04:06] Jim, Jim included.

**LINEHAN:** [04:04:06] Opponents. Thank you. Opponents. Neutral. Senator Bostelman, would you like to close?

**BOSTELMAN:** [04:04:21] I do have about a three-hour closing if you'd like.

**LINDSTROM:** [04:04:27] I'm out.

**LINEHAN:** [04:04:27] Yeah, you'll be all by yourself.

**BOSTELMAN:** [04:04:28] OK. We won't do that then. There's-- there's about-- there's 506 veterans clubs in the state. So of that, what we can figure is what Mr. Holloway said. There's 30 or 40 VFW clubs, 3 DAVs. And American Legion is a little hard to pin down. I mean there's some that do, some that don't. But the challenge is, is when you have these posts and that out there, they do a lot of fund-raising. They do a lot of meals at special times. They don't necessarily have a kitchen, but they'll throw a grill out back, you know, and they'll grill up some hamburgers, steaks, whatever it is, and have a fund-raiser after a parade, during a certain event. They'll charge money coming in. I think that's where a lot of the confusion runs into, because they're not really up on the tax code. And so they've ran into those issues before where they had problems, where they have to pay back taxes

now. Because when they come in and did an audit and that's, if you go back to LB191 in 2015, Senator Bloomfield had this bill, and they talked a lot about that. So I think the reference with Chief Dupall-- Dupell references a lot of that information. It was really, it's just a confusion that's out there. They just don't know. But where I'm at, the Legion post where I'm at in Brainard and the one in Dwight and the one in Val, I know we have those events that-- that do a lot for the community, but where the taxes fall, that's-- that's the confusing part. So the money stays right in the community. It doesn't go out. So it does a lot of good for us in the communities. It does help us stay open. It's a struggle. It's a struggle when you have less than 100 members in post. It's a struggle to stay open, so every penny that we can have helps us do what we do in the communities for kids, scholarships, baseball teams, oratorical, you name it. It helps out a lot. So I thank you for your patience and your time at this time of day. And again, I'll answer any questions you may have.

**LINEHAN:** [04:06:15] Thank you very much, Senator Bostelman. Any questions? Seeing none, thank you all. Drive safe. Have a good weekend, four days.