

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

Education Committee  
March 17, 2009

---

[LB240 CONFIRMATION]

The Committee on Education met at 1:30 p.m. on Tuesday, March 17, 2009, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on gubernatorial appointments and LB240. Senators present: Greg Adams, Chairperson; Gwen Howard, Vice Chairperson; Brad Ashford; Bill Avery; Abbie Cornett; Robert Giese; Ken Haar; and Kate Sullivan. Senators absent: None. []

SENATOR ADAMS: (Recorder malfunction)...everyone to this hearing of the Education Committee and I want to introduce the members of the committee and go over some of our rules here. To begin with, I'd ask you all to turn off your cell phones, if you haven't already, so that they don't interrupt us hearing or the testifier from speaking. I would start over here with Becki Collins, our committee clerk. And what I'd ask you to do, if you choose to testify, is when you come to the microphone that you be sure that you've filled out a registration and hand that to Becki. And probably won't see this today but if you're going to testify on two things, we ask you to fill out two of them, each time. Also, when you get to the microphone, please state your name and spell it for the record so that we get that very clear into the record, and then we will hear your testimony. We work on a three-minute rule and we'll use the lights today. Given that we probably don't have any...very many testifiers today, I may grant a little bit of flexibility if you run over. But we've got a lot of things yet to do this afternoon, so we'll pretty much stand by that. Next to Becki will be Senator Brad Ashford from Omaha; Senator Giese from South Sioux City; Senator Abbie Cornett will be here from Bellevue; I'm Greg Adams representing District 24; our Vice Chair Senator Howard; Senator Sullivan from Cedar Rapids will soon be here; Senator Avery from Lincoln; and Senator Haar from Malcolm make up our committee today. Sarah McCallister and Brennen Miller are our pages today and if by chance you have things that you want to have handed out to the committee, I'd ask that you hand them to the pages and they'll see to it that they are appropriately distributed. So with that, we will begin our hearings for today and the first thing we have up are some confirmation hearings, and we will begin with Michelle Suarez, an appointment to the Board of Trustees of Nebraska State Colleges. And, Michelle, as you're approaching, when you are seated, if you will just simply state your name and spell it for the record, maybe very briefly describe your background, we do have your bio in front of us,.. [CONFIRMATION]

MICHELLE SUAREZ: Very good. [CONFIRMATION]

SENATOR ADAMS: ...and then we'll maybe ask a question or two. How about that?  
[CONFIRMATION]

MICHELLE SUAREZ: Great. You bet. Good afternoon, Chairman Adams and members of the subcommittee...or of the committee. My name is Michelle Suarez and the name is spelled M-i-c-h-e-l-l-e and then... [CONFIRMATION]

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

Education Committee  
March 17, 2009

---

SENATOR ADAMS: And I apologize for pronouncing it wrong. [CONFIRMATION]

MICHELLE SUAREZ: No, no problem. That's why you have people come up and do this, I'm sure. And then last name is S-u-a-r-e-z, and I am an elementary school principal here in Lincoln. I work at Calvert Elementary School. I was born and raised in Scottsbluff and found my way to the university and then have been in education ever since. [CONFIRMATION]

SENATOR ADAMS: All right. Thank you, Michelle. Are there questions? Well, Michelle, I might start. What do you see as the role in our postsecondary world, where do the state colleges fit in? [CONFIRMATION]

MICHELLE SUAREZ: Well, they serve a very important role. One the things that I've been seeing, I've done this for a year, and I see that the accessibility that rural students have to college is a key role. Another role I see is for kids to enter a smaller environment and still get that quality, you know, four-year degree. Some kids would get lost in the university system and here you have, you know, campuses of 2,000 to 2,500 students, and so I feel like you're getting kind of a small liberal arts college education at a public institution. The most important thing about that is that you have accessibility in terms of the price of that education. It's very accessible, very affordable, in my opinion. [CONFIRMATION]

SENATOR ADAMS: All right. Thank you. Senator Haar. [CONFIRMATION]

SENATOR HAAR: Thank you. What do you see as the biggest challenges for the state colleges? [CONFIRMATION]

MICHELLE SUAREZ: Well, I thought you might ask that and so I've given that a little bit of thought. (Laughter) [CONFIRMATION]

SENATOR HAAR: She prompted me, yes. [CONFIRMATION]

MICHELLE SUAREZ: Certainly in the short term, it's the funding, you know, funding for, you know, how do we make sure that we are able to serve the students of Nebraska and in the area. So funding in the short term is a critical piece. The other piece, I'm chairman of the marketing committee on the Board of Trustees and just getting the word out, that whole piece that, you know, the college system is an incredible value, the Nebraska State College System education is an incredible value and how we get the word out particularly to students across the state. I think our students in more rural areas get that message. I think it's a little bit harder when you look at Omaha and Lincoln. So when I hear students that are going to Lincoln or going to Wayne State, for example, or Chadron or to Peru, I'm excited. I think they're getting an incredible value. I

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

Education Committee  
March 17, 2009

---

have a daughter who's graduating from college or, excuse me, from high school this year and I'm trying to get her to go to one of the State College System's...one of the State College System schools because I think it's just an incredible value. I've had the opportunity to meet some incredible professors along the way and so I'm just very enamored of the system and what it can provide to students. [CONFIRMATION]

SENATOR HAAR: Thank you. [CONFIRMATION]

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

SENATOR AVERY: I have an interest in the governance of higher education and I know that you're being appointed to the Board of Trustees of the Nebraska State Colleges. Is there also a layer of administration below your board at each campus? I know you have the presidents and... [CONFIRMATION]

MICHELLE SUAREZ: Right. [CONFIRMATION]

SENATOR AVERY: ...the presidents' staff. Is there another board there? [CONFIRMATION]

MICHELLE SUAREZ: No. Well, not to my knowledge. That would be...the next layer, from my perspective,... [CONFIRMATION]

SENATOR AVERY: Uh-huh. [CONFIRMATION]

MICHELLE SUAREZ: ...is it would be the college presidents. We do have our chancellor, Stan Carpenter, who, you know, kind of coordinates and just makes everything work and brings us all together in a collaborative manner. [CONFIRMATION]

SENATOR AVERY: So you would be equivalent to the Board of Regents for the university system? [CONFIRMATION]

MICHELLE SUAREZ: Yes, that is correct, from my perspective. [CONFIRMATION]

SENATOR AVERY: And then you have the Postsecondary Education Commission. [CONFIRMATION]

MICHELLE SUAREZ: Right. [CONFIRMATION]

SENATOR AVERY: Probably not fair to ask you what you think about all those layers of administration. [CONFIRMATION]

MICHELLE SUAREZ: Well, you know, I can certainly give my perspective. And having

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

Education Committee  
March 17, 2009

---

done this for a year, I think that each committee has or each institution has a role and so I know, being on the board, I'm able to go out to the colleges, meet with professors, meet students, meet parents, work with the staff at the colleges. I believe that there's an important role. My sense of the Postsecondary Commission is that there's more paperwork involved, more, you know, more examining, more, you know, policy implementation. And so I think that's a very different role and I don't know how you could have citizens who are trying to work and serve our state do both. And so I think there's a reason why you might have a division of that, of those roles.  
[CONFIRMATION]

SENATOR AVERY: Thank you, Mr. Chairman. [CONFIRMATION]

SENATOR ADAMS: Is there anyone else? Thank you then, Michelle.  
[CONFIRMATION]

MICHELLE SUAREZ: Okay. Thank you. [CONFIRMATION]

SENATOR ADAMS: Appreciate it. [CONFIRMATION]

MICHELLE ADAMS: Yes, thank you. Thank you for your time. [CONFIRMATION]

SENATOR ADAMS: We'll move on to our next appointee, William Roskens, also to the Board of Trustees of Nebraska State Colleges. [CONFIRMATION]

WILLIAM ROSKENS: Correct. [CONFIRMATION]

SENATOR ADAMS: Welcome, William. [CONFIRMATION]

WILLIAM ROSKENS: Thank you very much. Chairman Adams,... [CONFIRMATION]

SENATOR ADAMS: And again, if you could state your name and spell it for the record.  
[CONFIRMATION]

WILLIAM ROSKENS: ...members of the committee, I am William Roskens, W-i-l-l-i-a-m R-o-s-k-e-n-s, from Omaha, Nebraska. [CONFIRMATION]

SENATOR ADAMS: Could you give us, William, just a little bit of background that you think would be relevant to this position that you have? [CONFIRMATION]

WILLIAM ROSKENS: The background, from my perspective, that's most relevant is actually the time I've spent on the board. But my personal background...and I'll come back to that, but my personal background is I'm a small businessman in Omaha, Nebraska, and I came about this actually six years ago because I had kind of a friend of

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

Education Committee  
March 17, 2009

---

a friend who was in the position that I now sit and, through I guess a handshake, maybe it was even a golf game or some crazy deal like that, I was introduced to the fellow who sits...who sat in this seat. He was from Bellevue. And I got to talking about the state colleges with him initially and he talked about the fact that he would be going off this board and he had thought, through our mutual friend, that maybe I would be interested and might be able to attempt to add some value to that. And so we...at some point I was introduced to Chancellor Carpenter and we decided that, you know, amongst the three of us that maybe I could add some value, and that has taken place. I can't...I guess I can't answer to the value part but I have been on the board for six years. So this is actually a whatever, a re-up of that term, I guess. [CONFIRMATION]

SENATOR ADAMS: All right. Questions, committee? Senator Howard.  
[CONFIRMATION]

SENATOR HOWARD: Thank you, Mr. Chairman. I'm just kind of curious if you could tell me what have you learned or what have you realized is different than when you went into this a number of years ago? I'm just...I don't know a lot about this so I'm hoping...  
[CONFIRMATION]

WILLIAM ROSKENS: Uh-huh. [CONFIRMATION]

SENATOR HOWARD: ...maybe you can tell me what you've...from your knowledge.  
[CONFIRMATION]

WILLIAM ROSKENS: Well, I think your position is typical and it's certainly where I was six years ago. I was familiar with higher education in the state of Nebraska but I wasn't familiar with the State College System. And what I've found is that there is this layer of what certainly we think is necessity in our state where we have pretty good access for the folks on the eastern end here and...through the university system and the campuses thereon, but the state colleges have provided an opportunity, as Michelle said moments ago, for kids who I just don't think fit into that other mold necessarily, and there are an awful lot of them, kids from rural areas, small towns. And these campuses are certainly tailor-made for them with open access and small class size. And it's just a very different but very effective means of getting, you know, communicating, I guess, a higher education perspective to kids in our state. [CONFIRMATION]

SENATOR HOWARD: Okay. Thank you. []

WILLIAM ROSKENS: Uh-huh. [CONFIRMATION]

SENATOR ADAMS: Senator Sullivan. [CONFIRMATION]

SENATOR SULLIVAN: Thank you, Senator Adams. From your perspective, how does

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

Education Committee  
March 17, 2009

---

the mission of state colleges differ from the university's and the private colleges'?  
[CONFIRMATION]

WILLIAM ROSKENS: Well, I'm not quite sure about the private colleges, but I think the important thing of our mission, and I think this would differentiate us from the private colleges as well, but I it's this notion of open access. We don't...there is no necessary academic restriction short of a high school education that keeps people from attending our campuses. We don't have a particular ACT minimum or any such thing. And we are, therefore, able to handle...obviously we're capable of handling the high achievers but we're also capable of bringing in the kids who are maybe the first-time collegians in their family and there just isn't a real academic history for these kids to fall back on. And so I think the most unique part of our system is the open access notion of it. Also we're more affordable, from a bottom line perspective, than the university and I'm certain than the private colleges as well. But there are a lot of opportunities for a Nebraskan to get a higher education degree and we think...we just think ours is unique. And as we...as I have been with this for this period of time, I've just...I've never been...I've never failed to be amazed at how well the folks that run these institutions and teach these kids are getting that job done. [CONFIRMATION]

SENATOR SULLIVAN: Thank you. [CONFIRMATION]

WILLIAM ROSKENS: Uh-huh. [CONFIRMATION]

SENATOR ADAMS: Senator Avery. [CONFIRMATION]

SENATOR AVERY: Thank you, Mr. Chair. One of the issues that we face in this committee from time to time is how we will distribute our need-based scholarship money. [CONFIRMATION]

WILLIAM ROSKENS: Uh-huh. [CONFIRMATION]

SENATOR AVERY: And I'm grappling with this issue of for-profit institutions and whether or not we ought to be providing scholarship money for students who will be using that money to help institutions improve their bottom line. Would you care to comment on the value of that or whether it ought to be done at all? [CONFIRMATION]

WILLIAM ROSKENS: Well, I'm not sure I understand your question. If state...  
[CONFIRMATION]

SENATOR AVERY: You want me to rephrase it? [CONFIRMATION]

WILLIAM ROSKENS: Yeah, please. [CONFIRMATION]

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

Education Committee  
March 17, 2009

---

SENATOR AVERY: We have some need-based scholarship funds... [CONFIRMATION]

WILLIAM ROSKENS: Definitely. [CONFIRMATION]

SENATOR AVERY: ...that is funded by tax dollars. [CONFIRMATION]

WILLIAM ROSKENS: Uh-huh. [CONFIRMATION]

SENATOR AVERY: The issue that keeps coming up is whether or not those tax dollars ought to go to for-profit institutions, such as University of Phoenix, Hamilton College,... [CONFIRMATION]

WILLIAM ROSKENS: Bellevue. Yeah. [CONFIRMATION]

SENATOR AVERY: ...you know, those kinds of institutions. [CONFIRMATION]

WILLIAM ROSKENS: Uh-huh. [CONFIRMATIONS]

SENATOR AVERY: Philosophically, you know, I'm having some difficulty grappling with that and I'd like to know if you'd be willing to address it. [CONFIRMATION]

WILLIAM ROSKENS: Certainly. I see what you're saying. I think, I guess in my perspective, I don't see necessarily that there ought to be a state-funded dollar going to a private...not a private but a for-profit institution, if you will. But I'm not sure what the arguments would be in favor of it, I guess. I've never heard those. From where we sit, there is...there wouldn't be any need for that because we've got such a need for those same dollars in the...in the State College System or I'm sure the university system. But I guess philosophically I disagree that those dollars should be allocated to for-profit institutions just simply because they have access to a whole different source of funding. And I feel like theirs may be just more...they are more able to control their own destinies than those of us who are, you know, seeking funds from a number of different sources, primarily from this Unicameral. [CONFIRMATION]

SENATOR AVERY: Thank you, Mr. Chair. [CONFIRMATION]

SENATOR ADAMS: Other questions? I guess not. Thank you, sir. [CONFIRMATION]

WILLIAM ROSKENS: Thank you very much, all of you, for your time. Appreciate it. [CONFIRMATION]

SENATOR ADAMS: Our next candidate is Stan Carpenter, Nebraska Educational Telecommunications Commission. Welcome, Stan. [CONFIRMATION]

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

Education Committee  
March 17, 2009

---

STAN CARPENTER: Thank you, Chairman Adams, members of the committee. My name is Stan Carpenter, S-t-a-n C-a-r-p-e-n-t-e-r, and among other things I'm the chancellor of the Nebraska State College System. And if you would just indulge me 30 seconds, I just want to say those two folks you just saw are two terrific board members. They're engaged, they're committed, they're prepared. Bill was the chair of our board. Michelle assumed the chairmanship of the annual (inaudible) marketing committee almost immediately upon her appointment to the board, so I would encourage you to give them very favorable consideration, if you would, please. And I'm here today as a candidate to maintain my seat on the NET Board. I've been there for either four or six years, I can't remember now (laugh), and I served as chair last year and will serve as chair again of the board this year. And I appreciate very much what NET does and I think it's a critically important organization for the state of Nebraska and I would be pleased to continue my service on the board. And be happy to answer any questions you might have. [CONFIRMATION]

SENATOR ADAMS: Okay. Thank you, Stan. Are there questions? Yes, Senator Avery. [CONFIRMATION]

SENATOR AVERY: Does the NET operation now have an endowment to supplement programming? [CONFIRMATION]

STAN CARPENTER: There used to be two foundations. That's now been merged into one. Both the radio and television foundations are there to raise money for NET. I don't know the size of the foundations at this point but they do assist in many ways providing services, helping NET provide services to the citizens of Nebraska. [CONFIRMATION]

SENATOR AVERY: I know a lot of communities in outstate Nebraska don't get a lot of the programming that are available...is available to us here in the eastern part of the state because we have cable and other sorts of things and network TV. I'm thinking of maybe sporting events, UNL volleyball. [CONFIRMATION]

STAN CARPENTER: Uh-huh. [CONFIRMATION]

SENATOR AVERY: Do you have any creative ideas on how we could raise more money to pay for that kind of programming, Nebraska basketball...not basketball so much but baseball, for example? [CONFIRMATION]

STAN CARPENTER: Sure. Senator, I'm not a very creative person (laugh) but I'd be willing to think about that. You know, one of the things that we found we had to do in the last round of cuts was reduce our programming time. You may remember that we cut, I think it was, a couple of hours back in 2002 or 2003 from our broadcast time. We've restored one hour of that. And, of course, western Nebraska kind of gets the short take on that because of the time change, you know, going into the Mountain time zone. All I



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

Education Committee  
March 17, 2009

---

know is that Jeff Beckman, who is the executive director of the foundations, works very hard to raise money. We've come at it from a couple of different ways, not only from a membership, you know, the normal membership kind of drive, but also looking to raise money through corporate gifts and through estates and those kinds of things. So they're looking for larger kinds of gifts at this point, as well as trying to maintain the membership. But I think they are turning every stone that they can find over to assist in that regard, Senator. [CONFIRMATION]

SENATOR AVERY: Am I right, though, that funding is inadequate now?  
[CONFIRMATION]

STAN CARPENTER: I would say that we could always use more money.  
[CONFIRMATION]

SENATOR AVERY: Boy, everybody could. But... [CONFIRMATION]

STAN CARPENTER: Yeah. Yes, clearly. I mean there are things that we need to do there. You know, we've just changed from analog to digital. That was an expensive thing. We know that there are going to be more changes along those lines. We are now into push-pull, you know, into pull technology. It used to be we pushed everything out, you know, and people went home and at 7:00 they watched whatever television show they wanted to watch. Now with iPods and all that kind of stuff and computers, they can pull it down whenever they want, so there are costs to those kind of things. Our own programming has been cut back in terms of producing our own programs and NET has a great and rich history in doing that, so we could always use more money to do that as well. [CONFIRMATION]

SENATOR AVERY: I had a creative idea last year to help you out, but the Revenue Committee held it in committee. (Laughter) [CONFIRMATION]

STAN CARPENTER: Well, I'd be happy to chat with you, Senator. [CONFIRMATION]

SENATOR ADAMS: Senator Sullivan. [CONFIRMATION]

SENATOR SULLIVAN: Thank you, Senator Adams. What's your vision for NET's future? [CONFIRMATION]

STAN CARPENTER: Well, I think the future for NET is bright, obviously. I think it is one that, as we say, talks about educating and inspiring Nebraskans. I think we do that and we have to continue to do that. I think we have to reach out more. I'd like us to expand our broadcast time. I'd like us to be able to expand the programming that we produce here in Nebraska because it's been very good historically. And, you know, we reach about a million folks, a million viewers a week on NET and about 85,000-90,000 radio

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

Education Committee  
March 17, 2009

---

listeners a week. I'd like to see that grow because I think we really provide clearly something different in terms of providing information and news and sporting events even to Nebraskans, and I think it's clearly from, when I talk to people, it's clear to me that we are a very vitally important organization in the state of Nebraska.

[CONFIRMATION]

SENATOR SULLIVAN: Thank you. [CONFIRMATION]

STAN CARPENTER: You bet. [CONFIRMATION]

SENATOR ADAMS: Yes, Senator Howard. [CONFIRMATION]

SENATOR HOWARD: Thank you. Thank you, Chairman Adams. I just want to really say thank you for the quality programming that you do, and I know that's the terminology you used, too, but it really is. And I remember when my daughters were younger and you really got them hooked on the classics and they followed up by reading those.

[CONFIRMATION]

STAN CARPENTER: Right. [CONFIRMATION]

SENATOR HOWARD: And I think that was a real gift and I really appreciate it. Thank you. Let's have some more of those on Sunday night. [CONFIRMATION]

STAN CARPENTER: Well, I appreciate that and we'll do what we can. And of course, the university has a huge part in that. That's on the university side of our operations. But there's a great deal of programming that I think we could do more of and locally, and sell nationally, which would also help us as well financially. [CONFIRMATION]

SENATOR HOWARD: That's true. Thank you. [CONFIRMATION]

SENATOR ADAMS: Are there other questions? Seeing none, thank you, Stan. [CONFIRMATION]

STAN CARPENTER: Thank you, Senator. Appreciate it. Thank you. [CONFIRMATION]

SENATOR ADAMS: We'll now move on to our last confirmation of the day, Clay Smith, the Nebraska Educational Telecommunications Commission. Welcome, Clay. [CONFIRMATION]

CLAY SMITH: Thank you, Mr. Chair. My name is Clay Smith, C-l-a-y S-m-i-t-h. I'm from Lincoln, Nebraska. I can say proudly that I'm homegrown. I grew up in Lincoln, went to Lincoln Public Schools, attended the University of Nebraska for a year and a half on a swimming scholarship before transferring out to Stanford University in Palo Alto.

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

Education Committee  
March 17, 2009

---

Finished my degree at Stanford in economics with distinction, then engaged in their engineering school where I got my master's in engineering management. My career took me to New York where I served as a management consultant for a number of years, then back to San Francisco as an investment banker. Recruited by my family, I returned to the good life in Nebraska and very glad that I did because I met my wife as soon as I returned and we became married and had raised three little girls. In fact, my youngest is six today, so we have a big day at home planned tonight. My career here is I'm involved in a family business. I'm the general partner of a real estate company in Lincoln called Speedway Properties. I'm also the co-owner with my family of an international mail order company called Speedway Motors where we manufacture and supply racing products and antique car parts nationwide and around the globe. So with that, I will answer any of your questions. [CONFIRMATION]

SENATOR ADAMS: Interesting background, Clay. Questions? Senator Avery.  
[CONFIRMATION]

SENATOR AVERY: Mr. Smith, I notice you failed to mention Bojangles.  
[CONFIRMATION]

CLAY SMITH: (Laugh) Yes, I...upon leaving San Francisco, I was engaged in a company called Bojangles. We were the largest advertiser in the state of the Carolinas, both North and South Carolina. We actually bought this company from Horn and Hardart and ran it for almost a decade. I actually acquired it with one of my colleagues from undergraduate school at Stanford. [CONFIRMATION]

SENATOR AVERY: Yes, I've spent some time in Bojangles in North Carolina.  
(Laughter) [CONFIRMATION]

CLAY SMITH: Yes, it's addictive. I think maybe our medical conditions are similar because of the time we both spent at Bojangles. [CONFIRMATION]

SENATOR AVERY: (Laugh) Probably so. [CONFIRMATION]

SENATOR ADAMS: Senator Sullivan. [CONFIRMATION]

SENATOR SULLIVAN: Thank you, Senator Adams. So are you going to be just starting a new term or...? [CONFIRMATION]

CLAY SMITH: I actually am starting my second term,... [CONFIRMATION]

SENATOR SULLIVAN: Okay. [CONFIRMATION]

CLAY SMITH: ...although my first term was not a full term. [CONFIRMATION]

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

Education Committee  
March 17, 2009

---

SENATOR SULLIVAN: Okay. [CONFIRMATION]

CLAY SMITH: I came in two years ago and the last two years has been very exciting at NET, as many of you know. Through the digital conversion, it probably had as much change in this two-year time frame as the organization has had in any two-year time frame. So this will be my second term, so it will be a reappointment. [CONFIRMATION]

SENATOR SULLIVAN: So what unique perspective and role do you think you serve on the commission? [CONFIRMATION]

CLAY SMITH: Well, I am very active in the community, not only the business community but also the...among the foundations, both within Lincoln and around the state. I have a very strong financial background which actually has served me well in understanding and analyzing the funding for all the digital conversion which, as you know, was very dramatic. As being involved in so many different community-based organizations, I feel I have not only good instincts of what the community is interested in but also can communicate those to the board and to the management there. I come from a family business background and I think that a lot of the things that we do as far as marketing and promotion, some of the questions that Senator Avery asked about foundation fund-raising, I'm involved with a number of foundations where we're actively fund-raising and so some of those suggestions that I've seen that are brought forward to the group are really those based on experience. So I've had a broad base of experience. I've served on well over 20 community boards. Some of these boards are statewide, which I think is an important part of the charter of NET. It's really the one unifier for the state that we all see the same programming, especially when it comes down to some of the sports programming which is so wildly popular especially across the state. I served for a number of years at the Museum of Nebraska Art out at Kearney and had a leadership role there. And so those perspectives I think give me that opportunity to serve and serve well. [CONFIRMATION]

SENATOR SULLIVAN: How large is the board and do you have representation on the board from all across the state, on the commission, I should say. [CONFIRMATION]

CLAY SMITH: It's from...there's...actually there are districts and there's at least two from each district. The State College System actually has appointees as well. I think there's a total of about ten members of the board. [CONFIRMATION]

SENATOR SULLIVAN: Okay. Thank you. [CONFIRMATION]

SENATOR ADAMS: Other questions? I guess not. Thank you, sir. [CONFIRMATION]

CLAY SMITH: Thank you. [CONFIRMATION]

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

Education Committee  
March 17, 2009

---

SENATOR ADAMS: Appreciate you being here. That will close the portion of this hearing dealing with...yes. [CONFIRMATION]

SENATOR HAAR: No. I'm trying to get (laugh)... [CONFIRMATION]

SENATOR ADAMS: ...okay, dealing with confirmations and we will move on to our first bill of today and the only bill for today, which is LB240. Senator Pahls. Whenever you're ready, Senator. [CONFIRMATION]

SENATOR PAHLS: (Exhibits 1 and 2) Okay. Thank you, Chairman, members of the committee. My name is Rich Pahls, P-a-h-l-s. I represent District 31, which actually is the Millard of Omaha. The purpose of LB240 is to assure parents and taxpayers that schools are spending their resources on classroom instruction. The bill requires schools to spend a minimum of 65 percent of their resources on classroom instruction. It allows districts to, of course, to spend up to 65...or, excuse me, 35 percent of their budget on all of the other functions. If a district cannot meet this minimum amount, we need to understand why and determine what can be done to help that district achieve this goal. Now when I began to work on this bill, I found the Department of Education provides an analysis of expenditures on every school district in the state on its Web site, and you can see some of the information I handed out to you today. Statewide in '06-07, school districts spent a little over 66 percent of classroom...on classroom instruction when you include support for pupils. My handouts show the individual school district information for all the senators on this committee and a handful of other districts that are nearby yours. As you go through those handouts, you can see that. My second handout shows what is included under each of the following categories: all instruction, support services for pupils, support services for staff, central administration, office of the principal, maintenance and operation, federal, and others. You can see it becomes important how we define classroom instruction. I think the department's Web site is helpful when you include its definition of support for pupils. My version of this bill includes a definition based on the categories listed on the department's Web site. In the end, I abandoned the definitions to avoid getting myself mired down into detail of what should be included or excluded. First, we must agree to what we want to establish in some kind of topic or what the actual direct instruction, what that actually means. As you look through the information there, you can see basically what your school district spends on these different functions, and I will go over those in a little bit. The nice thing about this, it's the same for every school district. They must or they should report in each one of those, and they call them functions, so that information is standard statewide. And the nice thing about it is this is all...can be all pulled up on...through the public Web site. And as you take a look you can see there's the districts as you go across, there is some interesting things that do occur. In some cases they exceed; in some cases they do not. There's actually no clear pattern, although if you look at the fiscal note it does say there are some school districts. My intent is not to, quote, find districts that are not meeting

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

Education Committee  
March 17, 2009

---

some of our expectations, but is to question why. And I do hope by looking at some of this information it could lead to some discussion. I want to first of all draw your attention to the first title page. That shows all of the districts. And I have outlined in the dark print those school districts that would fall below the 65. So as you take a look, there are a few of them on...now these are districts that you represent, just to give you a feel. Now why that's happening, I can't answer that. Then if you see the charts, the nice thing about the charts, is easy for the eye to take a look at and the charts go in much more detail than just this basically the page...on pages 1 and 2. And of course, if you go below, you can see the different...I'll just take a...I'll just use example on page 3. If you look at all instruction and then support services for pupils, staff, etcetera, those are the major what they call functions, and it shows you the expenditures and the percentages. So any school district, you can find that throughout the state. That's the neat thing about the Web site. Now my intent is to see if the money is actually getting to the classroom. And if you take a look at some of those pie charts, it may make you try to find out why it is in some schools and why it is not. And so you can see some schools do easily meet that. Now when I first started out, I was going to use the word "all instruction." But as you notice, it changed to "direct instruction." Now we can determine what's going to fit under direct instruction. I mean if we wanted to, we could pick from those different pieces of the pie and say this is what a classroom instruction should look like in a classroom. Because I'm sure there's some people that are going to come up and say, well, we need electricity, we need transportation. Well, those would go in some of the other pieces of the pie. My concern is, how much of the dollar is actually getting into the direct classroom instruction and that's what I'm hoping that we take a look at. And just to give you an idea, there is a user manual that you could pull up off of the Internet and if you want more detail, let's say for example in all instruction, there it's really detailed. I did not provide that, but this is all on the Internet. And I'm not assuming...I mean you may already know that, I don't mean that it's information you do not know, but it's all available to the public. And my goal eventually is that let's say that you're at a certain school district, you can go all the way down to that elementary school. Eventually, you would know the...and this is provided on some Web sites, I have to give Omaha...they have an excellent Web site, that you eventually go all the way down to a building level that will tell you the class size, because this is all information they have, compare your school to another school in your district. Would also...you could pull up the budget. You could actually see a working budget. Because every school has a budget and I'm assuming every school has it on...it's all computerized. So if a person wanted to see actually how much money is being spent in that school, you could find that out. And I dare say, you would be surprised. There's some schools, more money is being spent. Now it may be because they have different needs in that building, but it may be a building that looks like another building and the question is why is there a difference there. That information is available and I think we should make this thing as clean and clear as possible to the public. I know Senator White has a bill that we moved out of the Exec Committee looking for transparency through all government agencies, and I see this eventually as being part of that package that he is looking at. But again, what I'm asking

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

Education Committee  
March 17, 2009

---

you to take a look at today is to see whether you can agree with me that we do need to take a look at how the dollar is getting to the classroom because this has been a...and I know for those who have been around for awhile, you hear people say, all we do is give the school districts money but we really don't know where it is going. With some of the new...the learning community now, if money is spent in a certain direction, that's...it's a little bit more stringent thanks to what happened the last couple years. My intent is to see where the money is going, to be very honest with you. [LB240]

SENATOR ADAMS: Well, look at the hands going up, Senator. (Laughter) Senator Haar. [LB240]

SENATOR HAAR: Just real briefly, could you tell me what support services for pupils means? [LB240]

SENATOR PAHLS: Okay. What I could do is actually I could have the page...it is well-defined. [LB240]

SENATOR HAAR: Okay. That would be nice, just to... [LB240]

SENATOR PAHLS: Yes. [LB240]

SENATOR HAAR: Because this is a lot of fascinating information. [LB240]

SENATOR PAHLS: (Exhibit 3) That's what I'm trying to do, is create some curiosity to see, if I could have...and I just made a copy, and this is on the Web site but it shows them very detailed. So if a school district says...yes, would you just hand it out to each one, please? The neat thing about it is every school district is required to report in those particular, and I'm using the word, functions. [LB240]

SENATOR HAAR: Right. [LB240]

SENATOR PAHLS: Now if they are not, that's something that they need to make sure that they are because then we can start making some really good decisions on what it is. Because this is...and this is my understanding, and if there's someone from the state department, where you see the graphs and all these functions, so this is all the way down from the federal government down. But if we wanted to make something of our own what direct instruction is, we could take some of these pieces from all these, if we chose to do that, or if we chose to stay with all instruction and say that we should have 60 percent of the dollar in there or 65. You see, there's a possibility. But then the argument would be is, okay, if you have all instruction, that leaves out the support staff. I mean that leaves out the library, you know, those individuals would be left out of the equation. [LB240]

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

Education Committee  
March 17, 2009

---

SENATOR ADAMS: Senator Avery. [LB240]

SENATOR AVERY: How did you come up with 65? [LB240]

SENATOR PAHLS: You know, generally throughout the country that is a figure that has come to pass. And I'm not hanging my hat on 65, but you need some place to start. As a committee and as the introducer of the bill, we could say the number could be 62, 63, but 65 is the generally accepted thing across the United States. However, it's hard to compare Nebraska to schools in Kansas or into New York. So 65 is what I would call a starting point. [LB240]

SENATOR AVERY: One of the things that interests me here in Lincoln is the amount of money the school board spends on executive salaries and benefits, and I'm looking on this chart and I'm not quite sure where that would fall, probably in central administration. [LB240]

SENATOR PAHLS: It could but, see, in other words, if you really wanted to know, you'd look up in this book and under central administration it would have that, what should follow. You don't have that. [LB240]

SENATOR AVERY: Uh-huh. I don't have that. Okay. [LB240]

SENATOR PAHLS: You just have the one sheet. [LB240]

SENATOR AVERY: Correct. [LB240]

SENATOR PAHLS: I didn't want to run everything off because I just wanted to at least build curiosity so a person could start taking a look at what that is. Now, see, some people will say, well, gee, if we add in federal dollars, we could get to 65 pretty fast. I'm looking at state dollars. If we would add federal dollars in some of these schools, they would jump right up. I'm saying that is because when we figure TEEOSA, do you take into account...I guess I shouldn't ask you that question, but I do not know if you take in account federal dollars when TEEOSA is...that formula is utilized to the districts. I don't think it is. So some people will say, well, gee, if you add those federal dollars in, in fact--because I heard a school board member say that on the news here when I was watching here in Lincoln--we easily make 65. Well, I'm talking about tax dollars in the state of Nebraska. [LB240]

SENATOR ADAMS: Senator Sullivan. [LB240]

SENATOR SULLIVAN: Thank you, Senator Adams. So what do you envision as the consequences if a school district doesn't measure up to that 65 percent? [LB240]



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

Education Committee  
March 17, 2009

---

SENATOR PAHLS: If that's the number that we would choose... [LB240]

SENATOR SULLIVAN: Right. [LB240]

SENATOR PAHLS: ...and we'd say this is what...the number that we believe, then we need to take a look and we need to analyze that school district. [LB240]

SENATOR SULLIVAN: There's no provisions, though, in your legislation. [LB240]

SENATOR PAHLS: No, I did not. In my original bill, if you had not met some of these, you would lose your accreditation. See, I was really going to be...but I said, no, that means that my office and I are making those decisions and I think this is still a fresh enough an idea that we need to do an awful lot of talking to people. Mine...idea is not to I gotcha but is to find out why a neighboring school district, it costs more for them to operate, and it may be on transportation. That may be an issue. Then you start taking a look at, do we need to be spending this much money on transportation? Are there other ways for us to do this? [LB240]

SENATOR SULLIVAN: Do you know right now if there's any correlation between the performance and quality of education in the school district and what they spend on classroom instruction? [LB240]

SENATOR PAHLS: Well, the only thing I would ask you, we know...I don't think the research is really clear even on class sizes unless you get it down to such a significant difference. [LB240]

SENATOR SULLIVAN: But I mean here in Nebraska. [LB240]

SENATOR PAHLS: No, I do not...I don't know if a study has been, you know, made or developed or followed on something like that. [LB240]

SENATOR SULLIVAN: And then under the guidelines of Rule 10, you don't think that there's enough information in there as far as standards that districts have to adhere to that it's still not addressing some of your concerns in this legislation? [LB240]

SENATOR PAHLS: It may address some of them. It may address...see, the last thing I would say is sit down a group of superintendents, although I may have a few behind me, and have them decide what. To me, you need to go down to basically the person who's in that classroom, talk more to them to understand what they really need to make a classroom work. Yeah. I see this as basically a starting...to get people to start thinking because I've heard in the past on the floor, every year we give money but we really don't know where it's going other than increasing salaries. I mean I'm a proponent. And you may look at this and say, gee, their pay may be an answer to some of our issues. I

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

Education Committee  
March 17, 2009

---

mean I'm pretty open to a lot of the ideas out there. Charter schools are going to be a thing of the future if we don't get hold of some of these things, I believe. [LB240]

SENATOR SULLIVAN: So what I hear you saying is that you're just wanting right now to start the discussion rather than... [LB240]

SENATOR PAHLS: Right. [LB240]

SENATOR SULLIVAN: ...end it in firm legislation. [LB240]

SENATOR PAHLS: Right. Yes. [LB240]

SENATOR SULLIVAN: Okay. [LB240]

SENATOR ADAMS: Other questions? So, Senator Pahls, are you concerned, as you think through this process, about the whole issue of local control? [LB240]

SENATOR PAHLS: Right, and I know that's a question a number of people will say, but I think it's like a lot of things. Once you start getting more and more state aid, there should be some strings attached. The state should have some...not the state but larger than just a local body should have some expectations. I mean I know that goes against what some people say the local school board, and I trust the local school board. That's not the issue. But I do think if we want more and more money, we ought to make sure that we can say...hold us as legislators and also the local boards accountable. [LB240]

SENATOR ADAMS: Okay. Are there other questions for Senator Pahls? Seeing none, are you going to stick around to close? [LB240]

SENATOR PAHLS: Yes. I'm assuming there probably won't be any proponents or opponent. I'm assuming most people will be neutral on this. That's my understanding. (Laughter) [LB240]

SENATOR ADAMS: (Laugh) Oh, we'll see. [LB240]

SENATOR PAHLS: Okay. Thank you. [LB240]

SENATOR ADAMS: Thank you, Senator. [LB240]

SENATOR PAHLS: Yeah. [LB240]

SENATOR ADAMS: We'll, first of all, take proponents to the bill. Are there any proponents? Well, then we'll move to opponents to the bill? Are there those who wish to testify in opposition? Come on up. [LB240]

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

Education Committee  
March 17, 2009

---

DOUG LEWIS: Senator Adams and the Education Committee, my name is Doug Lewis, D-o-u-g L-e-w-i-s. I'm the assistant superintendent for the Papillion-La Vista School District and I'm representing the Nebraska Council of School Administrators today and I'm here to testify in opposition of LB240. As the fiscal note points out, this bill fails to clearly define what is meant by the direct classroom instruction. The assumed functions on the annual financial report that would represent the direct classroom instruction would be the regular instruction, special education, poverty, LAP, and early childhood. However, in actual practice, these would not alone capture all the relevant costs and functions that we would anticipate in direct instruction. If we look at the annual financial reports, they don't necessarily provide the entire picture. The purpose of the annual financial report is to track and verify expenditures, but they don't necessarily detail the purpose of each one of those expenditures within each function. For example, media specialists and counselors both provide direct instruction to students in the classroom, but they wouldn't be accounted for under instruction in the financial report. They'd be accounted for in the staff support services. Technology, computers that are used directly in the classroom would be accounted for in staff support services. These are some examples of how the annual financial report doesn't necessarily match what we would call direct instruction. The 65 percent rule sounds good because it's simple. However, the bill itself does not look at all the differences that we see in the needs between districts. School boards make decisions within their means to provide for their communities and their districts. This may be in providing more student services, such as social workers. It may be in the need to provide greater transportation, either based on distances or just based on your attendance plans. It may be that the staff...that the district wants to provide a good staff development for the instruction of the students in the classroom. This bill does not look at those individual means. It simply treats all districts the same, whether they're rural, whether they're urban, whether they have one high school, whether they have seven. And I know that this committee has spent many hours looking at TEEOSA and looking at the differences between schools, so you know that there are some. So I'd like to ask that the committee not move this bill forward. And I thank you for your time and I'd be happy to answer any questions. [LB240]

SENATOR ADAMS: All right. Thank you, sir. Are there questions for this testifier? Seeing none, thank you. Next testifier in opposition. [LB240]

LARRY RAMAEKERS: Good afternoon, Senator Adams and members of the Education Committee. My name is Larry Ramaekers, it is L-a-r-r-y, Ramaekers is R-a-m-a-e-k-e-r-s. I'm here not only as representing the Aurora Public Schools where I am superintendent but also with the Nebraska Council of School Administrators' legislative committee. A couple of things that I would like to address in opposition to LB240, and it was something that you had mentioned in questioning here Senator Pahls, Senator Adams, and that was micromanage the school system. We have a board of education that has been elected by the patrons of the district to make decisions as to

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

Education Committee  
March 17, 2009

---

how the money will be spent that we do receive, whether it be through taxation, state aid, federal funds or whatever it may be. And, of course, some of those are earmarked and we have to spend them in specific areas. But nonetheless, those individuals are elected knowing full well that they must make those decisions, and then do trust those decisions are proper for the patrons of the district because they do have that opportunity, obviously, to vote that individual out of office. So I am very concerned about local control and the loss of local control when there are percentages that must be met specifically in a school budget. What comes to mind as I read through the bill, that being very short, was the immediate thing is are we going to then judge as to how much transportation can be. Are we going to be judging all of the different programs that we do offer in a school system? Again, my point is that should be the local control of that board of education. My colleague (inaudible) Mr. Lewis, right in front of me mentioned some of the things that I do not need to mention again as to what is and what is not included as far as all instruction is concerned. I would like to note for you at this point in time that the Aurora Public Schools is in excess of 65 percent. We are near 66 percent, very close to that. A fear I do have, though, is that that could fluctuate from year to year, depending on what is decided by the board. A case in point would be we are a Class B school system. I've also had experience in a smaller school system where, depending on the year, we would be purchasing vehicles, busses or whatever it may be, that that could throw us out of that 65 percent for that particular year. So those major purchases could really affect us if we were to be sitting in that situation, especially when we are very close on the bubble, if you will, at the 65, nearly 66 percent. I must also say that we must follow the NDE, or Department of Education, guidelines that are set out for us on specific things we must purchase, we must offer in the school system and, in doing so, it may be costing us in those specific areas that are not in the area of instruction. Again, Mr. Lewis very well explained those things that could fit into this very closely that are associated with all instruction. Another thing that I would like to mention from the standpoint that we do, on an annual basis, report to our patrons how we spend the money in the district. We do this annually. We also do it when we have our budget. It is a hearing that gives people the opportunity to come and speak to the budget. They are fully aware of that. We obviously advertise that. So I guess, all in all, we are doing many things that are spoken of in the bill itself. We're doing them. We are doing them. My greatest concern, though, lies with the local control. And with that, I will conclude my comments. I thank you and would be happy to answer any questions you may have. [LB240]

SENATOR ADAMS: Okay. Thank you, Larry. Are there questions? I guess not. Thank you, Larry. [LB240]

LARRY RAMAEKERS: Thank you. [LB240]

MIKE DULANEY: Good afternoon, Senator Adams, members of the committee. Happy St. Patrick's Day. My name is Mike Dulaney, D-u-l-a-n-e-y. I am the executive director

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

Education Committee  
March 17, 2009

---

for the Nebraska Council of School Administrators and we, in summation to you, are in opposition to this bill. I did want to say on the record and commend Senator Pahls, because he, at the end of last year, invited me into his office to explain that he was contemplating this legislation and gave me an opportunity to respond to some of the issues that he had. So I appreciated that. I think, speaking on behalf of organizations like mine, we enjoy the opportunity to come in and address those types of issues when a senator has them. At that time, I believe that the number was 60 percent. I may be wrong. As introduced, the number is 65 which captures the vast majority of all schools in Nebraska. What I wanted to do today is have two school administrators come before you, one whose school district is below 65 percent and one above 65 percent, so that they could talk to you about their perspective on this. We don't believe that this is the best policy decision that the Legislature could make and we hope that you indefinitely postpone this bill. And, Senator, I would be happy to answer any questions if there are any. [LB240]

SENATOR ADAMS: Are there questions? Senator Avery. [LB240]

SENATOR AVERY: We hear a lot in this committee about local control. Would you mind explaining to me what is it about local control that gets people so exercised when these bills come up, and what is it that's so valuable to education in this state about local control? [LB240]

MIKE DULANEY: Yeah, that's a good question, Senator Avery, and here's my take on it. And it would be that the local school boards are elected officials and they believe, right or wrong, they believe that they have the prerogative to make the decisions on behalf of the school district and the patrons of that community and those involved in the school. That would be my take on it. And it seems like we do that a lot, don't we? We pull that trigger, the local control argument, and we did that with Senator Howard briefly on another bill and we...I think there is that sensitivity of the loss of control at the local level, whatever the issue may be. And I do understand...I understand Senator Pahls's point that, hey, the state is paying a large part of the bill, shouldn't there be some discretion on the part of the state to dictate how this or that is done. At the same time, of course, every local school district is different and every local school district has different needs and wants and desires, and what's good for one is not necessarily good for another. And I think that's where it comes from. That would be my take on it. [LB240]

SENATOR AVERY: Well, what does local control contribute to education, that is to providing a better education for the students in this state? [LB240]

MIKE DULANEY: Oh. Well, I... [LB240]

SENATOR AVERY: That's what it ought to be about... [LB240]

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

Education Committee  
March 17, 2009

---

MIKE DULANEY: Uh-huh. And there's two... [LB240]

SENATOR AVERY: ...not just we like local control because we have it and we want to keep it. [LB240]

MIKE DULANEY: Uh-huh. [LB240]

SENATOR AVERY: But what does it do to contribute to the education of kids? [LB240]

MIKE DULANEY: Well, I think, you know, to answer that, I'm going to go back to this. What's good for one school district may not be for another, and so that the state policymakers may believe that they have it in their minds, their collective minds, what is the best course of action, and I can guarantee you, Senator Avery, that there are some local school districts that would disagree with that, whatever that might be and you fill in the blank as to what that issue is. So, I don't know, I can see it's half of one and six of another when you look at it, but I do believe local control has merit and is something that we would fight to protect. [LB240]

SENATOR AVERY: But you didn't tell me what that merit is. [LB240]

MIKE DULANEY: And...well, the merit is that you have local...you have a local school board for a reason and there has to be some measure of discretion on their part to exercise. And what I think some feel is that they're having less and less of that. The merit is to let local school boards do their job and if they feel a certain policy is in their best interest, then they would. They would do it. [LB240]

SENATOR AVERY: You didn't answer the question. Sorry. I'll quit. [LB240]

MIKE DULANEY: Okay. Sorry, Senator. [LB240]

SENATOR ADAMS: Senator Sullivan. [LB240]

SENATOR SULLIVAN: Thank you, Senator Adams. Well, given that the guidelines and rules for accreditation of schools, given the commitment and involvement of local boards to provide quality education, do you think that there are...there are standards and situations involved already in place that address the issue of amount of time spent in classroom instruction and what that ultimately means to the level of and quality of education being provided to students? [LB240]

MIKE DULANEY: And, Senator Sullivan, thank you for asking that. Yes, we do. We believe, whether it be a small school district with limited administrative staff or a larger school district with more administrative staff, that steps are taken each and every year to ensure that the budget accounts for the best interests of all concerned, whether it be

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

Education Committee  
March 17, 2009

---

the administrative ranks or the instructional ranks or whatever. And so, yes, we believe that that is going on at the local level. And again as Mr. Lewis pointed out, the public is always welcome to come in to those budget scenarios and hearings to ask questions and wonder aloud why this amount or that amount is going to a given budget line item. So we believe the steps are in place. And that, again, is what you have a school board for, to look over those issues and ask the right questions. I happen to know that, watching the LPS school board, for example, I know that those questions are asked and they're tough questions. And the administrative team are challenged often to answer and respond why they're advocating allocations where they are. So I believe that is done. I do. [LB240]

SENATOR SULLIVAN: Okay. [LB240]

SENATOR ADAMS: Senator Howard. [LB240]

SENATOR HOWARD: Oh, thank you, Chairman Adams. Well, Mike, I can't resist. You know, before I came down here, I hadn't heard the term local control and when I got down here I realized it's like a mantra. (Laugh) [LB240]

MIKE DULANEY: Yeah. [LB240]

SENATOR HOWARD: And I think of the Omaha school system that I'm so familiar with and also the Grand Island school system that have very specialized populations and specialized needs, and I think you're absolutely right. If you regard this in kind of a homogenous perspective, we really are doing a disservice to the students that may need the additional support to be able to learn and do their best. So I think that's a really important consideration. Thank you. [LB240]

MIKE DULANEY: I appreciate your comment. [LB240]

SENATOR ADAMS: Other questions? I guess not. Thank you, Mike. [LB240]

MIKE DULANEY: Thank you, Senators. [LB240]

SENATOR ADAMS: Is there other opposition testimony? [LB240]

JOHN BONAIUTO: (Exhibit 4) Senator Adams, members of the committee, John Bonaiuto, J-o-h-n B-o-n-a-i-u-t-o, executive director of Nebraska Association of School Boards. And this is an issue that I think it's...creates a good discussion of whether there is any correlation between how much we spend in a classroom or an instructional unit and whether that is going to produce a higher level of student achievement, and what are we looking for in dealing with that particular piece of a larger picture. And I think that in this discussion about local control, one of the things that local elected boards and the

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

Education Committee  
March 17, 2009

---

people that elect them have is ownership of that district as far as what happens in that community, how those services are provided to the students. And there's a belief that the school board is really a mirror of the community that elects them to do the things that that community expects them to do to provide the best and the highest quality of education possible to the students. So, you know, I'm not sure that moving the decimal point around to...or how much...what percentage is going to produce dramatically different results as far as what we're trying to get out of a classroom. And you know, looking at research, I would want to know what does the research say. If we have a school district that is at 70 percent, would we expect that district to have much higher achievement and those students to be doing much better than a district that is at 55 percent? Yeah, again, I think that it's...there are a lot of things that go into providing a high quality education that might not be directly measured by this type of a figure. I would like to leave with you some research from the Mid-continent Research for Education and Learning lab, called McREL, and it talks about superintendents, boards, and student achievement, and what an impact central office administration and the board has on student achievement. Another part of their research is the McRELS, the same group, and that's one of the nine federal education laboratories across the country, and this one is "Balance Leadership Framework: Developing the Science of Educational Leadership," and it's what the principal offers to student achievement and in supporting the classroom and classroom instruction. And I would be remiss if I didn't provide this last piece and it's from the National School Boards Association and it's "School Board Leadership for Student Achievement: The Key Work of School Boards," which is being promoted in helping boards focus on the right things to promote and support student achievement. These three areas that I mention, and there's a multitude of research in the McREL information, may or may not be part of the calculation of whether that is part of the 65 percent or 50 percent or 55. I'm not sure what we're shooting at. So I guess my opposition would be, I'm not sure what we're trying to accomplish when we start picking a piece like this. And I'll conclude by saying, I don't think there's any more accountable or transparent group than school boards and school administrators when it comes to accounting for state and federal dollars. If there's something else we need to be doing to help with that, we need to know what it is because I can assure you that school boards and school administrators try to do everything they're asked to do to make sure that the community understands where the money is going. So with that, I would hope that this bill will be held, but we could surely continue the discussion. And if there's some other piece we need to be looking at or pursuing, we surely are open to that. [LB240]

SENATOR ADAMS: All right. Thank you, John. Senator Haar. [LB240]

SENATOR HAAR: Thank you. Well, I was a math major and so I like numbers but...and also a teacher. And I know we have to try to measure the effectiveness in education, but any time we apply metrics to education (laugh) it's very dicey. [LB240]



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

Education Committee  
March 17, 2009

---

JOHN BONAIUTO: It is. [LB240]

SENATOR HAAR: But this brought up an interesting point. Has there ever been an attempt to correlate the percent spent on these various factors with test scores for a school or...? I mean, that would be an interesting...to see if there is any correlation or not. I mean... [LB240]

JOHN BONAIUTO: Yeah. I have not looked for research in that area and there may have...there may be research that's available that would try to make that correlation--does money matter. And I would say that, you know, having money is a really good thing. (Laugh) Not having money, it matters a lot. But whether you could come to that specific of a correlation, I have not seen research that has gone to that extreme. [LB240]

SENATOR HAAR: So this is all very interesting and very... [LB240]

JOHN BONAIUTO: Well, it is. (Laugh) [LB240]

SENATOR HAAR: ...thought provoking. But again, I always have trouble applying metrics to things like creativity in education and student interest and those kinds of things. [LB240]

JOHN BONAIUTO: The variables are great. The variables are so great and really the...in a given year. And especially in a smaller district, you could be doing just fine and then somethings change and you make some decisions with staffing or combining a classroom or there could be a number of things and all of a sudden where you were above a magic line, now you're falling below it. And so I think the previous testifier was right that one size does not fit all well in Nebraska. It's hard to pick that and make it work. [LB240]

SENATOR ADAMS: Senator Avery. [LB240]

SENATOR AVERY: Thank you, Mr. Chair. Do you...I take it you're a strong supporter of local control. [LB240]

JOHN BONAIUTO: I am. (Laugh) [LB240]

SENATOR AVERY: Would you agree with me that local control in...and applied in an absolute unequivocal way, may not always lead to good outcomes? [LB240]

JOHN BONAIUTO: I do agree with that. Sometimes, as much as I like local control and my members like local control, sometimes we'd actually like the Legislature to do certain things to help us out because it's so hard to do locally. And there are things that need to

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

Education Committee  
March 17, 2009

---

be done on a different scale than... [LB240]

SENATOR AVERY: Then breaking up segregated schools in the South would be one of them, right... [LB240]

JOHN BONAIUTO: Yes. [LB240]

SENATOR AVERY: ...defended vehemently by local control? [LB240]

JOHN BONAIUTO: Yes. So... [LB240]

SENATOR AVERY: Okay. Thank you. [LB240]

SENATOR ADAMS: Other questions for John? Senator Giese. [LB240]

SENATOR GIESE: Thank you, Senator Adams. Mr. Bonaiuto, I'm trying to find...and maybe you can enlighten me, what is it that...with this legislation that...or what are we trying to find with this and what is the...what are we looking for with the 65? [LB240]

JOHN BONAIUTO: And Senator Pahls, in his closing, I'm sure will be able to sum this up. But I think the discussion which...and again, it is an important discussion in that where is a school board investing the money locally in that school district. You know, when that budget is created, how is that money being spent? And I think, by and large, boards are as interested as Senator Pahls and all of you are in investing the most money that they possibly can in learning and instruction. And a lot of it is how we define what that is going to look like. And so it...I think we're, you know, all on the same page but we're just at different points in how will this be defined. And the biggest argument would be coming up with a definition of what is learning instruction, what are the things that we're going to include, and would it be some of the administrator's time, some of the counselor or all of the counselor, all of the teachers? I mean it's...so it's pretty much in the eye of the beholder how you get to a point of determining is a school district spending the money that it receives from the state and local property taxes and the federal government where it needs to be spent. Is that...are they doing it wisely? And it's going to be a little bit different across the state, depending on how that district looks, the size, a lot of variables. [LB240]

SENATOR GIESE: And does it appear...maybe you could just give me your opinion. Does this bill appear to point out certain school...district school sizes versus another? [LB240]

JOHN BONAIUTO: I don't know if size would necessarily be the deciding factor. Again, it's hard to predict when you're picking a point and then you have to determine what it's going to take to get to that point. So, you know, I think this opens up a discussion--how

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

Education Committee  
March 17, 2009

---

do we spend our money; do people understand how we spend our money; and are we spending the right proportion where it's going to do the most good? [LB240]

SENATOR GIESE: Thank you. [LB240]

SENATOR ADAMS: Other questions? Thank you, John. [LB240]

JOHN BONAIUTO: Thank you. [LB240]

SENATOR ADAMS: Is there other opposition testimony? (See also Exhibit 9) If not, we'll move to neutral testimony. Is there any neutral testimony? [LB240]

PAM REDFIELD: (Exhibit 7) Thank you, Mr. Chairman, members of the committee. My name is Pam Redfield, P-a-m R-e-d-f-i-e-l-d. I am the executive director of Education Opportunity Nebraska, a brand new, nonprofit organization dedicated to research in education. And I'd like to thank Senator Pahls for inviting me here today to provide technical advice for the committee on LB240. I have brought with me a number of handouts which are coming around to you, and I think the charts are instructive. The first page there contains two charts from the National Center of Educational Statistics, showing the growth of public K-12 educational expenditures across the United States, covering the years 1990 to the 2004-05 school year. This comes as no surprise to you that, in fact, we have seen the growth of school spending in our country from \$248 billion all the way up to \$536 billion by the year 2004. This is over a small time frame. And less the uninformed think that spending growth can be attributed to a proportionate increase in the student body, the bottom chart shows the growth of per pupil spending in constant dollars over a 35-year span. The following charts are also from the U.S. Department of Education, National Center of Educational Statistics. The page entitled "Low Graduation Rates Common in Well-Funded City School Districts," lists Omaha, Nebraska's largest city, as number 36. Please look at the right column to note the high school graduation rates in 2003-04. This should alarm every American who cares about the future of America and the future of each individual student represented by these figures. Omaha's graduation rate here is 55.1 percent. The highest per pupil expenditures on this list do not correlate with the highest graduation rates. I have included other charts which will show you NAEP scores and I think that the most important thing that I want to point out to you is that on the chart at the very end the NAEP scores show that there is something that occurred in the year 1999 that provided a catalyst to improve the results in education across this country. What could that catalyst be? Well, Governor Mike Easley of North Carolina commissioned a study to examine public high schools to determine how spending affected student scores on statewide achievement tests and to investigate whether schools were using state funds effectively. I'm quoting from an article in ENDEAVOR magazine, Fall 2008: Spending was divided into different categories, then correlated with student test scores from the past two years. Among the main categories were regular instruction spending,

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

Education Committee  
March 17, 2009

---

supplemental instruction spending, and administrative spending. Regular instruction covers expenses for typical classroom instruction, while supplemental spending includes expenses for extra programs, such as tutoring, summer school and other student services. According to Henry, the researcher, the most important finding was that more money spent on regular classroom instruction resulted in better student performance. When the researchers controlled for factors such as a student's race and socioeconomic status, there was still a positive correlation between spending on regular instruction and test scores. As you begin this conversation, it is important, as Senator Pahls said, to look at what the definition of direct spending or instruction is because, in fact, that may vary from state to state or from school district to school district. But what is important is to say, why haven't we asked this question before? You were given materials that says, here is how the central administration contributes to the education of our students. Here is how the building principal contributes to the education of our students. Here are how school board members contribute to the education of our students. Why don't we know what direct instruction contributes to our students? Isn't it time to examine it? I will tell you that our organization intends to examine that question exactly this summer, among other things. Thank you. [LB240]

SENATOR ADAMS: Thank you. Senator Howard. [LB240]

SENATOR HOWARD: Thank you, Mr. Chairman. Welcome, Senator. [LB240]

PAM REDFIELD: Thank you. [LB240]

SENATOR HOWARD: Excellent, excellent presentation, as always. I think back to the first year I was down here and we passed LB126. You probably remember. [LB240]

PAM REDFIELD: I do. [LB240]

SENATOR HOWARD: It was the consolidation bill and was very contentious and very heartfelt on a lot of sides with that issue. But that...when I look at this bill, if this bill would have been in effect when that bill was passed, I would think that would really change the dynamics in terms of the amount of money that was being spent directly in the classroom with those western Nebraska schools because of the increase in the cost of transportation. And I know what a great math mind you have (laugh), so does that kind of...do you see that as maybe even overnight when something like that would happen, do you see that as having an effect...this having an effect on something like that, a movement like that, that we change, have such a dramatic change? [LB240]

PAM REDFIELD: Well, clearly, one of the factors that is involved in the rural schools before the passage of LB126 and other bills that occurred later is the fact that we found that many of our teachers in the rural school districts were really being paid at a much lower rate and were not receiving the benefits. So if you looked at the costs of direct

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

Education Committee  
March 17, 2009

---

instruction, you might in fact have seen that, in fact, it was low in comparison to the overall budget because of the costs of transportation. But when you look at one-time expenses, whether it's buying computers, whether it's buying busses, you know that the federal government allows you, if you've had a really good year on your income, to spread that out over a few years. It's a very easy mechanism to create for schools. So that's something you could do to average out. But I think it's still important to look at how we're spending money in the classroom. I don't think it's a question we've actually addressed. [LB240]

SENATOR HOWARD: Okay. Thank you. [LB240]

SENATOR ADAMS: Other questions? Seeing none, thank you. [LB240]

PAM REDFIELD: Thank you. [LB240]

SENATOR ADAMS: Is there other neutral testimony? [LB240]

JESS WOLF: (Exhibit 8) Senator Adams and members of the committee, good afternoon. I am Jess Wolf, J-e-s-s W-o-l-f. I'm president of the Nebraska State Education Association. I'm here today to speak in a neutral position on LB240. Our position on other pieces of legislation before this committee has always been to increase state funding dollars going toward K-12 education and, more specifically, to increase the below average pay of educators working in Nebraska's public schools. We question whether this bill does that. The details defining what will constitute 65 percent of total operating expenditures on direct classroom instruction are not totally clear in the proposed legislation. The most recent state figures could be construed to indicate that 65 percent level of total operating expenditures on direct classroom instruction is being met at the 65 percent level of funding right now. And the documents I gave you is one of the pie charts other people have shown you. This is of the composite figure for the entire state. The question for us becomes, what is included in LB240's percentage amount and is this percentage enough? We believe that the percentage amount is not high enough to provide quality education to every Nebraska child, and that the expenditures which can be counted toward the approved percentage must be clearly defined. The other potential concern with any legislation, rule, or guideline which mandates minimum levels of funding is that the minimum amount often becomes the maximum figure. The potential for school districts which currently exceed the 65 percent level is that they may reduce the dollar amounts that they spend on direct classroom instruction. Finally, there does not appear to be any enforcement mechanism in the bill such as a reduction in state aid if a school district falls below the recommended level of spending. So while we applaud Senator Pahls's efforts to increase classroom funding, it is not clear to us that the proposed legislation will accomplish this end without language that is more specific about what will be included as direct classroom instruction. We also believe the 65 percent figure proposed in this legislation should be increased. Perhaps

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

Education Committee  
March 17, 2009

---

this topic should be examined more closely in an interim study. And I did give you one other document there which is a printout also from the Department of Education. Several other people have alluded to it which gives actual numbers for each of the categories. And I'll just tell you also that I did this morning decide just to run through about nine or ten school districts and it took me until I got to about number nine before I...found one that fell below the 65 percent. I understand there's a couple others that have been referred to here today, but overall, the state is above 65 percent now.  
[LB240]

SENATOR ADAMS: Thank you, Jess. Are there questions for Jess? I guess not.  
[LB240]

JESS WOLF: Okay. Thank you. [LB240]

SENATOR ADAMS: Thank you, sir. [LB240]

JESS WOLF: Yep. [LB240]

SENATOR ADAMS: Is there anymore neutral testimony? If not, Senator Pahls to close.  
[LB240]

SENATOR PAHLS: Thank you, Senator. And I just want to reply to a couple. When I did speak this summer, it was brought up that I had talked about 60 percent. Well, that 60 percent was if I would stick with all instruction. So I would like to have you, if you would just take a look at the page that has all, if I would have stuck with the number 60 percent, if you go down all instruction, you could see what schools would have made it, which schools would not. But I eliminated the word "all" and I said "direct." I did not define it in this bill. I suggested that we may take a look at all instruction support services, so I widen the...since that discussion. If I was stuck with 60 percent and said all instruction, you could see automatically the number of schools that would not have met that. We did talk about...I've heard the word local control and that was a good question you tossed to me. The curiosity that I'm trying to create here is look at all the schools. We have individual school boards making decisions with the help of administrators, yet you see in wide discrepancy how the money was spent. I understand each district is a little bit different, but there are districts that are very alike and yet they spend their money differently. I'm just curious why. And if you cannot make the 65, which is not the magic number, I think we ought to take a look at that. And McREL, in fact this last summer I talked to McREL, some of the things that they're willing to do, not only them but others--in fact, we did this when we were talking about the learning community--if a school district is having a problem there are states that send in...send in professionals to take a look and make an audit of the schools, not necessarily only in the area of finances but in curriculum. There are organizations out there who will come in and tell you...I know a number of the school districts in this area use Phi Delta Kappa,

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

Education Committee  
March 17, 2009

---

but there are other organizations, will come in and look at your school and say, hey, you need to be taking a look at this, this, this, and this. So there are groups out there who could help us if we need that. Again, what I'm trying to do is stimulate, because this is just sort of a precursor, what I probably will be developing in the future, because I do think we need to take a look at how we are spending our money because we're going to continue to ask the body to provide more or additional funds for state aid. We need to be able to say this, this, this, and this, and I think people will feel more comfortable with that. So...oh, and one more thing. I know a lot of school districts are really working hard. That's not the question. And I know they are accountable, they let the public know. The reason why I alluded to using the computer, using the Web site, they can get all this information out to the public. I still think, once I see a school district that will go down to every school within their district and tell us, describe the programs that are in those schools, say how much money is being spent on those programs and seeing why one school of 500 and another school of 500 that are pretty much alike, you would be surprised of the lack of discretionary money the building level administrator has. Take a look at it some time in the budgets. The building level administrator is not playing with lots of money. You would be surprised at the amount of money a building level administrator has at his or her access. It is unbelievably small. So I think that's what just create this desire to know more, is what my intentions are. And also, I did read Senator Redfield's...the letter that she gave to you and I think some time if you'd read, go all the way down to I think about the sixth paragraph, I think she explains. She has a very good example of how money is being spent right now. And as she also pointed out, there are states that have done some of this. And I thank you for your time. [LB240]

SENATOR ADAMS: Thank you, Senator Pahls. Are there questions for the senator? Well, you certainly have provoked interest. You did that. [LB240]

SENATOR PAHLS: I hope so. Thank you. Is this the last one of your year? [LB240]

SENATOR ADAMS: Well, I think that's the last bill, but we still have mountains to climb so... [LB240]

SENATOR PAHLS: Okay. (Laugh) Thank you. [LB240]

SENATOR ADAMS: Yeah. That will conclude the hearings today and thank everyone for their attendance. [LB240]

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

Education Committee  
March 17, 2009

---

Disposition of Bills:

LB240 - Held in committee.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Committee Clerk