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Education Committee
July 08, 2009

[LR116 LR180 LR206 LR262]

The Committee on Education met at 1:30 p.m. on Wednesday, July 8, 2009, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LR116, LR262, LR206, and LR180. Senators present: Greg Adams, Chairperson; Gwen Howard, Vice Chairperson; Brad Ashford; Bill Avery; Robert Giese; Ken Haar; and Kate Sullivan. Senators absent: Abbie Cornett. []

SENATOR ADAMS: (Recorder malfunction)...for an interim hearing this morning. And you're all sitting here patiently while we, as senators, are greeting each other. We haven't seen each other since the bloodletting back in May, (laughter) And it's kind of nice to see one another again. And I hope...hang on, here comes another senator. Good morning, Senator Howard. []

SENATOR HOWARD: Thank you, thank you. []

SENATOR ADAMS: We have with us this morning not a full cadre of the committee. It's a busy time of the year for everyone, but Senator Haar from just north of here and represents part of Lancaster County and Lincoln; Senator Sullivan all the way from the norther part of Nebraska down here; our Vice Chair Senator Howard this morning from Omaha; and Senator Giese from South Sioux City is here. And hopefully we'll have a couple of more before we're all done. We have on this day three interim hearings on very diverse subjects. From this one, we're going to move right on to higher ed which will probably clear the room, I suspect, (laughter) and a whole new group come in. And then this afternoon we're going to be looking at ESU and learning community issues for a while. We're also approaching this a little bit differently in that typically the interim studies would occur in the fall. I thought it would be productive if we, first of all, heard from you folks on these various issues, and then our committee staff and others will continue to work on developing a report for the committee, but we wanted to hear from you first. The procedure that we will use today on this hearing on early childhood is to,

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first of all, I'm going to ask the committee legal counsel, Tammy Barry, to give an introduction on the issue. And then from that point I'm going to ask that the Department of Ed would respond and add input to the committee. And when those two are done, I'll open it up. Now, we are going to have time limit today. We're going to run five minutes. I just get in the habit of doing that on everybody and we'll have a light system here. But come up and say what you have to say for the committee and answer any questions that the committee might have of you. We certainly appreciate your testimony today. That's why we're doing it in this way. We want to hear from you folks on this issue. And as a time frame, we're going to try to end this hearing somewhere between about 10:00 and 10:30 so that we can start our higher ed hearing at approximate 10:30, if that gives you an idea. I hope that doesn't eliminate any of you from testimony but certainly if it does, you know you're welcome to stop in the office or to write out your testimony and provide it to us, and we will review it as a committee and certainly our staff group will review it as well. Committee clerk Becki Collins in here this morning, so if you have things that you want to give to her, please do so. And when you do come to the mike, if you would state your name for the record and spell your name for us so that we have that into the record as well, it'd be very helpful to us. So with that, turn those doggone cell phones off. I checked to make sure mine was off first before I said that (laughter) and we'll begin. Tammy. [LR116]

TAMMY BARRY: (Exhibit 1) Okay. Good morning. My name is Tammy Barry, and that's T-a-m-m-y B-a-r-r-y, and I am the legal counsel for the Education Committee. I'm here to introduce LR116 and provide some brief background information on behalf of Senator Adams, the committee, and the staff group that has been working on this interim study. The staff group began meeting to work on the interims study before the end of the legislative session. We generally meet once a week to collaborate on research and to gather information with regard to this study. The group includes: myself; Kris Valentin; and Becki Collins from the Education Committee staff; Janet Anderson, Senator Adams' legislative aide; Mikki McCann, Senator Sullivan's legislative aide; Trevor Fitzgerald, Senator Giese' legislative aide; Tom Green who is Senator Haar's legislative aide; Kim

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Davis from Senator Heidemann's office, she's his legislative aide; and Sandy Sostad from the Fiscal Office. Tyanne Hoyt from Senator Rogert's office may also be joining us later to work on the study. The issue that the staff group has been focused on is the entrance age for kindergarten. I had to write it out, sorry. This is an issue that not only affects early childhood and kindergarten, but also plays itself out when students begin to play high school sports, drive, graduate, and go onto postsecondary education. There are some recent factors that have been changing the environment in which decisions about kindergarten are being made. Some of the major changes include: a substantial increase in the number of school districts offering publicly-funded preschool, perceptions about the preschool expectations for kindergarten, and accountability for student performance as children progress through the education system. In Nebraska, the increase in constituent concerns about kindergarten entrance ages seems to be centered on access to publicly-funded preschool programs. Nebraska has a growing system of preschool programs offered across the state. Most of the programs begin with a grant from the Nebraska Department of Education. To be eligible, the programs must meet certain quality and collaborative criteria. The collaborative criteria require the use of a variety of funding sources including any available federal funds and parent pay on a sliding fee basis. After three years, the programs then move onto the state aid formula for funding, but they are required to maintain the same eligibility criteria as grant-funded programs, and that includes the use of any available federal funds. The policy that is causing concern about kindergarten entrance ages does not allow children who are kindergarten eligible to participate in these preschool programs. This policy is consistent with the federal programs, therefore allowing the combination of an assortment of funding sources. However, if a child goes to preschool and then decides to delay kindergarten entrance, there is not a publicly funded option available. The Legislature adopted two one-year exceptions allowing kindergarten-eligible children to attend preschool, but only if the program does not receive state funds. The staff group has provided you with a copy of current law as required in kindergarten entrance ages and a chart that hopefully demonstrates how the law affects children born at different times of the year. Section 79-201 provides the compulsory attendance requirements for our

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state. Generally, children are required to attend school at the beginning of the school year that starts in the year in which the child will turn six. If you look at the chart, the green represents the students that are required to attend school. Schools include public, private, parochial, and exempt or home schools. Section 79-214 provides the other end of the spectrum. That section describes when a student is eligible to attend a public school as a kindergarten or grade school student. Generally, students are eligible to begin school if they are at least five years old or will be five years old on or before October 15. If you look at your chart again, the yellow represents the students that are eligible to attend kindergarten but not yet required to be in school. The students that are born in October are represented by the orange because the students born on or before October 15 are eligible, but the students born after that date are not. In addition to the students born on or before October 15, there are some students who may be eligible if they turn five on or before February 1 of that year...of that school year, sorry. For those students to be eligible, the district must adopt an assessment and a student must demonstrate on such assessment that they are capable of kindergarten-level work. These students are highlighted in purple on the chart. There are also exceptions that allow students to attend kindergarten earlier if the student has transferred from another jurisdiction where they were allowed to attend or the family anticipates moving to such a jurisdiction. These are a couple of the...there are a couple of observations from the chart that may be of interest. You may notice that children born from October 16 to December 31 only have one year in which they are eligible to start school without taking an assessment. Another interesting note is that a kindergarten class could have an age range of 25 months if the district has adopted an assessment for early entry. Remember, that also means a potential age range of 25 months when the students are juniors in high school. If you would like to see what other states do, please look at the handouts from ECS or the Education Commission of the States. September 1 seems to be the most common cutoff date according to their research. In addition to the current statutory considerations, Article VII, Section I of the Nebraska Constitution requires in part that the Legislature shall provide for the free instruction in the common schools of this state of all persons between the ages of 5 and 21 years. And so that's something

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that should be kept in mind as you think about kindergarten entrance age polices. This is the third time during my tenure working for the committee that the transition to kindergarten has been a subject of substantial interest. In 1998, there was concern by teachers and administrators who wanted to narrow the age range of students in kindergarten and, as a result, throughout the different grades. There were also a number of parents who wanted to see their exceptionally bright four year olds start kindergarten early. The resulting legislation at that time was LB1229 which allowed the school districts to adopt assessments to allow a larger range of four year olds to enter kindergarten. In 2004, there was another wave of concern about kindergarten entry and also about keeping kids in school at the other end when they turn 16. The legislation that resulted was LB868 which changed the mandatory attendance statutes to requires students to begin school at the beginning of the school year and to begin school in the calendar year in which they turn six at the latest. Before that, a student was not required to attend school until the day they turned seven. The legislation also required students who were between 16 and 18 years of age to have a parent's permission to drop out of school. The original legislation limiting eligibility to attend a public school was adopted in 1931 with a September 1 cutoff. The cutoff was changed to October 15 in 1949, and I do not know the rationale for the change. The original compulsory education provisions were adopted in 1901 and required children 7 to 14 years of age to attend school, which included education in the home by a qualified instructor. There has been quite a bit of research on the topic of "red-shirting." The term refers to a practice of holding a child out of kindergarten when they are eligible but not required to attend school. Generally, the research is fairly consistent that there are not any lasting academic affects when children are "red-shirted" versus the children who are young for their class. However, there are some behavioral differences. Students that were "red-shirted" have a higher tendency to drop out or exhibit other behavioral issues. However, it is not clear at the if the undesirable behaviors are the result of being "red-shirted" or if there are a larger number of children that are likely to exhibit these behaviors that are "red-shirted." Basically, the parents that believes their child will grow out of negative behaviors may be more likely to "red-shirt" their child than the parent of a well-behaved young person.

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Although the research tends to show that any academic advantages that are sought by "red-shirting" a child are lost by third grade, these findings need to be balanced against the basic principles of parental choice in refining the policies for our state. In Nebraska, there may be a trend beginning for the offering of developmental kindergartens to circumvent the current restrictions on kindergarten-eligible children in publicly-funded preschool programs. This practice was mentioned to the staff group and raised some interesting questions. The theory is that some children are not ready to progress through kindergarten in a manner that would prepare them for the work of first grade. A developmental kindergarten would allow kindergarten-eligible children to be in a publicly-funded school setting without the expectation that the child will advance to first grade the following year. Instead, the child will then attend regular kindergarten the next year. The issue of social promotion and grade retention have received a lot of attention during the past few years, particularly in light of No Child Left Behind accountability requirements. There is a conference of kindergarten teachers in Kearney today which means that there are fewer kindergarten teachers here today to provide input to the committee than there may have been at some times in the past. However, as you will see from the department's efforts and the concerns of the constituents across the state, kindergarten entry continues to be a controversial topic. Melody Hobson from the Nebraska Department of Education will follow me with a discussion of the draft position statement on kindergarten from the Department of Education, and she will be able to answer many of your questions regarding early childhood education and kindergarten in general. Eleanor Kirkland from the Department will also be testifying with regard to the federal issues of the funding and how our preschool programs interact with the federal programs. The staff group plans to delve further into curriculum issues, but the group also looks forward to hearing from the public and researching questions for you that arise out of today's hearing. I will be happy to answer any questions that I can. [LR116]

SENATOR ADAMS: Thank you, Tammy. Are there questions, committee members? Tammy, just as a matter of reiteration, I think, so up to this point the state policy has been that we have encouraged early childhood programs with our state grant to seek

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federal grants as well... [LR116]

TAMMY BARRY: Yes. [LR116]

SENATOR ADAMS: ...to enhance the program. [LR116]

TAMMY BARRY: Yes. [LR116]

SENATOR ADAMS: In so doing then, federal guidelines...our guidelines will reflect federal guidelines. [LR116]

TAMMY BARRY: If our guidelines don't reflect federal guidelines, the programs will still have to follow the federal guidelines in addition to our guidelines. [LR116]

SENATOR ADAMS: Okay. [LR116]

TAMMY BARRY: And so that could cause some confusion. [LR116]

SENATOR ADAMS: Okay. Questions for Tammy? Well, Tammy, we appreciate the work you've done so far and I know there's more to go. Thank you. State department. [LR116]

MELODY HOBSON: (Exhibit 2) Senator Adams, members of the committee, my name is Melody Hobson, M-e-l-o-d-y H-o-b-s-o-n. I'm co-administrator of the Office of Early Childhood at the Nebraska Department of Education. And I'll begin by giving you some statistics about kindergarten in Nebraska, and then kind of give you a short synopsis of what is in the draft of the new kindergarten position statement. It is actually being sent out for input beginning today. We're going to have an intercession at the kindergarten conference this afternoon, and then we'll be taking it kind of our on the road to get input from administrators and teachers and interested community members throughout the

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fall before it goes before the State Board of Education for approval, final approval. In the most recent year, 95 percent of kindergartners were in full-day kindergarten which is full day everyday kindergarten in Nebraska; 699 children or 3 percent repeated kindergarten. This compares to 85 children who repeated second grade and 29 children who repeated fourth grade. Four thousand one-hundred and ninety-nine children or 18 percent were over age for kindergarten which meant that they were six years of age or older when kindergarten started before October 15 of last year. We do also know that 37 percent of schoolagers are low income; 70 percent of children under six in Nebraska have all parents, available parents, in the workforce; and 10 percent of Nebraska kids have no health insurance. And I say this to give you a picture of the population of kindergartners in our state. Now, we focused a lot...we will be focusing a lot on entrance age and retention and junior kindergarten and the way children learn. Now, the two main reasons that are most often given for determining that children are not ready for kindergarten include the child is not ready to handle the curriculum demands of kindergarten or that the child is developmentally not ready to handle the behavioral expectations of school. As for the curricular expectations, whenever you're looking at any grade, kindergarten through 12th grade, if the curriculum or the teaching strategies are not effective for a large proportion of the population, and I would say 18 percent is a relatively large population, then either the expectations or the teaching strategies need to be changed. [LR116]

SENATOR ADAMS: Melody, excuse me for just a minute. [LR116]

MELODY HOBSON: Yes. [LR116]

SENATOR ADAMS: Could you speak up. [LR116]

MELODY HOBSON: Oh, I'm sorry. I'll try to. [LR116]

SENATOR ADAMS: And maybe pull that microphone right down there close. [LR116]

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MELODY HOBSON: Okay. Can you hear? Is that better? Is that better? [LR116]

SENATOR ADAMS: Is it better? No. They're shaking their head no. [LR116]

MELODY HOBSON: No. No. Okay. I'll try to speak...I'll try to use my outside voice. Okay. [LR116]

SENATOR ADAMS: (Laughter) Your kindergarten teacher voice, let them have it. All right? [LR116]

MELODY HOBSON: Yeah. Okay. And when you look at the use of time in the kindergarten day, studies show that children spend less than 30 minutes each day in play or in choice time; four to six times that amount in math or reading instruction. And that's not bad, but most often the subjects are taught in little boxes in specific sections of time and not connected together. And increasingly, we're seeing that kindergartners are spending more time practicing for and taking tests. Now, brain development tells us that learning is highly connected for young children and teaching should mimic the depth and the complexity of the connections. The cortex is the last part of the brain to develop and it is just beginning to develop as kids enter kindergarten, and it continues actually until people are in their 20s. Now, the cortex is where logical thinking, abstract thought, problem solving are all beginning to develop. And to make the most use of the kindergarten time, a more holistic and less didactic approach to teaching is a good option, and this includes play. Now, play is not an anything goes chaos. It is not sometimes the stereotypes that we see in the news or in sitcoms. Play is active, it's enjoyable, it's flexible, it's focused on the process, and children must have some control over the activity, and it is internally motivating. These are also hallmarks of learning. Play in the classroom requires carefully prepared environment and adults who engage in play with children, extend their play, observe the child, and make modifications to teaching strategies and the environment based on those observations. Play strengthens

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the synaptic connections in the brain. Because of the growth of the cortex during ages three through eight, children's play is at its most elaborate and complex. And through play, children demonstrate their increasing ability to think symbolically, and also to self-regulate and to explain their thinking. Children in highly didactic classrooms don't have the opportunity to learn self-regulation skills because they don't have control over what they're supposed to do. Children who practice self-regulation learn self-regulation. A wide variety of play experiences is necessary to help the brain become more complex and more integrated. It's not also important for development of self-regulation but also cognition, language and social skills, emotional regulation, and creativity. School administrators and teachers must be prepared to support the wide use of a wide variety of learning formats and teaching strategies to meet the needs of all young children. And some synopsis on some research, when it comes to "red-shirting," even the youngest children benefit more from a year of schooling than from an extra year of age. And then as Tammy also alluded to, any short-term achievement differences favoring children who are held out of school a year disappear by the end of third grade. And then by high school children who entered kindergarten a year younger actually outperformed those who had been "red-shirted." And then children who were overage for their grade actually had higher participation rates in special education than the general population. An unintended consequence of "red-shirting" is that it creates a vicious cycle of increasing curriculum standards and expectations in the kindergarten classroom. As more and more children are held out, the curriculum becomes more focused on teaching six year olds rather than the five year olds for which kindergarten is intended. This makes the expectations more challenging for the five year olds and more and more children are held out and/or are expected to repeat kindergarten and, thereby, this creates a new group of mostly six year olds and, again, drives the curriculum upward. As stated earlier, kindergarten retention rates are approximately 3 percent, which is higher than other grades, and some districts show retention rates as high as 30 to 50 percent. Research indicates that both retention and "red-shirting" are strongly influenced by community notions of child development and the role of the adult in supporting this development. Developmental kindergarten or junior kindergarten is

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another form of retention. Out of 20 studies that focused on retention, 80 percent of those studies concluded that retention was ineffective as an academic and social/emotional intervention. Finally, a longitudinal study done in Minnesota highlights the effects of retention. Retained students were less likely to have a high school diploma by age 20, less likely to have attended college, were paid less per hour, and held lower status jobs than their promoted peers. Alternatives to excluding children from school or retaining them are possible but will require a change in expectation and an investment in ongoing professional development. Thank you. I'd be happy to answer any questions that you might have. [LR116]

SENATOR ADAMS: All right. Thank you, Melody. Questions, committee? Senator Sullivan, go right ahead. [LR116]

SENATOR SULLIVAN: Yes, thank you very much. In this position statement you indicated that you're going to be getting some feedback from educators. [LR116]

MELODY HOBSON: From...well, from as many places as we can get. [LR116]

SENATOR SULLIVAN: How are you reaching out to community and parents? [LR116]

MELODY HOBSON: Well, anyway that anybody can host a forum for us, we're happy to go. We do this all on a budget, and so basically we're asking for places around the state. We have a cadre of early childhood professional development partnership coordinators throughout the state, and we are asking some of them if they know of anyone in the community who would like to invite families and communities, early childhood people or kindergarten staff, if they would like to host one of these input session. We would be happy to take our show on the road anywhere. Last year, we tried to get some preliminary input and we kind of did the same thing. We went to Chadron for a diversity conference. We went to Wayne. We held one in Doniphan. We held one in Wayne and one in several other places, as well as the metro area. So we're

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looking for ways...very truly, getting input from families is sometimes the hardest because they're not naturally occurring groups of parents that sometimes we can get and sometimes it's harder to schedule. But we would love if you have a forum or if you know of a place that we can go, we would love to go. [LR116]

SENATOR SULLIVAN: Is this position statement available on the Department of Ed's Web site? [LR116]

MELODY HOBSON: Beginning next week it will be. It's not...it's kind of debut as a draft is today, but we hope to have it up by hopefully by Monday of next week, the Web site of the Office of Early Childhood within the department. [LR116]

SENATOR SULLIVAN: You may have mentioned this in your remarks, but do you have any idea, does your data show what the age range is in kindergarten in school districts here in the state? [LR116]

MELODY HOBSON: Actually, what I asked for from the data center was specifically on overaged children, so I have from six years and older. I think I could request, if you're interested, the youngest age. And if you'd like me to do that, I'd be happy to do that. [LR116]

SENATOR SULLIVAN: Okay. I would be happy to get that. Um-hum. [LR116]

MELODY HOBSON: Now, a lot of it will be masked because when you get over like age seven there aren't very many. [LR116]

SENATOR SULLIVAN: Um-hum. [LR116]

MELODY HOBSON: And I would assume the same thing would be for four-year-olds. [LR116]

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SENATOR SULLIVAN: And then I'm curious about your comment with respect to self-regulation of a child. I mean, so that means... [LR116]

MELODY HOBSON: Those are the teacher-pleasing behaviors. Those are sitting and, you know, the things that...it's kind of the new terminology for following directions and being able to delay gratification so that, you know, instead of running off to go do whatever they want to do, they're able to sit and listen to the teacher, those kinds of things. That's appears in research more often. [LR116]

SENATOR SULLIVAN: And if I understood correctly how you sort of ended your remarks that believe the research shows that there is not particularly any value in holding a child. [LR116]

MELODY HOBSON: I think that the research does not show any statistical value. I know that this is a highly emotional issue and I know that as a parent what we want is for our children to be successful, and I know that sometimes that what research shows doesn't matter when we're very concerned about what our children will be doing in their particular school. [LR116]

SENATOR SULLIVAN: Um-hum. And in the research, does it take into consideration other variables? I mean, because you mentioned some of the demographics... [LR116]

MELODY HOBSON: Some does, some is not quite as good, and sometimes it's very, very difficult to tease out, you know, like Tammy alluded to, whether the child was held out because of behavior issues to begin with, we don't know, whether the school said, well, you know, generally they'll settle down after a year. And they really needed some early intervention? You know, that's a little harder to tease out, so I don't really know. [LR116]

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SENATOR SULLIVAN: Okay. Thank you. [LR116]

SENATOR ADAMS: Senator Haar. [LR116]

SENATOR HAAR: Yes, thank you. The statement was made that there's more testing in kindergarten and that bothers me. [LR116]

MELODY HOBSON: Um-hum. [LR116]

SENATOR HAAR: Could you talk just a wee bit about that? [LR116]

MELODY HOBSON: In some places. I'm hoping that Nebraska is not onto that curve yet. We do have a lot of assessment for...well, they would be considered standardized tests, but tests for certain programs which may be useful looking at them in cumulation. There are places that...this was national research, too, there are places that are actively promoting children into learning how to...the format of tests. And sometimes that happens within the curriculum. You know, within a reading series there may be...by the end of kindergarten, there may be a response sheet or worksheet that they would be prepared to take in maybe first or second grade as a test which we generally frown on standardized assessments before third grade simply because children are not that reliable at that age. But, yeah, it is working its way into less authentic assessments for children, less observation, less...it is becoming a little bit more standardized than it used to be. [LR116]

SENATOR HAAR: Okay. [LR116]

SENATOR ADAMS: But aside from the assessment... [LR116]

MELODY HOBSON: Um-hum. [LR116]

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SENATOR ADAMS: ...on a curriculum basis, do we expect more from a kindergartner today than we did 20 years? Do parents expect more at the end of the kindergarten year? [LR116]

MELODY HOBSON: I think so. Anecdotally, I've heard that. It's hard to measure statistically what attitudes have changed over the years. I've heard a lot of people say that, well, because of standards now we have to do this. I don't think that that is actually the case. You know, we have had...in the past, we had standards for children, kindergarten or first grade standards that by the end of first grade children should be able to know and master certain things, and that was very appropriate for the end of first grade. Sometimes people without knowledge of the prerequisite skills for those standards would arbitrarily...we would hear what arbitrarily say, okay, the first half you have to do it in kindergarten regardless of whether that was appropriate or not. Now with the new standards that we have, that should really be eliminated because we do have...for reading, writing, speaking, and listening, we do have kindergarten standards which are very appropriate for kindergarten. There are a number of ways those can be observed and measured without standardized testing or without formal pulling out of kids and expected them to perform. And we will have...we have some draft math standards which are also very appropriate for kindergarten students. There are things that we would just normally expect kids to do. We have also heard anecdotally that with full-day kindergarten people are expecting more. The ideal full-day kindergarten was to help round out the day to provide the rich environment and the time necessary for kids to be able to do inquiry, to be able to do a wide variety of things to have a full, well-rounded experience without having to rush from one thing to another. And we have heard from some school districts. Well, yes, they expect more, they have twice as much time which really kind of flies in the face of what full-day kindergarten was really intended to do. [LR116]

SENATOR ADAMS: If we have successful early childhood programs, then can we expect when a child enters the kindergarten year we do have stepped-up demands that

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are more academically oriented than developmentally oriented. And I guess I'm taking a simplistic view. In my 31 years of teaching, a kid that I saw at the high school level was a lot different the day that I left than when I started teaching as were my expectations, as were the parents. So is it any reason to believe kindergarten wouldn't be the same? [LR116]

MELODY HOBSON: Yes and no. We need to be much more strategic and much more focused in what we're doing, and I think by and large, that has happened. Sometimes the methods that we have done to do that...that we have employed to get there are not really appropriate. And the first reason for the early childhood program really was to provide the kinds of environments in an inclusive setting that not all children get. You know, children who come from generally middle or upper middle class families with well-educated parents who don't have some of the same stressors, who have plenty to eat, plenty of rest, are in high-quality early childhood programs, those kids are going to pretty much pretty well no matter what. The early childhood programs originally were designed for kids for whom high-quality early childhood was not an option. Parents, for a number of reasons, were not able to provide the enriched environment or didn't feel that they were adequately doing it and wanted something for children to do that would assist them, and all of those are perfectly good reasons. But also biologically we have not...we're better able to look at what research tells us about the brain and focus our efforts on ways to really catalyze that. But probably in 50 years or in 100 years we really have not probably evolved a lot more. I think our expectations of society are different. Sometimes that's good and sometimes there is a mismatch. Standards for kindergarten are highly desirable. We have to know...that keeps us focused on what we need to be doing and the direction we need to be going. Sometimes the way we get there, like I said, is less useful than others. Did that answer your question? [LR116]

SENATOR ADAMS: I think so to some degree. (Laughter) I just had to think about it some more. [LR116]

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MELODY HOBSON: I'm sorry. [LR116]

SENATOR ADAMS: My brain hasn't evolved enough. (Laughter). Do we have...a very pointed question going to...and maybe you're not the person that can answer it, do we have school districts in the state right now that are receiving state grant for early childhood and not receiving federal monies, Head Start monies? [LR116]

MELODY HOBSON: Yes, not Head Start money, yes because Head Start is not universally available throughout the state. And Head Start grantees are...can speak more to this later, but not all counties are served by Head Start and Head Start cannot provide the same level of resources to every school district within their service area. If they have 12 counties, there may be, you know, 20, 25 school districts, they can't provide the same level of support. But there are some other federal funds that generally...I mean, early childhood and special ed funds and other federal funds that generally do. [LR116]

SENATOR ADAMS: Gotcha. Thank you. Are there other questions? Thank you for taking the time today. Appreciate it. [LR116]

ELEANOR KIRKLAND: (Exhibit 3) Good morning. Senator Adams and committee members, my name is Eleanor Kirkland, spelled E-l-e-a-n-o-r K-i-r-k-l-a-n-d, and I'm employed at the Department of Education and direct the Head Start state Collaboration Office. My reason for testifying today is to provide you basically with facts about eligibility and entrance age issues from the Head Start and also from Title I preschool. So the comments that I have and the handout that I have provided are as they say, just the facts. Eligibility criteria for Head Start...and Head Start, by the way if you aren't fully aware, is funded out of the federal Department of Health and Human Services Administration for Children and Families. And Nebraska has Region 7 federal Head Start grantees. We also have what we call Region 11 and one Region 12 grantees. The Region 11 is the American Indian programs branch of Head Start, and Region 12

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federal region is the migrant Head Start branch, so we have a combination of those in Nebraska's geographic boundaries. First of all, just to sort of respond as a segue from what you had asked Melody about Head Start. We have about 60 percent of the eligible Head Start children being served in Nebraska, and eligible has changed and so that's what I wanted to speak to. According to the Head Start performance standards 1305.6 regarding the selection process: In selecting children and families to be served, the Head Start program must consider the income of eligible families, the age of the child, the availability of kindergarten or first grade to the child, and the extent to which a child or family meets the criteria that each program is required to establish in that Section 1305.3. Migrant programs must also give priority to children from families whose pursuit of agricultural work required them to relocate most frequently within the previous two-year period. And before I go further, let me just qualify that the Head Start Act, the federal act was amended. It was reauthorized in December of 2007, but the Head Start performance standards which provide the guidance and the standards for program operation have not been revised since that act has. And a lot of that has to do with changes at the federal level and with stimulus funds, they just haven't been able to get to that yet. So what I'm quoting from are standards previous to the reauthorization of the federal act. With regard to eligibility, then families enrolling in Head Start must provide documentation of income to substantiate their income eligibility. That means 100 percent of federal poverty guidelines primarily and this would be, for example, a family of four making \$22,050 annually; a family of six, \$29,530 annually; a single-parent household with one child, \$14,570 a year; a single-parent household with two children at \$18,310 a year. The new eligibility guidelines now allow for families that meet between 100 and 130 percent of the Federal Poverty Guidelines that up to 35 percent of the federal funded enrollment can be within that 100 to 130 percent of the Federal Poverty Level. Previously, it was 100 percent federal poverty and because there were so many children that were...families that were just sort of on the edge of those income guidelines, the federal government did pass policy then in the act that would allow for some flexibility with that. Previously, as I've also put here on the handout, 10 percent of federal funded enrollment has always or for many, many years in Head Start they can

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have children who are from families that are over income. And that could be high income, anything over 100 percent, that 10 percent of their funded enrollment. For American Indian programs, that over income can be 49 percent maximum of their federal funded enrollment. Also with regard to eligibility for Head Start, over income and a child...a family that's over income and has a child that's verified for special education services according to their IEP or the individualized education plan, this says that 10 percent of the grantees federal funded enrollment slots--that's what they call them--must be reserved for children verified with disabilities. So 10 percent of their federal funded enrollment can be over income, that's how it has been. Ten percent of their federal funded slots must be reserved to serve children with verified disabilities. And now there's that wiggle room where they can have enrollment of families up to 130 percent of federal poverty, a certain percentage of their funded enrollment. Homeless...some of the children that are from over income and verified for special education may live in households that are considered over income according to those Federal Poverty Guidelines. Homeless children, foster children, those receiving public assistance or Social Security Insurance or SSI, children who meet any of these criteria are categorically eligible, they're automatically eligible for Head Start services regardless of their income or their child's disability status. Head Start children are eligible without verifying income for two years, so they can stay in a Head Start program for two years. If a family has a child that is going to be placed in Head Start for a third year, then they must submit documentation to verify income in that third year. Now what I want to talk about briefly is just illegibility criteria for Title I, Part A. And this is from the nonregulatory guidance of the Elementary Secondary Education Act, more lovingly known more recently as No Child Left Behind. Children who are eligible for Title I preschool services are those eligible for free or reduced lunch, and that means eligibility at free lunch is of 130 percent of federal poverty, reduced lunch would be at the level of 185 percent of federal poverty. In Title I preschools, families do not necessarily have to submit documentation of their income, they simply apply for free or reduced lunch. In Title I preschools, a use of family income to determine that eligibility is allowable, however, in order to determine the appropriate and available resources needed to meet the needs

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of the children. So if there are some negotiations within the Title I funds, then they may need to access verification for income in order to determine whether or not those resources should be made available. And this is definitely federal language here or regulatory language that says children from birth to the age that the LEA, local education agency, provides a free public elementary education may receive preschool services. In other words, a child in Title I preschools may be in that Title I preschool until they are eligible for kindergarten according to the state entrance age. Title I, Part A preschools must meet or exceed the Head Start performance standards with regard to the education in early childhood standards, and this helps to demonstrate alignment between Head Start and Title I federal preschool programs. Title I preschool programs may use an Even Start Literacy model. That's also a program that I administer at the department. This Even Start Family Literacy model requires both a parent and a child age birth through age seven as actively enrolled in all program elements. So Title I preschool funds can be used to administer an Even Start Family Literacy program. All children in a Title I schoolwide program, if available, are eligible to participate in the Title I preschool. And schoolwide Title I services means that the poverty rates within that district are above 40 percent. Children eligible for Title I supported preschool attend a Title I targeted assistance school if the child is failing or most at risk of failing to meet state academic achievement standards as determined by criteria established by the local education agency and supplemented by the school. And this relies heavily on teacher judgment, interview with parents, developmentally appropriate measures, and other considerations for services. And when I read through the nonregulatory guidance for Title I preschools, the language and the verbiage in that is very similar to what's required in a Head Start program performance standard. So there is alignment at the federal level in terms of the type of program that should be available with those federal funds. With regard to the entrance age for Head Start, according to the Head Start performance standards 1305.7 enrollment and reenrollment says that each child enrolled in a Head Start program except those enrolled in a migrant program must be allowed to remain in Head Start until kindergarten or first grade is available for the child in the child's community, except that the Head Start program may choose not to enroll a

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child when there are compelling reasons for the child not to remain in Head Start, such as when there's a change in the child's family income. For example, a family has been in Head Start for a year, they've become gainfully employed or have had changes in their income status, and so they're technically no longer income eligible even though their child may still be eligible for services. Or a child may have had a verified disability and no longer...due to the Head Start program, may no longer be eligible for a verification for a disability. And the other qualifier here is there may be a child with a greater need for Head Start services. So a program can say, well, we'd like for this child to move on so we can make another space available for a child that really needs these services. According to the Office of Head Start policy clarification dated July of 2006, an additional year of Head Start may be an appropriate placement for a kindergarten-eligible child with a disability if this decision is supported by the parent and the individualized education plan team. However, this should be an infrequent event designed to meet the individual needs of child and consistent with the recommendations of the IEP team, including of course their parent or guardian. This situation requires a close look to assure that it represents a sincere effort to individualize for a specific child and does not encourage routinely delaying kindergarten enrollment for Head Start children with disabilities. And then it goes on further to say, parents should be presented with a clear choice of options, that is, an description of how the kindergarten placement would be structured in comparison to an additional Head Start year. Also, careful consideration must be given to the fact that by providing one child in Head Start an extra year an opening for another child in the community is made unavailable. And then again just to reiterate the Title I preschool regulations: The entrance age is, again, a Title I preschool age is for one who is below the grade level and age at which the LEA provides elementary education. So, again, if there is kindergarten in there, kindergarten age eligible, then they cannot be served with Title I preschool dollars. So those are the facts as I have them. I may have some other information for the committee as they're continuing their study. If you'd be interested, I'd be happy to share other resources.

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SENATOR ADAMS: All right. [LR116]

ELEANOR KIRKLAND: Do you have any questions? [LR116]

SENATOR ADAMS: Are there questions? Senator Sullivan. (Laugh) [LR116]

SENATOR SULLIVAN: Thank you. How...you mentioned...how is enrollment in a Head Start program established? How many spaces do determine are available? [LR116]

ELEANOR KIRKLAND: This is determined by their federal funded enrollment, and it's sort of been...it's a rolling thing over the years. So when they have originally applied for Head Start funding and Head Start began in 1965, many of our grantees have had Head Start since that date, so if they increased enrollment, they would have to do that through federal guidelines and policy at the time. They're funded by county. And we do have...I don't know the exact number of unfunded counties in Nebraska, but it's often an overlooked fact that Nebraska has several unserved Head Start counties. [LR116]

SENATOR SULLIVAN: Simply because they haven't applied? [LR116]

ELEANOR KIRKLAND: Because a grantee may not have served that area or the population was too small. We see more of those unserved counties in the north kind of west central part of the state. [LR116]

SENATOR SULLIVAN: Sandhills. [LR116]

ELEANOR KIRKLAND: Yes, Sandhills area. But it's based upon county. And then if there are opportunities to expand enrollment for Head Start, that's happened in past years, it hasn't happened in the last six or eight years, then grantees may choose to apply. [LR116]

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SENATOR SULLIVAN: And so the ones that are begin served, they're usually at their maximum as far as... [LR116]

ELEANOR KIRKLAND: Yes. We don't see very often that Head Start programs have too much difficulty with keeping their enrollment full. However, there are some issues with that related to the income eligibility. As I said, so the federal policy has changed to help build in some flexibility around that. And we try very hard from the Department of Education that when school districts are applying for early childhood funding to make sure that they do not supplant enrollment that's already occurred with federally funded programs such as Head Start. So they need to work in concert with one another in establishing enrollment and eligibility. [LR116]

SENATOR SULLIVAN: And Head Start is a federal program, but I think Melody mentioned that there are other federally funded programs available to fund local early childhood programs. [LR116]

ELEANOR KIRKLAND: Well, that would be Title I preschool. There are some childcare subsidy dollars that are infused into communities that help to support early childhood care and education. [LR116]

SENATOR SULLIVAN: Okay. [LR116]

ELEANOR KIRKLAND: But those are...and then the Even Start Family Literacy program that I administer which is also a part of No Child Left Behind, and that program has diminished drastically. We've had almost an 80 percent cut in funding for Even Start Family Literacy in the last six years. [LR116]

SENATOR ADAMS: Are there other questions? If not, we know where to get ahold of you if we need more information. [LR116]

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ELEANOR KIRKLAND: Okay. All right. I'd be happy to help. [LR116]

SENATOR ADAMS: Thank you for your testimony. [LR116]

ELEANOR KIRKLAND: Thank you. [LR116]

SENATOR ADAMS: I think that concludes the folks from the Department of Ed, so now we'll open it up to anyone else who wishes to testify, and we will go to our five minute rule. So let's begin. It might also be helpful as we have seats available for those of you who plan to testify, if you could continue to move forward so that we can use our time wisely, that would really be helpful. Go right ahead. [LR116]

FRED HANSEN: (Exhibit 4) Good morning. My name is Fred Hansen, F-r-e-d H-a-n-s-e-n, and I am the superintendent at Lyons-Decatur Public School in Lyons, Nebraska. And I have a handout for you that has my telephone number or e-mail address on it if you would like to get ahold of me. I am here to share the points that I have on the paper. I would recommend that we allow five-year-old students to attend either preschool or kindergarten and to leave that decision up to parents with professional input when requested. I would suggest that we change preschool to ages four and five whether it's grant funded or not. I would suggest that we change the cutoff date for kindergarten enrollment. As you know, it's age five October 15 to June 1. And I would then jump down to my rationale on these. If we allow number one above, it removes the gap created for five-year-old students whose parents do not want them to attend kindergarten until age six. This was not an issue until the rule to attend preschool at ages three and four was implemented. I mean, you think about this in the past, I don't remember ever hearing about this being an issue. In fact, there's another school district in Burt County which Lyons-Decatur is located in that's been offering preschool for 18 years and this issue hasn't come up, except for the last four years. Also, allowing five-year-old students the choice of going to preschool or kindergarten allows for placement decisions to be made with reference to the child's needs, not the child's age

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just like we do for kindergarten. The parent has a choice of sending them to kindergarten at age five or six. Also, the June 1 cutoff age for children to enter kindergarten would ensure that four-year-old students would not be included in kindergarten. Lyons-Decatur Public Schools has had a two...this past two years has had a state grant-funded preschool. We did not need to have Head Start funding and, therefore, we are not using any Head Start money for our grant-funded preschool. I guess I would open up to questions from the committee. [LR116]

SENATOR ADAMS: All right. Thank you, Fred. Are there questions for Fred? Senator Sullivan. [LR116]

SENATOR SULLIVAN: Thank you. So how long have you had your preschool? [LR116]

FRED HANSEN: Two years. [LR116]

SENATOR SULLIVAN: So then after next years it will...those numbers will be included in TEEOSA. [LR116]

FRED HANSEN: Yes. [LR116]

SENATOR SULLIVAN: And so then that's when the rule would...the age thing would have to be considered, right? [LR116]

FRED HANSEN: Are you talking about five-year-olds? [LR116]

SENATOR SULLIVAN: Um-hum. Um-hum. [LR116]

FRED HANSEN: Well, as I understand, the last two years there's been a... [LR116]

SENATOR SULLIVAN: Exception. [LR116]

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FRED HANSEN: ...exception. [LR116]

SENATOR SULLIVAN: Right, right, right. [LR116]

FRED HANSEN: But currently I can't allow a five-year-old to go to preschool. I have parents that want their five-year-olds to go to preschool now. And as I understand the rule, I can't allow that. So I've been dealing with this for two years. [LR116]

SENATOR SULLIVAN: Um-hum. Um-hum. [LR116]

FRED HANSEN: And parents to me speak loudly when at Lyons-Decatur to provide an option for parents. Because of this gap, Lyons-Decatur last year offered part-time kindergarten which then after a student finishes part-time kindergarten, they go to full-time kindergarten. And this upcoming year we have 19 kindergarten students enrolled, 8 of them will be part time. To me, the parents are speaking very loudly on their decisions. [LR116]

SENATOR ADAMS: Fred, when you...I noticed in this bullet point 1, you said, "professional input when requested," and you've also said more than once, the parents are speaking very loud. How often do these parents who are speaking loud request professional input? [LR116]

FRED HANSEN: I think its one of those situations where when they happen to see the preschool teacher or the kindergarten teacher downtown at the grocery store, at the swimming pool, those questions come up, especially those parents who are first-time to have their child in school. The professionals at the school district and the parents I think are on the same page. They want to have a choice in preschool just like they have a choice in kindergarten. [LR116]

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SENATOR ADAMS: Speculate for me, maybe you don't have to speculate, how many times will the parent decide to go one direction, whereas the professional input has been in a different direction. [LR116]

FRED HANSEN: I would speculate that the parents and the professionals are on the same page and they are making a decision and in agreement, as I should say. [LR116]

SENATOR ADAMS: Okay. So you don't use any federal dollars for your preschool program. [LR116]

FRED HANSEN: In the preschool, we don't use any Head Start funding. [LR116]

SENATOR ADAMS: Okay. Other questions for Fred? Thank you, sir. [LR116]

FRED HANSEN: Thank you very much. [LR116]

SENATOR ADAMS: Appreciate it. Good morning. [LR116]

CAROLINE WINCHESTER: (Exhibit 5) Good morning. Thank you, Senator Adams and members of the Education Committee. My name is Dr. Caroline, C-a-r-o-l-i-n-e, B. Winchester, W-i-n-c-h-e-s-t-e-r, and I'm the superintendent of Loup City Public Schools. First of all, I want to thank you for your time and dedication to the children of Nebraska. I appreciate the diverse constituencies you represent, and I especially appreciate your thoughtfulness and research that you spend delving into the many diverse issues that we have to deal with. I'm going to set the stage a little bit about the context of my school district and where I'm coming from. We have a free and reduced lunch rate of over 60 percent. We have not only a preschool program that we run with the partnership with CNCS, but we also have a zero to three endowment funded program also in partnership with CNCS. The hopes of these programs, early childhood education is kind of the cornerstone for our school improvement process, and the hope for this when we

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entered into these partnerships was that we would be able to reduce the gap, academic gap, between parents of poverty and more of parents of more affluence. And let me give you another little background, too, about what kinds of homes and backgrounds that some of our students of poverty come from. This home I'm going to describe is a typical home that my speech pathologist often goes into. You'll walk into that home and there are five dogs running around, two children, one of two and another at four years of age. There's not a lot of interaction going on between the parent and the child. The home, if it was in a town that had housing standards, would be considered substandard. The four-year-old child does not speak in complete sentences. They just refer to their brother as baby and any type of liquid that they're drinking is juice, so they're very limited vocabulary. I give you that because that's the background and the gap that often arrives to us at kindergarten. And if you look at the study by Hart and Risley in 1995, it reiterates that same thing that there's a lack of positive interaction in vocabulary with children, so we start out with a gap. And you're well aware of our president, Mr. Duncan of education, and also of our own state is asking school districts to reduce those gaps. We look at data and we try to make sure that gap is reduced, but they come with a gap. The concern is with the current policy that we have that we're accentuating that gap between the haves and the have-nots. The cutoff...the October 15 birth date and also then the requirement in Rule 11 that if they're kindergarten age, they cannot attend preschool. We're not able to get some of these kids the assistance that they need in developing the language skills they need before they start kindergarten. If I can just share with you some statistics from my district. Since 2005-06, between 46 and 20 percent of our students did not enter or started kindergarten a year later. Now, of these, 80 to 75 percent were from affluent homes indicating that people of affluence are being able to have a choice. They can afford a private school, preschool. They can afford day care, whereas those of poverty cannot. In our kindergarten class last year, there was a 16-month difference between the oldest child and the youngest child. That in a child...in a five-year-old, you're talking 30 percent of their lifetime. So there is...there becomes a huge gap that we're accentuating to that. There is some data or some research Bracey and Cascio when I mentioned that more affluent parents are able to retain their children,

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they support that. That's not just something we need to look at city public schools. When we look at Crosser's data that 48 months is significant as far as developmental age in a child. Also, Crosser has a 1991 study that shows significant difference between children that entered kindergarten at age six and children that entered kindergarten at age five. And this study is really very unique and well-done in that impaired children of similar (inaudible) ability, but then studied them then as sixth graders and it was significant difference in the academic skills between males and females in reading and math, and there was an extreme difference in males in reading. As I said, there's some other issues, graduating at 17 is an issue with some parents. Also, the other thing is that if you have an October birth date, you're not...you don't get two full years of preschool because you're not allowed to start until after you're three. So that might mean November or December before you get to start. But then you can't...you have to stop that year in August because you're not allowed to continue, you have to start preschool. So here we have our most needy kids getting shorted on the preschool end as well, so. I see my time is up. I appreciate your time. If you have any questions, I also have handouts that do have that research available to you that you can look at at your leisure. [LR116]

SENATOR ADAMS: That would be great if you could supply that to us. Are there questions? Tell me about...I think you've already answered my question in part, but I just want to clarify, Loup City, what's the availability of good early childhood programs outside of the public realm? [LR116]

CAROLINE WINCHESTER: There's only one and it's a nonaccredited one. It only can take about a maximum of eight or nine, I can't remember but it's very limited. And, again, it usually fills up and those parents that have the means that can afford it...we've actually...we have parents that have no choice. First of all, we have very limited day care to begin with in Loup City. Secondly, if there are poverty, they have difficulty affording day care and they can't afford a private preschool. I even had one family go to the extent of optioning out of our district so they can attend a preschool that was

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allowing five-year-olds because it wasn't under Rule 11 and wasn't receiving dollars. To that extreme because otherwise they have...their children miss a whole year. If they as parents don't feel they're ready to start kindergarten or, you know...and some of these parents think about when they're graduating. You know, they don't want their kids to be 17 when they graduate. You know, they want a little more maturity than that. So it's not just a kindergarten issue. But in any case, we've had peers that have actually, you know...kids have actually gone back to watching the TV instead of getting good quality education because those services aren't there. Before we have the dollars from the state to develop the partnership, we had a number kids that weren't able to be served and get good quality preschool education. So the state granted the state funding has helped because we went from 20 kids that were being able to be served to 40. And we're hoping on the gap, too, but the zero endowment-to-three endowment funds, that presents a piece that we're doing socialization, we're doing parenting obstruction with those families trying to teach families how to interact with their kids to help get that language up to where we need to. But that's going to be a long process in order to get. [LR116]

SENATOR ADAMS: So let me ask you a very pointed question. If you had dictatorial control over this, what would you do? [LR116]

CAROLINE WINCHESTER: First of all, I'd change the starting age of kindergarten to May 1 and I also give parents the right to opt out. As far as I know, this particular rule is the only rule that we don't have a waiver for. Parents can waiver for immunization which can be as a health issue, they can waive out of that, but right now they can't waive out of the October 15 birth date and say that they feel...you know, if they have an October child...and a matter of fact, we had...and that's the other thing we see with the October children, language is so far behind that we have to start immediate interventions. I don't know if you're familiar with the RTI process which is being authorized by IDEA federally and also in the state being promoted. And that's so that we're trying to get kids that are not being either labeled as writing disabled and trying to keep them out of special ed.

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And so in order to do that, we do early interventions. And those children last year that had those late birth days, we were doing early interventions with them already in kindergarten because they were so, you know, so far behind. Where their peers are and with a 16-month gap, that's a lot of experience. That's a lot of language that those kids aren't coming to. So, you know, the current policy is also, you know, contradicting what we're trying to do to reduce the number of people in special ed as well, so. [LR116]

SENATOR ADAMS: Okay. Thank you. Appreciate your coming all the way down today. [LR116]

ROB STEVENS: Robin Stevens, R-o-b-i-n S-t-e-v-e-n-s, superintendent at Schuyler Community Schools. The young lady setting behind me is Darli Vrba and I lost the flip. (Laughter) just a real quick word about Darli... [LR116]

SENATOR ADAMS: Excuse me just a minute. [LR116]

ROB STEVENS: Yes. [LR116]

SENATOR ADAMS: Becki, could you change the light so that we know what our...so that Robin knows when he has to stop. (Laughter) I shouldn't put it that way. Robin, go right ahead. [LR116]

ROB STEVENS: (Exhibit 6) I just wanted to share with you just a personal note about Darli. And I've been in education for 36 years, and 18 of those as an administrator. And I really do not know of a person who works harder and who cares more for kids. She's a good one. She's out kindergarten through third grade principal. She's also the one responsible for this fancy stuff that you've got here in front of you. She put the little border out there to kind of liven up my presentation. I also want to thank the senators for having me here today. Senator Adams for your leadership. Special thanks to Mrs. Barry for giving me a call and thinking that maybe we're doing something that may be of

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benefit for our youth, especially our preschool kindergartners. Tammy called me and asked if I would come down and talk about what we call our transition kindergarten programme at Schuyler. And basically our education team which is made up of a number of people as you see there in front of you came to a conclusion that we had quite a number of kids who lacked readiness for learning. And so administrators try to do, we tried to solve problems, and so we came up with this idea of transition kindergarten. There are numerous reasons for it, as you could read through there. We found that they were lacking in...some of our students were lacking in academic skills. We found that our parents were very unwilling to retain their child in the kindergarten, just had really a negative connotation to that. Parents were extremely concerned about the age of their child, as has been stated here already today. And as educators, we just wanted kids to become more academically successful or at least give them that opportunity. Our goal, then, is listed there and I think it's worth just reading to you. And that is that the Schuyler Community Schools goal was to ensure that our students had the opportunity to experience success in his/her classroom. We wanted our students to acquire the love of learning in a rich environment filled with a variety of best practices by his and her teachers. The age level thing which has been a major issue of discussion here, of course dealt with or was one of the main reasons that we have transitional kindergarten today. In particular, we are most concerned about those students who were from July 1 until October 15, they turned five in that particular age. We just wanted them...again, I just cannot emphasize enough, we wanted to accomplish the ability to have kids have a love for learning and to gain the attributes needed to accomplish that. The time frame, this just tells you a little bit about our program and in 2006-2007 we identified the problem, basically the teachers identified the problem. They come to us and they say, we have kids that are not ready. In the summer of '07 then, we put together this program and then we have had it for the past two years. Our daily schedule for transition kindergarten kids are...mirror that of a kindergarten student. It's all day, every day. They eat lunch together. They have recess together. They have physical education, music, and art classes. They are engaged in developmentally appropriate activities wrapped around the core subject areas. In other words, we have a

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curriculum in place for the transition program. Entrance criteria, basically it's based on parent requests and recommendations from our Head Start and we have a very large Head Start program in Schuylar. And we had a very small preschool, so we use that preschool teacher for their input as well as deciding who should or shouldn't be in the transition program. Since then, as you will note there, we are in the process of really expanding our preschool program and we're very appreciative for that program as well. Right now we only have one classroom of transition kindergartners, and they are...there are 17 students involved with that. I'm going to skip right down to the evaluation. As we try to evaluate this program, the teachers are mostly responsible for that, of course. They have a checklist that is based on their particular curriculum. I would love to say that we have tremendous amount of data that shows that, boy, this has really been a success, but up to this point it's mostly anecdotal, in other words, parents telling us that, hey, our kids are more mature, their vocabulary has increased, and that sort of thing. But we have no hard data to share with you at that time. Finally, our hope is that we could some day do away with transitional kindergarten with the expansion of the preschool program. I don't believe that's probably ever going to totally happen because you're always going to have those special situations where parents come to you and they say, we need to have this for our particular student. But as of right now, that would be our goal to do away, eventually, with the transitional program. Questions and certainly for me or Darli? [LR116]

SENATOR ADAMS: Are there questions for Robin? Go ahead, Senator Sullivan.
[LR116]

SENATOR SULLIVAN: Thank you very much. You mention that there's a waiting list or that you had more requests than you've been able to fill. So the ones that haven't been able to be involved in transitional kindergarten, where are they going? What are they doing? [LR116]

ROB STEVENS: Well, either they go to kindergarten or they stay at home and they

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watch TV or play video games or whatever. [LR116]

SENATOR SULLIVAN: Uh-huh. And the preschool that you mention and the Head Start program, they're both off-site, they're not connected to the school. Is that right? [LR116]

ROB STEVENS: Preschool is in our district, within our district of multiple buildings. The Head Start has its own site. However, there is work with the preschool right now to try to put together an Early Start, a Head Start, and a preschool all in one building. So we're working. Mrs. Winchester made mention of CNCS, I believe. We're working with them and I think they're getting some stimulus dollars put together, and hopefully that can become a reality. [LR116]

SENATOR SULLIVAN: Thank you. [LR116]

SENATOR ADAMS: Senator Avery. [LR116]

SENATOR AVERY: Is this the only program of its type in the state that you know of? [LR116]

ROB STEVENS: I wouldn't have any idea. Us administrators are great for copying successful programs, so I have a feeling that there are other people out there doing something very, very similar. I think Fred maybe even made mention of, what did you call it, part-time kindergarten, Fred? [LR116]

FRED HANSEN: Yes. [LR116]

ROB STEVENS: And so I'm...just based on what I heard him say, I'm guessing it's a similar type of thing. Part time would tell me maybe it's half days or something. You'd have to ask Fred about that. [LR116]

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SENATOR AVERY: But currently you serve only 17 students. What would you estimate the need to be? [LR116]

ROB STEVENS: I'll look to Darli here. [LR116]

DARLI VRBA: I was going to say, can I address that one? Our Head Start... [LR116]

SENATOR ADAMS: How about we have Darli respond to that question on the mike so we have it on the record. [LR116]

ROB STEVENS: You bet, you bet. [LR116]

SENATOR ADAMS: Robin, are you done with your testimony then? [LR116]

ROB STEVENS: Yes, I am. Yes, I am. [LR116]

SENATOR ADAMS: Okay. Could you state your name for the record, please? [LR116]

DARLI VRBA: Darli Vrba, D-a-r-l-i V-r-b-a. Right now, our Head Start on a yearly basis has a waiting list of 40 to 60 students that they cannot serve because of their facility, and that is one of the reasons why we might all go together which would be an incredible endeavor. But those students that cannot attend Head Start and that are not in the preschools out in our rural sites, they're out in some our satellite schools, there is probably 80 students that have no where to go because Schuyler at this time or for the last two or three years didn't have a preschool option, not even a private where parents could pay. So that was our reasoning behind trying to build this transitional kindergarten so that kids could be in the academic setting. Any way we could jump start them into successful career and education, we need to. It's better for them to be in school than at home, like Robin said, watching TV or playing video games or... [LR116]

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SENATOR AVERY: What's the optimal size of a transitional class? [LR116]

DARLI VRBA: I would...because so many parents weren't in, I would love to raise it to get as many kids as we could, but really with a teacher and a para, the 17, just like a kindergarten class, you need...it needs to be small because then kids are interacting with the teacher, the paras, they're all getting that hands-on, one-on-one instruction. And also then judgments can be made about the educational needs of each child and try to meet those. [LR116]

SENATOR AVERY: So you really need a couple of more classrooms. [LR116]

DARLI VRBA: Oh, I would love to have a couple of more classrooms of transitional. [LR116]

SENATOR AVERY: How do you pay for this one? Is it out of the General...(laughter) [LR116]

ROB STEVENS: It's just General File dollars. [LR116]

SENATOR AVERY: Thank you. [LR116]

SENATOR ADAMS: Are there other questions. Darli, at the risk of sounding insensitive and I don't mean to, but I have to ask. So if I'm the Comp 101 teacher at the University of Nebraska, I'm going to always say to the K-12 environment, they're not ready, you're failing down there. So if I'm the eighth grade or the high school Algebra II teacher, I'm saying to everybody down below, they're not ready, what are you guys doing. How ready is ready at the age level that we're talking about that you work wit? [LR116]

DARLI VRBA: I totally understand that question or that thought because when like I went to kindergarten was more, you know, the developmental play, the choices, that

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kind of stuff. With our state standards, it seem like everything is getting more difficult, more intense. As far as what is ready, the main reason we really, really looked at this is we see a need for children of such diverse backgrounds and poverty levels, like Dr. Winchester was addressing, that we're not getting any educational or stimulation in that sense from home because the parents would love to help. I see in meetings all the time the tears from our parents because they would like to help their child, but they don't know how. They're new to our country or they've never maybe gone through the educational system. So along with Dr. Winchester's comment about teaching our parents, we have started programs at night called literacy nights where we take...open up our school and we have our parents come in and we show them different activities you can do with your students to help them at home. I know. I wish I knew what ready was, too, but. [LR116]

SENATOR ADAMS: And the reality of it is, and there isn't a kindergarten teacher or a first grade teacher or anybody on up the line that doesn't know it, there is going to be...there are going to be differences when those 20-some or however many students walk into that classroom. [LR116]

DARLI VRBA: Um-hum. And that's what makes the excellent teacher that I would like in my classroom to see those differences, address each difference or learning style of that child and teach towards them or set the goals for them to help them be successful, so. [LR116]

SENATOR ADAMS: Are there other questions. Thank you then, appreciate it. [LR116]

DARLI VRBA: Okay. Thank you. [LR116]

SENATOR ADAMS: How many other testifies do we have? We're running a bit short of time. Okay. How many again? I saw a few and then they went down and then some more went up. We're...what do we have? One, two, three, four, five, six. All right. We're

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going to take those six and then that will be it for today. Go ahead. [LR116]

ROXY VOORHEES: I don't have a handout. Good morning, Senator Adams and members of the committee. I'm Roxy Voorhees. I'm an elementary principal in Syracuse. Many of you have probably heard from me in the past. I am...my name is spelled R-o-x-y V-o-o-r-h-e-e-s. I inherited a Class I school a few years ago in Unadilla which was running a preschool program at that point, a half-day preschool program. When they came with the Syracuse district, we made the decision to continue the preschool program and to expand it to two sections based on need. We actually moved it to the Syracuse site where probably 95 percent of our population in preschool was, and we moved our sixth graders to the Unadilla site so that our young children would be closer to their home. Our program has operated for six years at district expense. It's been funded out of our general fund and until this year we have received no state dollars, no state funding, and no federal funding for our program. This year, I was informed by the early childhood officials that eligible kindergartners could no longer attend our program even though those parents had decided that their children were not ready to attend a full day kindergarten session. So I was the person that got to send the letters to the parents, visit with the angry parents, and then even though I had open spots in my preschool, I had to deny access based on the fact that we were going to receive state funding this year. This year, we have two sections of preschools, we have openings. We have turned away students, three of who have birthdays on October 12 and October 13. It saddens me to turn away these children in our community who would benefit from a preschool experience when we have space available. I realize that these children are welcome to come to our kindergarten program and I've offered them that option, but these parents do not feel their children are ready to attend kindergarten. Even if they don't get to attend preschool, they're still not going to send them to kindergarten, so they will stay at a day-care center. In Syracuse, there are no other daily preschool options with no certified teacher. There is a part-time program that operates in a church and we have no Head Start available in our community. In Nebraska, we have a come-as-you-are philosophy for kindergarten, which means when you feel your

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child is ready to come to kindergarten, you may send them to kindergarten. It is not mandated until the age of seven but is a parental decision. Rule 11 is not a come-as-you-are philosophy. Instead, it is an exclusionary mandate that excludes children and tells them that they must attend kindergarten in they are eligible or there is no preschool option for them in the school setting. How ironic that we welcome children to kindergarten yet we exclude them from our preschool, even if they miss the deadline by two days. I visited with people at the Department of Education, the prior people before Melody was here, and they told me that these children need to be sent to kindergarten so that they can be with their peers because research supports that their peers are in kindergarten. I say to you that their peers are in preschool. Those parents made that decision when they sent them to Sunday school a year ago that their peers would be in kindergarten, not...or would be in preschool, not in kindergarten. I have a child coming to school this year whose birthday was in April. He will be six point five years old. You're asking these parents to send these children who will be four and not five until October 13 to be in that classroom with the child how is six and a half years old. I have a set of twins who will be five on October 12, another student who will be five on October 13. Would you send your child to kindergarten? Would you send...encourage your grandchildren to attend kindergarten with these children? What a magically date October 15 has become. That date has determined when a child should be placed for their entire school career. Should not the parent make that decision for the child? Should it not be made by the people that know that child best? Instead, the state makes that decision based on the number of wax candles on the birthday cake. I have been in education for 35 years. I'm a little bit nervous in case you can't tell. I've been a principal for 25 years in elementary school. I've been a teacher and I worked as the state reading director for the state of South Dakota for six years. I have tried as an educator to make all of my decisions based on what is best for children. I ask that Legislature do the same thing. [LR116]

SENATOR ADAMS: Thank you. [LR116]

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ROXY VOORHEES: Thank you. [LR116]

SENATOR ADAMS: Senator. [LR116]

SENATOR HOWARD: Thank you, Mr. Chairman. I have to thank you for dedication. I have great respect for someone that's gotten in a field and stayed in it and seen it through. [LR116]

ROXY VOORHEES: Oh, I thought it was because I've been e-mailing you for two years. [LR116]

SENATOR HOWARD: That, too. I appreciate that as well. [LR116]

ROXY VOORHEES: I have a few mothers who also have joined the cause. [LR116]

SENATOR HOWARD: It's a good thing, it's a good thing. What do you see...if we were to ask you, what would you suggest, what would you see...I see there are dates offered as May 1, June 1. What do you see as addressing the problem in a way that's really more helpful than problematic? [LR116]

ROXY VOORHEES: You know, I think dates are dates. You know, no matter when you set that date, there's someone that's going to be too young. [LR116]

SENATOR HOWARD: Sure. [LR116]

ROXY VOORHEES: And there's someone that's going to be too old. And there is a have and have-not. My have-nots come... [LR116]

SENATOR HOWARD: So it sounds like you see it more as a... [LR116]

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ROXY VOORHEES: ...and my haves don't. [LR116]

SENATOR HOWARD: ...more as an evaluation than a date-time-frame kind of thing. [LR116]

ROXY VOORHEES: I do, and if kindergarten is not mandatory, then why would preschool dates? The gentleman from Lyons-Decatur who said, you know, do they have the option as a parent and to make an educational decision with your preschool teacher is the way that we do it in every other grade. It would seem like we would trust our educators to make that decisions with parents. Trust me, I have some parents who don't send their children that should and I work with them extensively, but they have that choice. And so, you know, you're kind of caught in a catch 22 there. [LR116]

SENATOR HOWARD: Well, and it's such a shame that you do have space available and you have to turn kids away, that I'm sure you'd like to include them all. [LR116]

ROXY VOORHEES: Well, I'll call it something different. (Laughter) I mean, I'm sorry but the reality is whether you call it traditional kindergarten, part-time kindergarten, junior kindergarten, developmental kindergarten, you know, schools will find a way to serve those children. What's sad is we would like to look at that preschool curriculum for those children as opposed to a kindergarten curriculum for those children. [LR116]

SENATOR HOWARD: Right. Well, I really thank you for the work you're doing. Thank you. [LR116]

ROXY VOORHEES: Thank you. Any other question? [LR116]

SENATOR ADAMS: Senator Avery, did you have a question? [LR116]

SENATOR AVERY: Yes, I do. [LR116]

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ROXY VOORHEES: Uh-huh. [LR116]

SENATOR AVERY: You know, I grapple with this issue of parents knowing best about when to start their children. When we had our son at that point, we weren't that good at figuring out when he ought to start or when he should wait. And is there something that we could do to help the parents so that they know when they're making the right decision? [LR116]

ROXY VOORHEES: I think...I think we have a lot of our parents that talk to our teachers and visit with our teachers, you know, just educating our parents better and to open that communication between school and home. And like I said, there are some people that are going to red-shirt their children, but I don't think when your birthday is October 13 that that's what you're doing. You're saying, my child is still four. [LR116]

SENATOR AVERY: What you need is a range of... [LR116]

ROXY VOORHEES: Right. [LR116]

SENATOR AVERY: ...eligibility time so you wouldn't have just an arbitrary date. [LR116]

ROXY VOORHEES: Uh-huh. [LR116]

SENATOR AVERY: And I think that could be done. Thank you. [LR116]

SENATOR ADAMS: Thank you. [LR116]

ROXY VOORHEES: Thank you. [LR116]

SENATOR ADAMS: Senator Rogert, good to see you. [LR116]

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SENATOR ROBERT: Good morning. How we all doing today? [LR116]

SENATOR ADAMS: We're not going to use the light on you. How's that for an answer?
[LR116]

SENATOR ROBERT: (Laugh) Well, I'm going to try and be as brief as I can. [LR116]

SENATOR ADAMS: Okay. Good to see you. [LR116]

SENATOR ROBERT: I'm going to go to Senator Avery when...that question you just asked. How old was your...or did you have preschool for your son before kindergarten.
[LR116]

SENATOR AVERY: He's about to turn 18. We didn't have preschool at that time. We had him in a private program. [LR116]

SENATOR ROBERT: I think that's your answer to what we're doing, what we should be doing or what we have available to us. I think the early...the pre-K programs we have are to help parents establish a decision point of whether their kids are ready for kindergarten or not. And the fact is if they're not, through that discussion between their pre-K teacher and the parent, then they should be allowed to at least have the option to maybe stay another year. I think that's what we're doing. [LR116]

SENATOR AVERY: We really grappled with the red-shirt issue... [LR116]

SENATOR ROBERT: I'm sure you did and I'd say... [LR116]

SENATOR AVERY: ...because he's a July kid. [LR116]

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SENATOR ROBERT: Right. Right, I agree. That's just what I think we're doing there. I want to give just a short amount of background. For the record, Senator Kent Rogert from Legislative District 16. I've been working with this issue for a couple years. It's been mentioned a couple times that the past two years we've had a hold harmless on this provision. At the eleventh hour two years ago, through the kindergarten roundup process, I started getting calls from my districts of students...of parents of potential students that were being forced to go to kindergarten or wait a year even if they had been in preschool the year before, some had not. It started to be a handful, then it ended up being 20 to 30, and I ended up, found out there were probably close to 100 students in just my legislative district alone, meaning I think that this issue affects several hundred if not a couple thousand students and young people across the state of Nebraska. Luckily, through Tammy's help and Senator Raikes and then-Commissioner Christensen, we were able to sneak that in right on Select File, I believe LB653, to start this hold harmless provision. Then Senator Sullivan and I looked at it again this year and we ended up not changing anything but continuing the hold harmless through Senator Sullivan's bill and then coming through with this, the resolution to study the issue. And I've seen a lot of data coming from some of the children's groups the last couple years that shows at-risk children and the advantage of spending a few dollars on those and three- and four-year-olds, versus trying to spend the money on an early teen in bridging the gap for education, and it's staggering. To spend \$1 on a 3- and a 4-year-old and a 5-year-old would cost \$100 when they're 15, and you know you're spending more than \$1 so it's 100 times. And that, to me, says that this issue gives us the opportunity to provide an equal opportunity to educate all students in Nebraska on a level playing field. Not everywhere in the state is there an opportunity for a three- and a four-year-old to go to a private preschool program. Either they don't have them, they don't have room, or many folks can't afford it and we know that there's a gap in education between poor children and children who have more opportunities due to economic conditions, and to force some of these kids either back into the home for a year or keep them at home for a year or force them into kindergarten for a second year I think exacerbates the problem and continues to hold that gap apart between those that

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can afford education and those that can't, or additional education. We will continue to hear questions about red-shirting and questions about having a seven- and a five-year-old in the same class, and we're going to have to...we just have to address it. Just by saying, well, we've always done it that way, doesn't mean that's the best way to do it. I don't know that setting a date is ever going to fix the problem but we might be able to tell a district that whatever...if we're going to say you can't have a seven-year-old in your kindergarten class, then whatever date, that basically correlates with the final date of school. We could pretty easily correlate the preschool beginning date with the final ending date of school. That would close that gap of those kids that are born in the summer that are being asked to go either a year ahead or wait or stay out of the preschool program. Eleanor mentioned that the feds or the state department said an additional year may be appropriate but should be infrequent and supported by parents and educators. I agree that it should be infrequent, but it should be an option and we should have a process by which there's a waiver process or some sort of review to say that this child went to preschool, he's going to be five, but he's not ready to go to kindergarten to sit there with the seven-year-olds or almost seven-year-olds because that I don't believe is going to drag him further or, you know, push him to be a better student. I think it's going to...it has just the same amount of capability to isolate him as a poorer student because the other guys are accelerating and the teachers want to spend more time with them. So I...that's kind of where we have to juggle the issue and I fully appreciate the committee taking up this resolution, but I'll stand down there and answer any questions if I can. [LR116]

SENATOR ADAMS: All right. Thank you, Senator. Are there questions for the senator?
[LR116]

SENATOR ROBERT: Thanks. [LR116]

SENATOR ADAMS: You're off the hook then. [LR116]

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SENATOR ROBERT: Uh-huh. [LR116]

SENATOR ADAMS: Thanks for showing up today. [LR116]

SENATOR ROBERT: You bet. [LR116]

SENATOR ADAMS: At the risk of sounding unfair to the remaining testifiers, if you could limit it to less than five minutes I would certainly appreciate that. I'm sorry to have to cut you off for your patience, but go right ahead. [LR116]

BECKY VEAK: Good morning, Senator Adams. I feel kind of like it's every man and woman for themselves up here. Thank you for allowing me this opportunity. My name is Becky Veak, that's B-e-c-k-y, my last name is Veak, it's V-e-a-k, and I'm here representing Nebraska Children and Families Foundation. We are a nonprofit organization that is supporting the birth-to-three endowment. While the main focus of the hearing today has been around kindergarten eligibility and when is the best time for a child to enter kindergarten, I would like to ask you just for a few moments to think about this issue in a slightly different context and that is that it's not so much about when is the appropriate age for a child to enter kindergarten but it's more about, regardless of the child's age when they enter kindergarten, that they're ready to learn, and there's that word that you brought up, Senator Adams. How do you ensure that children are ready to learn? Decades of scientific research which we've all heard has proven that for young children, especially children who are at-risk of failure in school, that having access to high-quality early childhood environments they have a better success rate once they enter school. It sets them on a path toward success. But even more compelling, in recent years there has been a lot of research into the brain and the physiological development of the brain, and what happens there in the first three years sets a child on the path toward whether or not they're likely to be successful or whether or not they're going to fail. Some of you attended a luncheon in April that we sponsored and we brought in Doctor Jack Shonkoff from Harvard. He's a leading expert in

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neuroscience, and his message was that during the first three years is when the architecture of the brain is formed. In other words, the electrical wiring is taking place which creates the base for all future learning. So it does matter if that architecture that's being formed is strong or whether it's weak. In the first three years, our brains fire 700 synapses or connections every second. These synapses are what creates the architecture of the brain. So the urgency of his message was, while we continue to learn throughout life, you can never go back and rewire the architecture of the brain. That window of opportunity is gone. So all future learning that takes place either rests on a strong foundation or a weak foundation. I'm talking about brain development as a physiological fact. If you believe this to be true, that the architecture is formed during the first three years, I would as the question, why are we not investing more of our education dollars in the first three years and front-loading the system, giving those kids a better opportunity to succeed? Kindergarten eligibility, you've heard this, is more than a date on a calendar. It's important that schools are ready for all children when they arrive. No matter if they're four or if they're six, schools need to be ready for children. But given what the science tells us, it's also critical that we make the most of the first five years so all children can take full advantage of what schools have to offer. Investing in the early years before a child enters the formalized school system is spending our public dollars wisely. It's a good investment and a smart one. I thank you for the opportunity to testify. I'd answer any questions. [LR116]

SENATOR ADAMS: Are there questions? Senator Avery. [LR116]

SENATOR AVERY: Well, actually mine is more of a comment. I'm glad you brought this up because just...I looked at a couple studies this morning and they show that if you do not start early childhood education by at least the age of 3 then you're 70 percent more likely to be arrested for a violent crime by the age of 18. Another study showed that those who did not participate in early childhood education at least by age 3 were five times more likely to become chronic lawbreakers by the age of 27. [LR116]

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BECKY VEAK: And I'm glad you brought that up. It is the...and it's primarily, I want to bring your focus back to kids who are at risk. That's mainly what I'm talking about. It's the kids who are at risk of failure in school that we're not investing in early and they're the ones that end up down the road costing us in criminal justice, in behavioral health costs. When you talk about safe haven, there's a connection to this. And so I think our message is that the earlier that we intervene, and by the age three, they're finding more and more that that birth-to-three age is especially important, that by the age of three, when they're looking at brain research, that your...a lot of the architecture has been formed by three and that your brain is starting to prune all of those other things that are in there that you're not using. It's starting to prune at the age of 36 months. That doesn't mean that you stop learning at 36 months. That continues. But the architecture of the brain which everything else rests on happens during that first three years. [LR116]

SENATOR ADAMS: Other questions? Thank you then. [LR116]

BECKY VEAK: Thank you. [LR116]

SENATOR ADAMS: And how many more testifiers do we have? Because we're going to end at 11:00. We just have to or the university people are just...(laugh). We have to switch. All right, go right ahead. [LR116]

SUE McNEIL: (Exhibit 7) Senator Adams, members of the Education Committee, my name is Sue McNeil and I appear today on behalf of Anselmo-Merna school district, a Class D-1 school in Custer County, S-u-e M-c-N-e-i-l. There was a void in the Anselmo-Merna school district. There was no public or private preschool in our entire school district boundaries. And research shows that children who attend preschool have a better chance of success throughout their career as a student. The Anselmo-Merna Board of Education decided that this was a critical area of concern and started a preschool for four-year-olds in 2007 at district expense. We are very concerned about the age requirements for preschool children. The current rule will not allow a child who

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will be five by October 15 to attend our preschool. They could attend a private preschool, however, there is not one in our district. A child could be driven out of the district to a nearby town ten miles from Merna and pay to attend a private preschool. This is generally not feasible for the children who most need the extra time in preschool. In our experience, it has been the economically deprived families who need preschool the most but cannot afford it. Therefore, they send their child on to kindergarten when they are not ready developmentally or academically to handle the rigorous routine of a modern kindergarten classroom. This August we will have two students who will be only three when they start preschool. This is due to the fact that they will turn four by October 15 and, therefore, five by the next year October 15 and must be in kindergarten. If parents knew they could wait another year and not have to worry about being five by October 15, they would hold their child until they were four to start preschool. Let me give you a specific example from this year. We had two students: a boy who turned four a month before school started, and a girl who turned four the first day of preschool. These two children ranked lowest all year developmentally and academically. They are behind in all areas. They will not be able to catch up in kindergarten this coming year. They will continue to lag behind their classmates. Even though their chronological age is the age the state has set for kindergarten attendance, they are not at the developmental age needed for kindergarten. It will be most difficult for the kindergarten teacher to meet the needs of these two children. They will need more attention than their counterparts. Therefore, these two children will be repeating preschool this coming year due to the exception. The research shows that when children get a slow start and are behind from the beginning of their schooling, they struggle all their school years. Plus, they get discouraged and do not enjoy school. Today's kindergarten classrooms are academic and rigorous. This causes tremendous stress on those children who are not ready for the demands of the classroom. We allow parents to opt out of the state-required immunization program which is critical to the safety of all citizens. Why couldn't the state devise a waiver that would allow parents to delay their child's start to kindergarten by one year? Our goal is for every child to be successful in school. If waiting one more year would help a child be developmentally and academically ready for school, why wouldn't

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we let them do this? Or, if this is out of the question, how about we compromise and move the cutoff date to May 1 instead of October 1 (sic)? Thank you. [LR116]

SENATOR ADAMS: Thank you. Any questions? Thank you then for your patience. Next testifier. [LR116]

MARY YILK: Hi. I'm Mary Yilk from Doniphan-Trumbull School. I am elementary principal and special service director. I have been an elementary principal for 17 years and I was a teacher of 3rd grade and 6th grade for ten years, so I've been in education for 27. And I want to thank you very much for having us be able to voice our opinion. I'm going to make this short because of time. The speakers before me are very well-spoken and have the same type of stories that I was going to bring to you, but I am also representing the...I am president of the Elementary Principal Association and we came to the Legislature in 2004 to change the entrance date. Most of the elementary principals see the need of either having June or a May entrance date. Instead, it was changed to January. If you were six by January, you had to start school. So I just want to say I'm representing the elementary principals. We strongly support the entrance age to be changed. [LR116]

SENATOR ADAMS: Thank you. [LR116]

MARY YILK: Yes. [LR116]

SENATOR ADAMS: Thank you for your brevity. [LR116]

MARY YILK: Yes. (Laughter) And... [LR116]

SENATOR ADAMS: And your patience sitting here so long today. [LR116]

MARY YILK: Yes. And I do want to just say one thing about being ready for school.

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Self-help skills, like being toilet trained, there are more and more four-year-olds that aren't quite toilet trained yet and the first time when someone asks me to wipe them, I'm...you're not ready yet. But, you know, and be able to take directions and to stay on task, those are some of the basic little skills. [LR116]

SENATOR SULLIVAN: Just one quick question. [LR116]

SENATOR ADAMS: Yes, Senator Sullivan. [LR116]

SENATOR SULLIVAN: So have the element...has the Elementary Principals Association recommendation a date to change to? [LR116]

MARY YILK: Again, you heard all sorts of different dates because there are repercussions. [LR116]

SENATOR SULLIVAN: Uh-huh. [LR116]

MARY YILK: You know, there's the financial, because schools will lose some money with some of the students coming. So, you know, my belief is June but I've heard May and I've heard August, so we couldn't agree on a date but we know October 15 is the wrong date, so. [LR116]

SENATOR SULLIVAN: Okay. Thanks. [LR116]

SENATOR ADAMS: Thank you. [LR116]

MARY YILK: Uh-huh. [LR116]

SENATOR ADAMS: Next testifier, please. [LR116]

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KRISTY FEDEN: Good morning. [LR116]

SENATOR ADAMS: Sorry if it feels like we're machine-gunning through you here but... [LR116]

KRISTY FEDEN: I will be very brief and thank you so much. My name is Kristy Feden, K-r-i-s-t-y, last name is Feden, F-e-d-e-n. I am a school psychologist and the early childhood facilitator in Papillion-La Vista school district. And I don't want to rehash. I think everyone made fabulous points this morning. My advantage of being the last person is to see that a common thread that I know we deal with in the Omaha metro area is the lack of quality early intervention programs, limited access to those programs, and also dealing with parents who may not be as equipped or feel as though they're not as equipped to provide those quality interactions and learning opportunities for their schools. And I know my national organization of school psychologists has a wealth of research in regard to the fact that age is not a good predictor of a child's academic success. In fact, a child's vocabulary at the age of three is a very good predictor of their future reading success in middle elementary, so again to stress the importance of access to quality early intervention programs is critical. And my final point is on the whole concept of school readiness. Again, my national organization would caution us to use that term, because what it assumes is that we need to wait until children have a preestablished set of skills before they can enter our kindergarten programs. And in fact, just to finish with a quote here, the responsibility of the school is to accept children with the language, aptitude, skills, and interests they bring. The function of the schools is to support the child's development and learning in all areas. The expectation is not that all children enter only with the specific prerequisite skills. We need to welcome all children. And I think that's spoken very clearly in our department's book that says Come As You Are Kindergarten. We have an obligation in the schools, too, to be ready. Thank you so much. [LR116]

SENATOR ADAMS: Thank you. Are there questions? Senator Haar. [LR116]

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SENATOR HAAR: This is just a really broad question but when I went to school long time ago, I didn't have kindergarten or preschool. What has changed or what is changing to put the pressure on even doing this? [LR116]

KRISTY FEDEN: I can speak both as a parent and an educator, and I will state that I have two daughters, well, actually I have three, but two of them have a September birthday and an October birthday, and I sent them without hesitation. But I feel as though they were...they certainly had opportunities to attend quality early intervention programs and so I think the expectation is there that parents provide opportunities. I know in the community that I live in there's talk amongst parents that, you know, my child isn't writing their first name, they need to be able to write their first name, and that's become kind of an unspoken prerequisite for going on into kindergarten and those are the types of things that are driving parental decisions in my community. I can't speak for other areas. But parents are kind of coming up with their own set of expectations and that drives a lot of what happens in our community preschools and I think our educators as well. Our teachers certainly...I have every respect for our educators and respect the fact that they know over the years what types of skills and learning characteristics help children to be successful and to benefit from curriculum, so I think we have all of that going on that's helping to drive. [LR116]

SENATOR HAAR: Okay. [LR116]

SENATOR ADAMS: Thank you. Other questions, Senator? [LR116]

KRISTY FEDEN: Okay. Thank you. [LR116]

SENATOR AVERY: No. [LR116]

SENATOR ADAMS: Senator Avery, no? [LR116]

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SENATOR AVERY: No, I'm going to pass. [LR116]

SENATOR ADAMS: All right. Thank you. [LR116]

KRISTY FEDEN: Thank you. [LR116]

SENATOR ADAMS: Are there any other testifiers? If not, thank you for your patience. We'll end the hearing and we will take a five-minute break before we start in with our next hearing. [LR116]

BREAK []

SENATOR ADAMS: We're going to begin our next hearing. We already are short on time and I don't want to cut any more than we absolutely have to. I see a few new faces in the room and so I'll make my comments, introductory comments, very short. I would ask you to turn off your cell phones so that it doesn't interrupt testimony today. I would ask you, when you do come to the microphone, that you speak right up and, I forgot last time, that you fill out your form to let us know that you're here and we can get everything entered into the record properly. We are going to limit testimony to five minutes and I'll do my best to try to end this at noon and, if there's still a little more testimony, I'll stretch it a little bit beyond noon so that we can keep on task with what we're doing. Every study has to have an opening so... []

SENATOR HOWARD: Chairman Adams,... [LR262]

SENATOR ADAMS: ...here we go. [LR262]

SENATOR HOWARD: ...welcome to your committee. (Laughter) [LR262]

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SENATOR ADAMS: Thank you, Vice Chairman Howard. There's very little that needs to be said in regard to this opening. The higher education folks approached us towards the end of the legislative session, as a matter of fact, for whatever it's worth, it was a little beyond our time line for an interim study, but our rules and our procedures, you all signed on to it and so we have this interim study, and basically what it is, it's an opportunity. We're going to hear a variety of things, I expect, from higher ed, but it is an opportunity for us to hear from higher ed because, as you know, quite often most of our hearing time during the session is devoted to K-12 education and not to higher ed. So today is an opportunity for those folks to talk to us and inform us about the things that are of interest to them that we need to be apprised of because higher ed is within the jurisdiction of this committee. Thank you. [LR262]

SENATOR HOWARD: First person who would like to testify? [LR262]

JACK GOULD: The early bird. Is there...could I have some help here? [LR262]

SENATOR ADAMS: There is no rhyme or reason to the testimony today and in terms of order, so as you wish, you can volunteer to come up and state what you will for the record for the committee. Thank you. Go right ahead. [LR262]

JACK GOULD: (Exhibit 8) Chairman Adams, members of the committee, my name is Jack Gould, that's G-o-u-l-d, and I'm here representing Common Cause Nebraska. I'll read through my prepared statement. That should help to cut time down, but I would like to make a couple of comments at the end. A Lincoln Journal Star article by Melissa Lee in December of 2008 revealed a secret deal between the president of Peru College, Ben Johnson, and Peru College Foundation. The deal made in 2003 promised Johnson \$455,572 in deferred payments if he stayed on as president for five more years. Neither Johnson nor the foundation reported the arrangement to the State College System chancellor, the Peru State College Board of Trustees, or the Accountability and Disclosure Commission. Public officeholders are required to file statements of financial

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interest on the first of April each year. Under that law, Johnson was required to report the deferred payments as a source of income over \$1,000. He failed to report...his failure to report resulted in my filing a formal complaint with the commission on behalf of Common Cause. He was fined \$1,200. The final appears minor in light of the financial transaction, but it focused public attention on a much larger issue. If private foundations are to provide funds to public entities. the public has a right to know how much money is being given and how that money is being used. If a public official is paid with tax dollars and also supported by private funds, the question of where are his or her loyalties? The Journal Star reported that no other employees at Peru, Wayne, or Chadron receive deferred payments from their foundations. At the University of Nebraska, however, deferred payments are only part of a much broader use of foundation funds. In 2002, actually it was 2003, forgive me, the Associated Press reported that a \$400 golf outing enjoyed by the Speaker of the Unicameral and the president of the University of Nebraska was paid for with foundation funds. When the question about the...when questioned about the expense, the foundation revealed that the funds came from a \$700,000 discretionary fund given to the president each year. Efforts to find out how the \$700,000 is spent each year have never been successful. We do know that the foundation also provides top administrators with expense accounts, supplemental retirement funds, housing allowances, country club memberships, travel for spouses, automobiles, housekeepers, snow removal, lawn care, and then this year a 19 percent raise in salary. The public should have the right to weigh the value of 36 country club memberships paid for by a discretionary fund against the potential of student services. It has been argued that these funds benefit...these foundation benefits are necessary to keep good administrators. This is a debatable subject, but there should be no argument about the public's right to know what all the benefits are and how much they cost. When private foundation funds reach a public entity, they must become visible and traceable. If private foundations are permitted to make secret deals and public universities are permitted to exclude the reporting of private funds, the public trust is violated. Nebraska needs legislation that will clearly define the public's right to know. Just a couple of comments after that: Every year I go up and look at the statements of financial interest. I

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don't go through all of them but I do spot check them. And this year when I went up and checked, the president of the University of Nebraska Foundation failed to report the University Foundation as a source of income over \$1,000. Now this is exactly the same thing that Ben Johnson did and was fined \$1,200 for. I called the University of Nebraska lawyer, Mr. Joel Pedersen, and I asked him about why a number of the administrators filed to report the foundation as a source of income. He indicated that this was no longer necessary; that they don't...the money that comes from the foundation is now given directly to the University of Nebraska and that all of the administrators and staff people who receive foundation funds only have to report the funds as sources of income from the university, not the foundation. Another problem with this is the fact that we are seeing more and more public school foundations being established across the state. They pattern themselves after the university. This is the premier foundation and it has done a lot of very good things for the state of Nebraska and for the school. But at the same time, if there isn't some legislation that requires these foundations to clearly identify the money that they give and where that money goes, then the public is going to be shut out. And remember, these are public institutions. These are not private colleges. Public institutions are responsible to the public. They accept tax dollars, they charge tuition, and the public has a right to know exactly where this money goes and how it's used, and they do have a right to know what it's being spent on in terms of if it's frivolous or if it's actually necessary. People should have to justify that. Another concern and the last that I'll bother you with is LB...I believe it's LB647, this is the audit bill which is on General File at this time, one of the concerns that we have about that bill, along with the Press Association and the university senate, is that that bill calls for the ability of the university to use private audits. That sounds good but in the end working papers from private audits are things that the public can't get access to, and one of our concerns is that this could be used as a tool to once again hide foundation funds or any other funds that come into the university; keep in mind--public institution. I don't know of any public figures other than at the University of Nebraska that are receiving deferred payments, at the expense of a private foundation, or retirement supplements or expense accounts. None of these things are permitted for public employees but we do

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permit it at our public universities and I'm afraid it may extend to public schools in the future. Thank you. [LR262]

SENATOR ADAMS: Thank you, Jack. Are there questions? Senator Avery. [LR262]

SENATOR AVERY: Yes, thank you, Mr. Chair. That bill you just mentioned on the auditing was before the Government Committee. How would the foundation funds be hidden in such an audit? [LR262]

JACK GOULD: Well, technically working papers are, in an independent audit, working papers become confidential documents and, therefore, they don't have to be released. Now there is an amendment to that bill and the bill says that I believe that the State Auditor would have access to the audit and the working papers, at least I hope that's the case. [LR262]

SENATOR AVERY: I think that is the case. [LR262]

JACK GOULD: My concern is at what point will the public be able to see the working papers. I mean it isn't too clear in that bill whether the working papers will be disclosed and the auditor will then disclose it to the public, or whether the public has direct access to those working papers. And I, again, our concern is that the public needs to know where all this money goes. There are three major sources of dollars for the university. They come from taxpayers, they come from students and students are seeing large increases in their tuition, and they come from the foundation. Because they're public entities...we don't think the foundation needs to disclose where the money comes from. We don't think they need to disclose how they invest it or...that's between them and the federal government. But our concern is when that money leaves the foundation and reaches the public entity, the public entity has a responsibility to disclose where that money goes and how it's being used. And if it's nothing to be ashamed of, I know these perks or benefits that they get are given at many institutions across the state, across the

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country, but if they're not ashamed of it then let's look at it, let everybody see it. And if they are ashamed of it, I mean I would feel embarrassed if I was raising the tuition on a bunch of students and I was out there trying to beg you folks to give me more money and then I was accepting \$100,000 in deferred payments every five years and that I was accepting country club memberships and a Cadillac and that I was out there with my expense account and my gasoline credit card and all of those things. I'd feel guilty. I would want to say to the students, I'm going to do my part, I'm giving this up. But... [LR262]

SENATOR AVERY: You know you're talking about football coaches, too, don't you? [LR262]

JACK GOULD: I am. I know that that's a favorite. [LR262]

SENATOR AVERY: (Laugh) That's dangerous territory. [LR262]

JACK GOULD: It is. Well, I know that everybody likes to jump on the coaches, but the buck stops with the president. This is the person that makes the decisions. So if we're going to question what's done with coaches and other administrators, whether it be chancellors or vice presidents, I think you go to the president and you ask the questions, and you also make the requirement that he fill out the forms that you have to fill out and everybody else has to fill out. [LR262]

SENATOR AVERY: Thank you. [LR262]

SENATOR ADAMS: Are there other questions? Bob. Senator Giese, I'm sorry. [LR262]

SENATOR GIESE: Thank you. Mr. Gould, just for a point of information, the \$700,000 discretionary fund,... [LR262]

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JACK GOULD: Right. [LR262]

SENATOR GIESE: ...is that going up? What has it been, say in the last five years?
[LR262]

JACK GOULD: Well, the only...I should tell you, the only way we found out about the \$700,000 discretionary fund is that we filed a formal complaint about the golf outing, saying that this was lobbying by the foundation. The foundation then took the position, saying it was not lobbying. And we argued that they should be registered as a principle. If they're going to give lobbying gifts, they should be registered as a principle. The university argued that they shouldn't do that, but they also conceded that they would record their gifts as a public entity. They would report their lobbying activity to the Accountability and Disclosure Commission, which they do in part. They don't... [LR262]

SENATOR GIESE: And when did you do this? [LR262]

JACK GOULD: This was in 2003. [LR262]

SENATOR GIESE: Okay. [LR262]

JACK GOULD: It was a legal...really, it was a legal argument. At the end, though, the \$700,000 discretionary fund came out in the press. The foundation said to the reporters, this money that you're worried about, the \$400, is simply part of a \$700,000 discretionary fund given to the university, and so we're not lobbying; you know, the money went to the university and the university is lobbying so the university must report this information. So it was a...then we came back to the foundation and said, well, what about the \$700,000? And we said to the university, give us an accounting of the \$700,000. Well, that never happened and since that time, we've made several efforts to try to find out where the \$700,000 goes. It may be that it goes to all these other things. It may be that it's used for things that we don't even know about, but we do know it as

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used for a \$400 golf outing and we would like to know, you know, where the rest of it goes and is all of this other stuff part of it or are they separate things that the foundation does? We don't really know. [LR262]

SENATOR GIESE: Thank you. [LR262]

SENATOR ADAMS: Other questions? Seeing none, thank you, Jack. [LR262]

JACK GOULD: Thank you. [LR262]

SENATOR ADAMS: Next testifier. [LR262]

RON WITHEM: (Exhibits 9 and 10) Senator Adams, members of the Education Committee, I'm Ron Withem, R-o-n W-i-t-h-e-m. I'm the director of governmental relations for the University of Nebraska. There may be several questions that the committee has regarding Mr. Gould's testimony, but I believe what I'm going to do is proceed with the testimony I was going to offer in place of President Milliken, and then if you have questions about what Mr. Gould said, I'd be happy to respond to those. President Milliken very much wanted to be here today. As a matter of fact, he is in Paris as part of a United Nations conference on higher education as part of a group of Nebraska...or not Nebraska, United States higher education leaders who are attending that conference, and he's been busy sending his edits to...and rewriting and writing again his testimony because he wanted to make sure that it is properly stated for the committee. So I'm going to go through his testimony, then I have some financial information I wanted to give to you: Thank you for convening this hearing on LR262. I regret that my schedule did not permit me to be with you in person today and I hope there will be a future opportunity for me to appear before the committee. Public higher education is widely recognized as one of the most critical factors in shaping the economic future of our state and nation, and I appreciate the committee's exploration of some of the issues faced in higher education today. Educational attainment is an

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important metric in any discussion about economic growth and social well-being. It is strongly correlated with higher personal income, increased civic engagement, better health, lower rates of reliance on public assistance, and higher employment rates. Simply put, the higher our level of education attainment, the better off our economy and society are. The impact of the knowledge-based economy on jobs is evident. According to the Bureau of Labor Statistics, 70 percent of the fastest growing jobs in the next decade will require some education beyond high school. Recent statistics from the Organization for Economic Cooperation and Development show that the United States is losing ground to other nations on college enrollment and competition (sic). While the education level of U.S. adults over 35 is second only to Canada, between 2006 and 2008 the U.S. slipped from 7th to 10th in the percentage of young adults who have at least an associate's degree. It is notable that the reason for our decline in this ranking is not that our percentage has dropped but that other countries are catching up with us. President Obama, joined by a number of leading foundations and education associations, has set a national goal to reclaim its position of global leadership in higher education. This is a major initiative that would require our nation to educate hundreds of thousands of additional students each year, as well as increase graduate rates significantly. The effort is worth it. The initiative is mirrored in Nebraska by our Governor's often-stated goal that Nebraska be among the top states in the nation in its college-going rate. The president applauds this goal and hopes it is one that the committee shares. Nebraska has one of the highest high school graduation rates in the country. However, only 27 percent of Nebraskans have a bachelor's degree or advanced degree. We have fewer than 300,000 people in the work force in our state who have the level of education required to fill the highest paying jobs. We also have 140,000 people in the state who have attended college but did not complete their degree. One of the best ways we can prepare young Nebraskans for success in this knowledge economy is to encourage them to get a college education, including providing a system that prepares them...prepares them, provides financial assistance when necessary, and graduates them. The University of Nebraska is working to prepare students in a number of ways, including by making college more affordable through

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student financial aid programs like Collegebound Nebraska and other programs. Many of our academic programs are geared to addressing work force needs, with recent examples including the expansion of our nursing education capacity and new degree programs in high-growth, technology-driven disciplines. High quality academic programs are also important to attracting new talent to the state, enhancing our success in recruiting high-caliber, out-of-state students who increase the talent pool in Nebraska. Nebraska's ability to maintain its relative position of strength in today's difficult economy, to recover quickly and to be competitive in the future depends on our ability to keep and attract talent. In addition, our research activities add tremendously to the economic vitality of Nebraska. We also provide support in the form of entrepreneurship and business development services to individuals across the state. I hope you won't tell the president I'm editing his remarks as I go through here to meet your time line. (Laughter) But as the university plays an increasingly important role in Nebraska's ability to compete in the global marketplace, it continues to decline as a percentage of the state's budget. In the last 20 years, NU has gone from being 21 percent of the state budget to 14 percent. Of course, this is only one measure of the state's support for its public university, but we are to maintain...but if we are to maintain the university's significant momentum and continue to contribute at a high level to the state's economic growth, we must ensure that state support is adequate. And I'll stop there and just indicate to you, I have some graphs that we've put together that I'd like to distribute to the committee that show some of the funding growth situations in the state in terms of growth in funding university, state colleges, community colleges, higher ed in general, K-12 education, and other elements. There are five graphs here that I believe are fairly self-explanatory. When you get those, you have any questions about them, I'll be happy to respond.

[LR262]

SENATOR ADAMS: Thank you, Ron. Are there questions for Ron? Well, let me begin. I'm sure that somewhere in my office the university has provided this for me, but what's been the trend as far as our freshmen classes at the university system are increasing, decreasing? [LR262]

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RON WITHEM: I'm never good at remembering the exact statistics. In the last few years there's been a significant increase. I know the Board of Regents several years ago set a goal of 1.5 percent increase per year in enrollment and, by and large, we've met that. I believe the University of Nebraska-Lincoln had the highest percentage increase in its freshman class this last year than it has in a decade or so. Little of the history of that, the enrollment began to decline after the mid-nineties, when the university did institute admission requirements. Prior to that, a bachelor's degree...or a high school degree was all that was required. And there was a big of a drop in enrollment at that time, but since then it's picked back up to the point where we're pretty much back to where we were in the mid-nineties. [LR262]

SENATOR ADAMS: What do you see as far as the number of developmental courses that you're having to offer and preparedness for the university? [LR262]

RON WITHEM: To a large extent, we're out of that business. When the enrollment...when enrollment requirements came into play, one of the comments was that the university really shouldn't be doing developmental education. It's largely a function of the community colleges and they do an excellent job of it. I believe one of the things that was done in the nineties with the admission requirements was we looked at higher ed as more of a system. We wanted to make sure that there were opportunities available, and, to a large extent, those students that aren't prepared to enter the university find excellent developmental education at the other institutions. [LR262]

SENATOR ADAMS: Thank you. Senator Avery. [LR262]

SENATOR AVERY: Thank you, Mr. Chair. Mr. Withem, I am looking at this first chart that you've passed out... [LR262]

RON WITHEM: Yes. [LR262]

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SENATOR AVERY: ...in the handout and I note here that the institutions of higher learning that do the best are those with a needs-based funding formula. And I'm suggesting that maybe the University of Nebraska and the whole system might consider going to a needs-based funding formula if you want to increase state allocation. [LR262]

RON WITHEM: I know some states do that. Nebraska has never felt comfortable moving in that direction. I should point out, and Mr. Baack can comment on this when he gets up, that the high number for the community colleges really isn't a result so much of their need based as it was several years ago when there was a desire in the state to have a property tax relief program money, and it needed to be done fairly quickly. They did not want to set up a bureaucratic model to distribute money at that particular time, so it was determined that the money would go to the community colleges with a stipulation that it replace property tax dollars. So this 180 percent increase that they receive should not be interpreted as additional revenue to operate. It was specifically required to replace property tax dollars. [LR262]

SENATOR ADAMS: Senator Haar. [LR262]

SENATOR HAAR: Thank you. Could you also get us a chart, please, of not just the growth but also the absolute numbers for these... [LR262]

RON WITHEM: Oh sure. [LR262]

SENATOR HAAR: ...on the first six? [LR262]

RON WITHEM: That was attached. I can...and we...because it's in such print and wasn't something I was planning on going over, we didn't include it. But I can get you that chart, you bet. [LR262]

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SENATOR HAAR: Okay. [LR262]

SENATOR ADAMS: Ron, do you know or could you find for us what percent of your students are Pell eligible? [LR262]

RON WITHEM: Sure. I don't know. [LR262]

SENATOR ADAMS: Do you know that? [LR262]

RON WITHEM: I don't know... [LR262]

SENATOR ADAMS: Okay. [LR262]

RON WITHEM: ...but I can find out. [LR262]

SENATOR SULLIVAN: That's a good question. [LR262]

SENATOR ADAMS: Thank you. Are there other questions for Ron? Senator Avery. [LR262]

SENATOR AVERY: One more question: Would you care to express an opinion... [LR262]

RON WITHEM: Always I would be happy to express an opinion. [LR262]

SENATOR AVERY: ...okay, (laughter) about the relationship between these numbers and the...apparently the decline in funding for the university and the series of tax cuts that we have approved here in the Legislature over the past several years? [LR262]

RON WITHEM: Not sure exactly where...my observation over the years has been, when

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there is...when there are fewer dollars available in revenue, either as a result of tax cuts, which is what your question addressed, or more frequently as a result of the economy just not doing particularly well, the Legislature and the Governor look toward what they consider to be discretionary spending. And there's a feeling that higher ed is in that category of discretionary spending and I think it's our job to try to convince the Legislature and the Governor, in this era of economic growth and the importance of higher education to a state's economy, we should no longer consider that discretionary spending. It should be considered an investment. And if we're not making that investment, we're going to be falling behind other states and, next time there's an economic downturn, we won't be one of the rosy spots in the country. [LR262]

SENATOR AVERY: Another opinion question: We heard previous testimony about the foundation. The foundation is rather robust in the amount of money it has and a lot of that money goes to the university. Is it your observation or opinion that a good part of the slack has been...that was created by a decrease in state funding, has it been made up by the foundation? [LR262]

RON WITHEM: Well, actually, if you look at the pie charts, I don't have to venture an opinion in this regard. This is... [LR262]

SENATOR AVERY: I didn't get that far. [LR262]

RON WITHEM: Well, this indicates that in the '98-99 breakdown in all of the funds that the university receives, this is...this includes the total business operation, not just the academic service and research entity, we received 10 percent of our funding from private funds. We're now up to 14 percent. So, yes, it has picked up, picked up the slack. [LR262]

SENATOR AVERY: And tuition now has jumped from 9 percent to 12. [LR262]

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RON WITHEM: Very good. That's the issue. And at the same time, appropriations has dropped from 38 percent to 27 percent. [LR262]

SENATOR AVERY: Well, my concern is that we might be witnessing the privatization of a public institution. [LR262]

RON WITHEM: It's happening in other states. Other states...Nebraska was somewhat blessed because I should point out we actually started with very strong state support for the university. And even with the numbers I'm presenting here today, Nebraska probably supports public higher education with a greater percentage of its budget than most other states do. It's just we're concerned about the trend and if the trend continues--as you pointed out, to more funding relying on tuition, we're proud of the fact that we had the lowest tuition increase in a decade this year but it was still an increase and it still affects affordability --we've...we're very concerned about that. As you know, Senator, some states like Colorado and Michigan, they kind of joke about going from state-funded to state-supported to state-impeded, and they feel like they're in that state-impeded category because a very small category of their budget comes from the state any longer. [LR262]

SENATOR ADAMS: Senator Sullivan. [LR262]

SENATOR SULLIVAN: Thank you, Senator. I just wondered, you made comments when you first started your remarks that you might have some remarks relative to the testimony prior to yours. Did you want to clarify anything? [LR262]

RON WITHEM: The one point I would make is, number one, a philosophical one that most institutions of higher education, including community colleges, and, as Mr. Gould pointed out, it's even a trend in high school, have foundations where individuals who want to fund particular projects have an ability to do that, and Nebraska, University of Nebraska has a very strong foundation. When the funds...the one point that it's my

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understanding that you may not have got the impression from Mr. Gould in his testimony, it's my understanding that when those funds hit...leave the foundation, the foundation is a private entity, run by private individuals, raises money. Its purpose is to support the university. When those funds leave the foundation and they come to the university, they are, within our accounting system, they're a public record and anybody can find out what they want to about them. And I'm not sure what the difficulty is Mr. Gould was talking about. [LR262]

SENATOR SULLIVAN: Okay. Thank you. [LR262]

SENATOR ADAMS: Senator Haar. [LR262]

SENATOR HAAR: Thank you. The funding trends that you show here, does this at all threaten Innovation Campus or is that a new...how does that get folded into things? [LR262]

RON WITHEM: Innovation Campus is going to be one of those things that's funded, I'm sure, like most major university projects, with a variety of sources, some public funds, some reallocated funds, some...a lot of private funds. A lot of the development on innovation campus will be...if the business model is successful, will be private businesses building their own businesses on campus to be there in partnership with the university. Yeah, declining funding from the state, and again it's not declining in absolute terms, what we're talking about is a decline in the percentage, you will see an increase in practically every year in the university's budget. It's just not as much of an increase as others. But that, you know, declining funding challenges us, makes it more difficult for us to meet all of our goals, including Innovation Campus, I'm sure. [LR262]

SENATOR ADAMS: Go ahead, Senator Haar. [LR262]

SENATOR HAAR: To continue with some questions, auxiliaries, what would that include

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on your pie chart? [LR262]

RON WITHEM: Auxiliaries would be like dormitories, an athletic program is an auxiliary, programs that provide services but receive their funding directly from those who receive those services, food service. Students purchase a meal ticket and that money goes into here and then that money is expended in buying and preparing food for them to eat. [LR262]

SENATOR HAAR: Okay, and then foundations would come under the private funds? [LR262]

RON WITHEM: Right. [LR262]

SENATOR HAAR: Okay. And then finally, one of the interesting things about TEEOSA, it gives us a target and then we have to adjust that target as we go along. Do you have any target for what you would like to see this pie chart become, you know, like our tax target is sort of a third, a third, a third for income, sales, and property? [LR262]

RON WITHEM: I don't think so. It's a good question. I don't know that we have an ideal model of what this graph would look like. It's just we see...we see a concern when we see the state investment dropping as a percentage where the other portions are growing. Our budget process is really one of, you know, we're probably already beginning to analyze the needs for the next biennial budget on the campuses. We submit that in the...begin working with our board in the winter of odd-numbered years, submit that to...or, excuse me, of even-numbered years. We submit it to the Coordinating Commission in the fall, goes to the Governor in the fall of the year, he makes his recommendation and it's more of an internal process of developing what our needs are as opposed to looking...and Senator Avery indicated before that some institutions have a formula. We don't do that. [LR262]

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SENATOR HAAR: Well, in some respects, having gone through the first year now, I felt like TEEOSA was a target and we were really gunning for that one. I didn't feel that kind of pressure on the university budget and I'm just curious. [LR262]

RON WITHEM: And some of that could be because of the automatic pilot which defines for the state what the optimum level of funding would be. I think I'm just repeating what you're saying here. [LR262]

SENATOR HAAR: Uh-huh. Uh-huh. [LR262]

RON WITHEM: I think your observation is probably correct. [LR262]

SENATOR HAAR: So I need more pressure in that direction. (Laugh) [LR262]

RON WITHEM: We'll do what we can to exert pressure then, if that's what you'd like. (Laughter) [LR262]

SENATOR ADAMS: Senator Avery. [LR262]

SENATOR AVERY: I recall in 1988 you sponsored a bill, LB940, that set up a commission to study school financing that created ultimately TEEOSA. [LR262]

RON WITHEM: I vaguely remember that, yes. [LR262]

SENATOR AVERY: Yes. So you must have some commitment... [LR262]

RON WITHEM: No, it's not vague. I have a pretty (inaudible). [LR262]

SENATOR AVERY: ...to needs-based formulas. (Laugh) [LR262]

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RON WITHEM: Yeah, I just don't know how they apply to higher education though. Be willing to look at that. I know that typically, when I'd be on the other side of the table and ask questions like that, typically higher education is more comfortable with the current budgeting methodology. [LR262]

SENATOR AVERY: But it means, though, that you have to work the Appropriations Committee every year and, you know, if you don't succeed there, you don't succeed anywhere. If you had a need-based formula, that would at least give us that target that Senator Haar was talking about. Then you'd have something to be aiming for. And even if you still work the committee, as your principal strategy which you've pursued for decades, then at least you would have...say this is where we need to be, let's see how close we can get there. If you don't mind, I'd like to go back to Mr. Gould's testimony a little bit. [LR262]

RON WITHEM: Well, that would be fine. [LR262]

SENATOR AVERY: That would be fun, you said? [LR262]

RON WITHEM: That would be...no, not fun, fine, fine. (Laughter) [LR262]

SENATOR AVERY: I didn't think you said fun. If the...when the funds leave the foundation, if they are indeed then public at the university, why is it that the university has been so resistant to releasing information on how these funds are spent? [LR262]

RON WITHEM: And I don't know that we are. I'm at a disadvantage here. [LR262]

SENATOR AVERY: Oh, I do know you are because I've seen it happen in other areas, like football tickets and things of that sort, where... [LR262]

RON WITHEM: Oh, every year with football tickets, we prepare the press release...

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[LR262]

SENATOR AVERY: Oh no, but you do now. [LR262]

RON WITHEM: ...because we know the question is coming. [LR262]

SENATOR AVERY: But you go back several years, it took herculean efforts to get the university to release that information. [LR262]

RON WITHEM: Yeah, and I don't recall that. Ever since I've been at the university, I usually get, because it's a government relations kind of issue, notified that so-and-so in the press has asked for the football tickets and we've even got it set up on a computer formula to generate that now. [LR262]

SENATOR AVERY: And it's fine now, it is. I'm not criticizing that. But I want to go back several decades when those battles were taking place. The university was extremely resistant to releasing information that you are saying is actually public information. If it's public information then it ought to be easily available to the public. And if the university is not doing that, they ought to. And if they're not going to do it voluntarily, then maybe we ought to require them to. [LR262]

RON WITHEM: Well, and I think you require us to do that now. They're public records. Public records statutes indicates that any record generated from public funds is a public record unless it meets that list of exceptions. You know, a couple years ago we did come in and get an amendment on the personnel records of job applicants and changed that a little bit with the help and support of Media of Nebraska. So I believe they are public records. [LR262]

SENATOR AVERY: Well, I'm glad to hear that. Maybe I need to have this conversation with Mr. Pedersen who... [LR262]

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RON WITHEM: Mr. Pedersen always enjoys conversations with you. I know he will enjoy that. [LR262]

SENATOR AVERY: I know he does. But I mean transparency is such an important practice, not just a concept but a practice for public institutions, particularly an institution as big and as powerful at the university. The more transparency you have the more confidence...I don't mean to preach but the more confident the public has that we're doing things the way we ought to do it. [LR262]

RON WITHEM: Yeah. There...maybe I shouldn't leave with too much of a Pollyanna approach to this there. We are also a business and there are some business activities that are not operated that well in the full light of the public, such as job searches that I mentioned before. So, you know, there are things from a... [LR262]

SENATOR AVERY: And we made it easier for you... [LR262]

RON WITHEM: Yes, you did. Yes, you did. [LR262]

SENATOR AVERY: ...on the job search issue. [LR262]

RON WITHEM: You very, very much did so. [LR262]

SENATOR AVERY: Okay. [LR262]

SENATOR ADAMS: Are there other questions for Ron? Yes, Senator Howard. [LR262]

SENATOR HOWARD: Thank you, Mr. Chairman. I can't help but ask this, and it's a question that could require a lot of time, so I don't expect a drawn-out answer. But is the university prepared to change to meet the need of the population to advance to

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employment in a fairly brief period of time? I know we all love the picture of the academic campus and the idea of our children going to a four-year and being prepared to be professionals, but I think there's a big segment of the population out there who's interested in getting a job in a relatively short period of time. It's been a concept that I've had to really come to grips with, that there are other means, there are other educational programs that utilize the Internet and that sort of thing... [LR262]

RON WITHEM: Oh yeah. [LR262]

SENATOR HOWARD: ...and don't require campuses and additional buildings. Is the university really addressing that and moving in... [LR262]

RON WITHEM: University, I think, is doing a lot in the area of distance education specifically. We're kind of reorganizing the way we offer distance education classes and I believe some time in the near future there will be some public announcement of that. Yeah, I agree, and I think we are. In terms of, you know, quickly coming forward and getting a degree, there may be other entities that do that because, you know, we still are a four-year academic institution, but I believe in the last ten years, since I've been at the university, I've seen a lot of changes in making it more easily accessible. So I think we're very cognizant of what you're talking about. [LR262]

SENATOR HOWARD: Yeah. Well, this is a...I appreciate the university system. You know, my graduate degree is from there. But on the other hand, this is very expensive and things...you know, we balance a budget an after spending the month of June in Illinois, where they're \$12 billion in the red, I appreciate that we balance a budget. [LR262]

RON WITHEM: I agree. [LR262]

SENATOR ADAMS: Other questions? Thank you then, Ron. [LR262]

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RON WITHEM: Thank you much. [LR262]

SENATOR ADAMS: Appreciate your testimony. [LR262]

TIP O'NEILL: (Exhibit 11) Hi, Senator Adams, members of the Education Committee. [LR262]

SENATOR ADAMS: Good morning, Tip. [LR262]

TIM O'NEILL: Hope you're having a good summer. I'm Tip O'Neill with the Association of Independent Colleges and Universities of Nebraska. I love the summer. (Laughter) I'm just providing you some basic information about independent colleges and universities and I wanted to touch on a couple issues that I think are important and recent, so kind of bear with me on that one. First of all, the first sheet in the packet of materials indicates who we are, the 14 nonprofit, privately controlled colleges and universities that are located in Nebraska, more than 28,000 students. We award 40 percent of the bachelor's degrees, approximately. We awarded more degrees in 2006 to African-American students than the university and state colleges combined. We regularly award more than half the bachelor's degrees in the health sciences, including nursing. So we have a significant impact in higher education in this state and it sometimes surprises people to see that actually the median income of students who attend our institutions for Nebraska residents is actually less than the median income of students who attend four-year institutions. Senator Avery, did you ask about the number of Pell Grant recipients at the University of Nebraska...or Senator Haar did. Okay, Senator Haar, that number systemwide is 8,208, according to the Collegebound Nebraska materials that I have. So University of Nebraska has about 8,200 Pell Grant recipients, and I don't know what their total enrollment is but, as I recall, it's somewhere between 40,000 and 45,000, but that would include graduate students and professional students and all other sorts of students that would not be eligible for Pell Grants. So

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Nebraska taxpayer investment per degree is an area, I think, that we fare very well. Obviously, publicly funded institutions are going to have a greater expenditure per degree than the independent colleges and universities in this state, and that's why I think when you talk about the best use of higher education resources, when you look at the higher education resources of the state, you need to consider how to best utilize all of the higher education resources, particularly the nonprofit and public ones. I mean if you have quality programs in the independent sector, you really don't want to recreate those programs in the public sector because then you're just adding to the taxpayer cost. And as you all know, as we look at...in the future at what state revenues are going to be and where state interests are in expending those revenues, we need to be able to utilize all of the resources of higher education. You asked about full-time freshmen, Senator Adams, and where those trends were going, and as you can see, full-time freshmen between fall 2003 and fall 2007 was up about 8.4 percent in the University of Nebraska system, down slightly in the state colleges, and down significantly in the independent sector. And so first-time, full-time freshmen are kind of the lifeblood of the institutions that I represent. If you have a bad recruiting year for a freshman class, you're going to have some impacts all the way through the chain. And of course, when you have an economy like we have now, with family incomes that have diminished and also endowments that have diminished, we're putting real pressure on recruiting. We've had to come up with more money for student aid. When you have to put more money into student aid, that has an impact on the amounts that you can pay salaries and some of the other things. So those are some concerns we have. The two issues I think that I want to comment on the most, first of all, the recent announcement that Peru State was going to be charging nonresidents the same tuition as resident students, I guess we would say that program provides...creates a tuition equalization program for nonresidents, while we provide no tuition equalization program for resident students who attend Nebraska independent colleges and universities. So we might want to think of what the state...if the state policy that provides more support for nonresidents is better than a program that provides support for resident students. As you can see in the last page that I provided you with, we already provide about \$29 million in tuition

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waivers to nonresident students who attend Nebraska public institutions, and that does not include graduate assistance because I consider those waivers to be more in the sense of compensation than they would be in terms of a scholarship. The last issue I want to talk about, the Coordinating Commission just released the 2009-2010 target allocations for the Nebraska Scholarship Program. I think Ritchie sent those to me yesterday. We have a third institution now that's going to receive more than \$1 million from the state grant program, in addition to the University of Nebraska-Lincoln and the University of Nebraska-Omaha. Kaplan University is going to get an increase of about \$300,000 and will be receiving about \$1.2 million in state funds from the Nebraska Scholarship Program, which is more than UNK and UNMC combined. It's more than the three state colleges combined. The increase is more than the total that students at Creighton University receive. And I think there are...it continues to bring up issues regarding, you know, which students the state ought to be supporting in the grant program and I'm sure we will continue to have those discussions when the Legislature reconvenes. Be happy to answer any of your questions. [LR262]

SENATOR ADAMS: Thank you, Tip. Are there questions for Tip? [LR262]

SENATOR AVERY: Was that a threat that you're going to actually make us go through that again? (Laughter) [LR262]

TIP O'NEILL: What's the new country song, God is great, beer is good, and people are crazy. You know, so what can I say? I can't add any more than that. [LR262]

SENATOR ADAMS: Yes, Senator Sullivan. [LR262]

SENATOR SULLIVAN: Thank you, Senator. Tip, do you think the economy is the biggest factor in your freshman enrollment or are there other factors that affect the decline? [LR262]

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TIP O'NEILL: Well, I think you've seen...I think that's certainly part of it. I mean I think the demographics in Nebraska is part of it too. I mean you're not seeing continued growth in high school graduation classes and I think we're going to continue to see colleges that I represent have to go out of state to...and probably be more aggressive in marketing to nonresident students just because of the demographics. [LR262]

SENATOR SULLIVAN: Does it...is there any impact on dwindling population in rural Nebraska? I mean I... [LR262]

TIP O'NEILL: Sure. [LR262]

SENATOR SULLIVAN: ...you typically draw quite a few students from... [LR262]

TIP O'NEILL: Absolutely, we do. And again, the public see those same pressures and if they increase their discount rates, you know, the Collegebound Nebraska Program, for example, made an announcement this spring that they were not going to charge students any tuition who had family incomes of up to \$52,000. Well, family incomes of \$52,000 may be actually higher than the average family income of some of the institutions that I represent. In fact, in '03-04, we found that the average family income for Nebraska resident students at the colleges I represent was about \$54,000. So any time you have those sorts of enhanced recruitment activities you're going to have an impact on student recruiting. [LR262]

SENATOR SULLIVAN: Thanks. [LR262]

SENATOR ADAMS: Other questions? Tip, along those same lines, I've been...during the session and since the session, been giving a lot of consideration to the points that you've been making all along. Are we also seeing a change demographically, I'll use that word, in the college choices that kids are making? And I'm basing that question on 31 years of seeing seniors come and go in my classes. I saw what I believe to be a

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trend difference of, good, bad, or indifferent,... [LR262]

TIP O'NEILL: Uh-huh. [LR262]

SENATOR ADAMS: ...of, one, I don't want to have much debt; I keep hearing about debt, debt, debt, debt, debt; can't figure it on a calculator but I know it's a bad thing because I hear it all the time. [LR262]

TIP O'NEILL: Uh-huh. [LR262]

SENATOR ADAMS: Secondly, a generation of students, good, bad, or indifferent, who want to get from point A to point B as quickly as possible. [LR262]

TIP O'NEILL: Uh-huh. [LR262]

SENATOR ADAMS: And maybe right along with that there's this...and I don't know that it's good but it may be reality, this attitude that so much for liberal arts, you're not taking astronomy, forget it; you take what you need and that's what's it's going to be to get to the end, and we may not have that worldly college student, who went on to college and took literature and astronomy and all those things, wish they would. I guess to summarize, is that the kind of student that we're looking at today which ends up causing us at the community college level, state, university level, and at the independent college level to look at say what's going on here? [LR262]

TIP O'NEILL: Well, it would vary by institution, and certainly if you look at the growth in enrollment at the independent colleges, there are about three or four independent colleges that have had the most significant enrollment. The rest of them remain relatively flat. As far as the debt issue is concerned, we tend to be able to handle that issue. For example, a graduate of Nebraska Wesleyan University has, on the average, about \$200 more in debt than a graduate at the University of Nebraska-Lincoln, and

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even though that, because of the tuition differential, it may not make any sense, it actually does when you factor in the time to graduation. And so that's not as big an issue. I think obviously there more adult education going on. A lot higher percentage of adults are taking college courses, and so those institutions that have focused on that population probably have been more successful than the institutions that have focused more on the traditional college-age students. [LR262]

SENATOR ADAMS: Yep. Thank you. Are there other questions? Thank you then, Tip. Appreciate it. [LR262]

TIP O'NEILL: Okay. Thank you, Senator. [LR262]

SENATOR ADAMS: Next testifier. How many more folks do I have that would like to testify? Okay. [LR262]

STAN CARPENTER: (Exhibit 12) Morning, Senator Adams, members of the committee. My name is Stan Carpenter and I am the chair...I'm the chair...I'm the chancellor. Maybe I'll be chair too. I'm the chair of the NET board. I'm the chancellor of the Nebraska State College System, and for the rest of this month I will be maintaining my position as president of Peru State College until Dan Hanson comes on board on August 3. I've had a terrific year at Peru and it's been a good time and a great learning experience for me. I guess what I'll do this morning is focus on the Nebraska State College System, since we've heard about higher education generally in the kind of things that Ron talked about, and just give you kind of a quick update, if I may, on the system itself. I do appreciate the opportunity to be here today to talk about the State College System. The College System is sound, it is vibrant, robust. We continue to focus on our core mission which is with a key emphasis on access. That's kind of what our key mission is about in the State College System. Our system has been strengthened over the past several years through improved collaboration within the system and collaboration externally, as well. And let me just talk for a moment a little bit about some of those collaborative

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activities. As I said, we are working in ways together that we haven't worked before. This past spring we put two interesting programs together in a very quick turnaround time for the State College System. One is the NSC Advantage Program which is similar to the University of Nebraska's program which basically says that if a student is a Pell recipient and they come to our institutions, we will guarantee that they will not pay any tuition at our institutions. We'll find ways to make sure they don't have to do that. And the other program that we just did several weeks ago was to join the GI Bill Yellow Ribbon Program which says, for those veterans who are qualified, they will come to our institutions and pay no tuition nor pay any mandatory fees. The reason I raise that is, it took a great deal of cooperation among the three institutions to put that together, but they were willing to do that and we did it in a fairly quick period of time. Unlike some institutions, we can make decisions fairly quickly and implement them fairly quickly, unlike the system that I came from in Vermont where it was kind of like trying to turn a battleship and you had to know what you wanted to do two weeks ahead of time before you made that turn. We can operate fairly quickly and efficiently and easily in our system, and a lot of that is because of the collaborative activities that we have undertaken among and between the institutions ourselves. I also just want to touch on, if I may, the kind of collaborative activities that we have externally. Many of you know or all of you know about our SIS/SAP collaboration with the university. We just went live with our SAP system, the new financial system that we've been working with the university on, on July 1. It didn't go off without a hitch but it went off pretty smoothly. And that partnership continues on with our SIS partnership, that is the Student Information System that we're putting in place, which we're in the process of implementing now and hopefully we'll be going live about a year from now. And so that's one very important partnership that we've put together, and we've appreciated the university's working with us. They've been a terrific partner and I hope that we've been the same for them as well. There's another partnership that we've entered into a couple years ago with the community colleges, called our Joint Admissions Program, where basically if you are admitted to one of our institutions, you're also admitted to the community colleges, as well, and vice versa. And as Dennis Baack and I and the community college presidents

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and our presidents worked that out, our thinking here was to make it as easy as possible for students in Nebraska to take courses at any of those institutions that they needed without having to jump through the hoops of registering and becoming a matriculated student and so on and so forth. That took a little effort to do but it's a partnership that we're very proud of. And another one that Senator Giese will certainly relate to you and that you all know about is the partnership between Wayne State College and Northeast Community College for the College Learning Center in South Sioux City, and we will be breaking ground on that tomorrow, Senator. I hope you will be there. So those are just some external collaborations and partnerships that we've put together that we think have really benefitted our students and will benefit the state as well. And let me just comment on the innovative program that we just put together for Peru State College that Tip just referred to. This program is a pilot program. We've put it in place for three years where we're going to virtually eliminate the difference in tuition rates for out-of-state students so that they're paying basically the same rate that our in-state students will. Let me trace this back basically to the LR174 task force which many of you may remember. Several years ago that task force came out and talked about the need for public higher education to be creative and finding ways to attract new students into Nebraska. And we talked about that systemically and we looked at it, to doing it across the system. But we thought it was more prudent for us to start on the smaller scale, and Peru State was willing to accept that challenge, if you will. And so we see this as a long-term investment in the state of Nebraska from an economic development standpoint, that if we can bring more students in we know that generally those students tend to stay where they graduated from. Oftentimes they get married and stay where their spouse is, as well. So we think that it's a good program. As I said, it's a pilot program and we will continue to look at it over the next three years to see how it works out, but we are excited about it. Quickly, I'll talk about the capital improvements that are going on in the State College System. Thanks to the Governor and to the Legislature under LB605, which was passed in 2006, we have invested nearly \$23 million or \$24 million in the State College System in the last several years. And our capital infrastructure, from the Academic Administration Building at Chadron to the AI

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Wheeler Activity Center at Peru and to the Rice Auditorium Lower Level and the Memorial Stadium at Wayne State, and the Campus Services Building, all have been renovated or added to over the last several years because of that program which is a cooperative program basically between the state and our students in terms of paying for those investments. The appropriation that the state makes to the Nebraska State College System, as well as the University of Nebraska and the community colleges, is an investment, I believe, in the state of Nebraska and its future, and I thank you for that. I thank the Legislature for that because it's critically important for us to maintain strong public institutions. And our institutions, I like to say, anchor rural Nebraska with institutions in southeast Nebraska and northeast Nebraska and northwest Nebraska, and I believe really the investment in our institutions is an investment in rural Nebraska and making sure that that portion of our state remains vibrant and strong. So it's very important to us. Very quickly, as you know, we received a 1.5 percent increase in our General Fund appropriation this year, and frankly, we were very pleased to get that. We know what has happened around the region and around the rest of the country in terms of support for higher education. It did make us, however, look at our operations and make us look at how we can become leaner and trimmer. And as a result of that and as a result of our board, the Board of Trustees, saying that we're not going to go to the students this time like we did back in the early 2000s to breach the gap, we knew that we had to do some things differently. So we wound up cutting some programs. We wound up laying some people off. We wound up eliminating some positions, and we wound up reducing our operating costs over the course of this next biennium. We started that process last October, began it in earnest in December, and finished it in February. Basically, it was a collaborative process throughout the system, throughout the colleges. It wasn't without pain. But we are now in a position to go forward in this first year of the biennium with a balanced budget. We also have plans in place for the second year of the biennial budget, as well. And some of our planning, of course, dependent upon many variables, not the least of which was collective bargaining, the outcome of those processes, the state appropriation costs of our core needs, and so on and so forth. What we know is that in the past, between the state appropriation and our

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tuition increase, we were able to cover about 90-100 percent of our core needs--our core needs being salaries, fringe benefits, health insurance, utilities, operating costs. Going into this year, we knew that we were only going to be able to cover about 42 percent of that, so therefore we had to go in and make our layoffs and make our reductions, make our program cuts. But we are still vibrant. We are still vital. We still offer terrific programs and access to Nebraskans and others to higher education in rural Nebraska, and we will be there for some time to come in a very strong position. So thank you for the opportunity to chat with you and I'd be happy to answer any questions you might have. [LR262]

SENATOR ADAMS: All right. Are there questions for Stan? Yes, Senator Sullivan. [LR262]

SENATOR SULLIVAN: What success are you having attracting Hispanics to colleges? [LR262]

STAN CARPENTER: Well, we are having more success than we've had in the past. We're not having as much success as we'd like to in the future. But we are in the process...one of the things we can do or we are doing systemically is instituting a systemwide marketing plan. We've done that for several years that basically complements the marketing plans of each institution, and that's an area that we have concentrated on and talked about with the Board of Trustees, talked about in our various councils across the system. So we are trying to reach into those markets and get into that demographic at a much earlier age, as well, so we are working on that very diligently, Senator. [LR262]

SENATOR SULLIVAN: Does that mean you are going into high schools and elementary as far as attracting (inaudible)? [LR262]

STAN CARPENTER: Yes. We are reaching into the...we have some plans now to reach

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down into, like as far as the fourth grade in elementary schools and go into the junior high schools and middle schools and high schools, as well. So we're trying to reach into that demographic. [LR262]

SENATOR ADAMS: Other questions? Senator Haar. [LR262]

SENATOR HAAR: Yes, thank you. Again, sort of the comment I made to Ron Withem. We went through an awful lot of angst this last session with public school funding but spent very little time talking about university or college funding, and I'm...that sort of puzzles me. And maybe there needs to be more in the way of a target that we in the Legislature are aware of. [LR262]

STAN CARPENTER: Well, I appreciate that view, Senator. Like Ron, I don't have the...I don't think you had the answer to that question, did you Ron? I don't have the answer either but this certainly is a start, from my perspective, to be able to come before not just the Appropriations Committee, but the Education Committee, to talk about our needs and our impact on the state and the investment that the state makes in higher education publicly. But I don't know that a formula would work, but I like this start. [LR262]

SENATOR ADAMS: Other questions? Thank you, Stan, for taking the time today. Appreciate it. [LR262]

STAN CARPENTER: Thank you, Senator. I appreciate the opportunity. [LR262]

DENNIS BAACK: (Exhibits 13 and 14) Senator Adams and members of the Education Committee, for the record my name is Dennis Baack, B-a-a-c-k. I'm the executive director of the Nebraska Community College Association. I do have a couple of handouts here for the committee. We certainly share the concerns that the university has expressed, and the state colleges, as to funding for higher education and being part

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of the discretionary funding of the state. It puts us in kind of a precarious position when the state is struggling for revenues. And we do have a formula but we only had a 1.5 percent increase also. And what you will see when you look at these charts is especially the one that shows revenue as a percent of the total and stuff. We don't have this year's on there; we've got it up through last year. But you will see that as the Legislature appropriates more funds for community colleges, it certainly has an impact on the local property tax that we collect. And you will note that there's a couple of years in there, right around 1999-2000, 2000-2001, where the property tax asking by the community colleges went way down and the state funding went way up. And those were the years where Governor Johanns, there were some additional state funds available. They had extra funding available so they put in \$30 million into our formula and it automatically drove the property tax down \$30 million. That's what happened within our old formula. The new formula doesn't work exactly that way but it also, when the Legislature puts more money in it, it will change that LER, that local effort rate, and it will change what we can have for property tax. Many times...when we saw an increase of \$30 million, that didn't mean we had \$30 million more to spend as a community college system. That meant we were getting \$30 million more from the state and we're collecting \$30 million less in property tax. So it was the same amount of dollars but it just was a matter of the source of where they came from. And we've also...if you note in the chart, we've always prided ourselves in trying to keep our tuition low. We have been able to do that. And for a number of years the goal was to have the community colleges funded about 40 percent by the state, 40 percent by property tax, and 20 percent by tuition. And if you'll note that this year we're just about...we're pretty close to that. It's pretty close to that...or last year, that it was very, very close to that 40/40/20 across the state. Now it varies by college a little bit it was very much so, that across the state. The other chart that I gave you is a chart that shows our enrollments, and I will tell you that our enrollments are up again and we're going to see them up probably fairly substantially for this next year. All of the colleges are showing an increase. We're going to see the enrollments go up probably more so than in the past, and then that is because of the economic situation we find ourselves in. That always happens with community college enrollments all

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across the country. When the economic is down our enrollments go up, because we do have a lot of those adult learners and the dislocated workers coming back to us to try to get some skills to get a better job or to change their career. So that does happen and so you do see that happening. You also will note that if you'll notice on the bottom chart, that shows what we do in applied technology and academic transfer, how those two correlate. And if you'll note, I think that the percentage of what we have in academic transfer and the percentage of what we have in applied technology courses has pretty much stayed constant, the percentage has. It's usually between 20 and 25 percent of ours are academic transfer; the rest of it is technical education. We don't know if that's going to change. It may change; we don't know for sure. But that has stayed fairly constant over the years and we are now...I think this next year we will be over 30,000 full-time students in the community colleges for the first time, which is kind of a landmark for us. A couple of issues that I do want to mention, and one of them is the LB340 study that we're involved with, with the Coordinating Commission right now. One of the issues is, is how do we count foundations and remedial education, and how should those be counted in the formula, and should there be weighting. We are working very closely with them now. We're going to do a real thorough cost analysis of all of our course weightings all across the system now to find out to make sure...and then we're going to take that and compare it. The Coordinating Commission is going to compare that to other states who use course weightings to see how we stack up with them. And so I would anticipate they'll be some changes in the way the course weighting system is done at Nebraska. We only have three course weightings in Nebraska, and I think in Texas they have 26 different weightings. Now I don't know if we want to get that extreme where we go to that many different course weightings, but I think that we're probably going to change maybe even the number of them and how we weight those course and how we decide how they should be weighted. And that would be based on the cost analysis that the Coordinating Commission will do. The other issue that I will mention to you that the community colleges are contending with, and that is our capital funding. Right now, of course, we have 1 cent of property tax that we can dedicate to capital construction projects, remodeling projects, those kind of things. As our

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institutions are getting older and needing more and more repair, we're finding that that 1 cent of capital levy is totally eaten up simply in repair maintenance, and we don't have any additional dollars for capital expenditures. We're going to have to either look at raising that amount at some point or we're going to have to start looking to the state to put some kind of investment into our capital structures, because the state has no investment in our capital structure so far, and we're going to have to look at one of those in order to make it work over the next few years. With that, I'd be happy to answer questions. [LR262]

SENATOR ADAMS: Questions for Dennis? Yes, Senator Sullivan. I'm sorry. [LR262]

SENATOR SULLIVAN: Thank you, Senator. In the effort to stretch dollars that are never enough to go around and then Mr. Carpenter mentioned collaboration, can you cite some examples of how community colleges are collaborating with the other institutions of higher ed? [LR262]

DENNIS BAACK: Sure. He did mention the one, the program where we have the joint admissions. And I think that that's one of the things that...I think that's going to help them also in their getting more into the Hispanic part of population also, because that...we are very, very involved in that and have been very heavily involved in the Hispanic communities all across the state for a number of years in the community colleges. And one of the things that we'll certainly do with that demographic that we have is encouraging them to go on to a four-year degree too; not just get the two-year degree but to go on to a four-year degree. I think that partnership will help do that. We also have formed a partnership with the university which is somewhat similar. It's not exactly the same but we have a partnership with them now where if a student has an associate degree they can go into the university system with, as a junior in standing and stuff, and begin at the university with a junior standing, which is very, very important, I think, and we're going to be working with them to do that. Plus our...we also have an awful lot of partnerships with business and industry across the state. We do a lot of

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things with that. We are doing a lot of individual company kind of a university. We have a Cabela's University at Western Community College; we have the Union Pacific training that takes place at Mid-Plains Community College, and we're working very closely with business and industry to do that. If you'll look at Southeast Community College and you go out to Milford sometime, you'll see they have a partnership with Caterpillar, with John Deere, with Chrysler, with Toyota, all of these companies, and all of these lead to very good jobs for students, plus they also include internships and stuff for those students as they're going through school. So there's some real positive things there as far as employment and stuff when they get done. [LR262]

SENATOR SULLIVAN: Are you getting tooled up for wind energy? [LR262]

DENNIS BAACK: Yes, we are; we actually are. We're actually working on curriculum and stuff for wind energy. We've applied for some federal grant funding for wind energy, and Northeast Community College and Western Community College are both very heavily involved in that. If you go to Western Community College, there aren't very many of those wind turbines close to, in Western's area. There are some right by Kimball. But if you look, as you go down the interstate, if you look south you'll see 340-and-some of them lined up right along the Colorado-Nebraska border. And so some of those technicians and stuff, we're going to be training. And for Western Community College, it fits in very well with their aviation program, because they already have a lot of the mathematics and those kind of stuff that works with the propellers and the turbines, and so they are working very closely on that and we're trying to open that up. We did the same thing with some ethanol training a few years ago. So we do respond fairly quickly in the community college system. [LR262]

SENATOR ADAMS: Senator Haar. [LR262]

SENATOR HAAR: Thank you. Again, the 40/40/20 is what? [LR262]

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DENNIS BAACK: Forty percent property tax, 40 percent state aid, 20 percent tuition. [LR262]

SENATOR HAAR: Okay, thanks. [LR262]

DENNIS BAACK: That was kind of a goal that was set back even, in statute a number of years ago, but it's not statutory anymore, but it was one that the Legislature kind of shot for as they funded community colleges. And actually last year we just about hit it on the nose, which was kind of unusual, but we came close. [LR262]

SENATOR HAAR: Thanks. [LR262]

SENATOR ADAMS: Other questions for Dennis? Thank you, sir. [LR262]

DENNIS BAACK: You bet. [LR262]

SENATOR ADAMS: How many more testifiers do we have? Okay. [LR262]

MIKE ABDOUCH: Good morning, Senators. Senator Adams, thanks for having me. My name is Mike Abdouch and I think I'll be just about...because it's about me this time and about talking about my experiences, because, quite honestly, they're not unlike yours, except my career path happened to take me to 35 years in the private career sector of education. But I'm not unlike you. When I went to high school, they asked me, are you going to college or are you not going to college? So they put me in a pile that was going to college and there was a bunch of people that weren't going to college. They paid more attention to me because I happened to be going to college, and then I graduated from high school. Fortunately. I'm among the 75 or 80 percent that did graduate from high school. And I went to college. And you know what? My first semester at UNL I was on academic probation because I found out this new freedom I had and I partied a little too much and didn't do a whole lot of studying. Well, fortunately, I got my act together,

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because by the end of my freshman year I was able to continue my sophomore year, unlike 25 percent of the students who go their freshman year and don't continue on. Well, after seven years I finally got my four-year degree, which was pretty exciting because I realized, you know what, maybe it's okay to take seven years to get a four-year degree, and I'm still pretty lucky because, you know what, only 25 percent of those students that started college actually got a degree after six years. So I guess I'm pretty lucky. So what do you do with all those people that didn't go to college? Got to do something with them. Well, fortunately, I happened to get into a career that led me to private career education, and I got to know these people. I have affectionately called them "now-whats." Now-whats are people who go to high school and were in that pile that graduated but weren't going to college, and they're getting out saying, now what? Or they're that freshman that went to a school and dropped out and they're saying, now what? Or they're going five or six or seven years to school and they realize that isn't what they wanted to do, and now they're saying, now what? Or they're the mother at home who now has their kids gone from school and now they're saying, now what? Or they're the laborer that's been working for a long time and suddenly gets laid off from a job that is no longer existent and has to retool, has to do something intellectually, and they're saying, now what? These are all the now-whats that go to private career schools. Why do they go? It's short, it's quick, and it's to the point. Senator Adams, you hit it right on the head. The demographic has changed and the traditional student is now the nontraditional student. What do you do when the minority becomes the majority? California had to deal with that with the Hispanic population. What do you do when the minority becomes the majority? You have to rethink. So don't be victims of your backgrounds. Don't be victims of the educational paths you took. Sit back and look at the kinds of students we're dealing with now: Twitter students, Facebook students, and we're talking about some older students who don't know what the heck that is. But they all need something and they need something quick. Now if the traditional schools that want to continue it, argue about that, that's cool because we'll take who doesn't finish there and we'll turn them into something productive. Interestingly enough, to get Title IV financial aid at a private career school, you have to demonstrate your ability to graduate

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students and place them in the field, to the U.S. Department of Education--the only sector that has to do that. Isn't that interesting? I thought everybody was going to school to get a good job, but yet we're the only sector that has to compile that data and put it together for the U.S. Department of Education so we can continue to get Title IV financial aid if we're in private career education. Don't blame Kaplan because they're getting \$300,000 more than they did last year. That happens to be where the neediest students are going; that's what it's all about. That formula identifies where the neediest students are going and then gets money to make some money available to the institutions where those neediest students go. It's not Kaplan's fault, so let's not single out Kaplan. Let's not single out anybody. The money in our Nebraska scholarship program is going to where the neediest students are. The demographic speaks for itself. Maybe the best thing to do for us is consider the consumer. Who is the consumer? Who is the student? Is the student really the student that went to school when we went to school, or is the student different? Maybe we should be looking at an educational system that best serves the consumer instead of having a bunch of people come up and try to justify their existence based on other things. What are you doing to help the student? Is the student getting what they want? A student going to the university wants a job; a student going to Kaplan wants a job. Interestingly enough, only one of them has to report it to the U.S. Department of Education and justify it. Isn't that interesting? Maybe we should all step back away from our own experiences and start thinking about what is the experience now for the student. The traditional student is now the nontraditional student. Thanks. [LR262]

SENATOR ADAMS: Thank you. Questions? Senator Haar. [LR262]

SENATOR HAAR: Sir, I didn't get your last name. [LR262]

MIKE ABDOUCH: Abdouch, A-b-d-o-u-c-h. That was an easy question. (Laughter)
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SENATOR ADAMS: Are there other questions? I guess not. Thank you, sir. [LR262]

MIKE ABDOUCH: Thanks. [LR262]

SENATOR ADAMS: Next testifier. Like in the last group, I know we're winding down, but if you can abbreviate your testimony, it's been a long morning and we have yet a long afternoon. Go right ahead. [LR262]

SANDRA MUSKOPF: (Exhibit 15) Good afternoon, Chairman Adams and members of the Education Committee. Thank you for being here in July. My name is Dr. Sandra Muskopf, M-u-s-k-o-p-f, and I will try to abbreviate my testimony, as you have it there in writing. It's my privilege to serve as president of the Lincoln campus of Kaplan University, and I also represent the Omaha campus who's here with us today. I am pleased to appear before you today, once again to discuss higher education in Nebraska. When we last met, we were opposing bills LB397, LB398, and LB413 last spring, because we believed that we should have a state grant program that is fair and equitable to all Nebraska residents so that our students have open choice as to which institution best fits their needs and that they don't all have to fit in a mold that doesn't necessarily fit their needs. WE believe this so strongly that at Kaplan we have just recently expanded our foundations in developmental courses much to your question earlier, and we also are focused...specifically our core mission is on career education so that our students graduate. They are placed...90 percent of our students are placed within six months in their field of study from graduating from our colleges. Our Lincoln school, as you know, is currently undergoing a significant renovation and is a major part of the Antelope Valley development project here in Lincoln. And we recently invested in our Omaha campus in revitalizing an abandoned former facility into a beautiful state-of-the-art education center that now houses our Omaha campus. Between our two campuses, we have over 1,200 student and we employ over 120 full- and part-time faculty members, and adjunct faculty members as well. From our inception, both of our colleges have promoted the education of Nebraska residents by the full- and part-time

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Nebraska faculty. And our students, by and large, when they graduate, stay in the state of Nebraska. They don't leave. They get employed in their community and they stay in their community, so they continue to give back to the community where they grew up. It's important to note that our student base is a truly underserved segment of Nebraska's population. We are continuing to see increases in our enrollment just as some of the other schools that have testified here today are seeing. Our students can generally be placed into one of three categories. They are either returning to the work force; they were unsuccessful in the traditional university setting and need additional resources and support; or they seek to improve their skills and advance in their careers. We work hard to provide that comprehensive support system that these students need, and we complement each of our student populations by ensuring that they maximize the value of their educational experience. As you consider the options for developing and maintaining a stable, competent work force to support Nebraska's business community, please know that we stand ready to assist the state in these missions. Working with the state, we can continue to establish a work force that will be successful for employers, families, and the state of Nebraska for years to come. We are a taxpaying institution even though we're called for-profit. We are not exempt from the sales tax. And we believe that our status as taxpayers is a benefit to how we operate because it enables us and requires us to focus on what is important for our students' education, such as assessment of our students, our faculty, and our educational outcomes. This assessment, which was a major issue for this committee during the 2008 Legislature, is of particular importance to us, as we believe assessment is key to providing the best products to our consumers and our students. I will close by just telling you that we stand ready to assist the Education Committee as you consider how to ensure that the educational system throughout Nebraska addresses the needs of individual students and Nebraska businesses. [LR262]

SENATOR ADAMS: Thank you, Sandra. Are there questions? Senator Haar. [LR262]

SENATOR HAAR: Thank you. Being a for-profit, who owns Kaplan University? [LR262]

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SANDRA MUSKOPF: We're owned by the Washington Post. [LR262]

SENATOR HAAR: Okay. And so they're shareholders and so on, basically. [LR262]

SANDRA MUSKOPF: For the Washington Post. Kaplan University is not publicly traded as a private entity. [LR262]

SENATOR HAAR: Okay. Thank you. [LR262]

SENATOR ADAMS: Other questions? Seeing none, thank you for your testimony. [LR262]

SANDRA MUSKOPF: Okay. Thank you. [LR262]

SENATOR ADAMS: Next testifier. [LR262]

JASON PFAFF: (Exhibits 16 and 17) Mr. Chair and members of the committee, my name is Jason Pfaff, P-f-a-f-f. I'm campus director for the University of Phoenix here in Nebraska. It is no secret that this discussion is not only about the future of higher education and its related issues; we're really talking about Nebraska and our place in a new world. The world and work force are changing. We must look to the future and seek to expand access to higher education while respecting the fact that aid dollars are more valuable than ever. My main purpose for being here is to express that it is our hope at the University of Phoenix that all institutions work together towards our common purpose. We all work with fantastic students. No school has a monopoly on that. Our students and body...every institution's students and body, the best of Nebraska's future, and Nebraska needs all of them to succeed. Historically, as educators and U.S. state leaders, we've all faced many hurdles whenever we have planned for our educational future. Today, students all over Nebraska embody the successful defeat of those

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challenges, and now, as we sit today, the trumpets sounds again. We're being called to plan for a dynamic future that needs a technologically fluent work force with a variety of skills. But the retirement of the baby-boom generation will create a gap in the supply of highly skilled professionals, a gap we cannot fill unless we increase access. We believe this challenge is met when we ensure that students have choices. Choice leads to innovation in any sector. A lack of competition leads to high costs, little innovation, and stalled progress. Competition is good for all of higher education. I would like to offer myself and the university to you as a resource. We have a record of bringing change and innovation to higher education across the country for the last 33 years and we want to share that here to benefit the students of Nebraska. As a resource, we offer a lot. We have a national perspective. We see that states that choose to encourage options and choices for their students are often regarded as having the best reputation in their state for higher learning. The states that limit choice are often seen nationally as heading backwards. With 420,000 students, we are the largest university in the nation. We know how to work with a variety of students. We have a faculty of over 25,000. The scholarship and experience that we can bring to bear to any area is extensive. We are excited to be in Nebraska. Employers here have told us that they are excited about our institution because of the technology platform and our ability to integrate it with learning. We began to develop this technology in our online learning system in 1989, which gives us an unmatched 20 years of experience in online education. In 2000, we began providing all textbooks electronically, allowing us to lower our costs for all of our students. We offer over 100 degrees online. All other Nebraska institutions combined to offer about 40. Nationally, demand for online programs is growing by 12 percent as compared to 1.2 percent for traditional programs. As a for-profit we are sensitive to economic factors. I am proud to share with you that this year I personally made the decision to cut tuition for our MBA students. We are nimble and efficient with regard to our students' needs, and that does not change in these trying economic times. We are opening our doors ever wider to accommodate the growth we see in underserved students. We are happy to pay taxes for the honor of educating them and we are expanding our investments to support them. It truly is an amazing time to be involved in

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education. As you think about it, in the long history of the world, not just Nebraska, relatively few have risen to the level of education that college graduates now achieve, and they do win their place with hard work, resolve, and dedication. But above all that, it takes opportunity and access. And what separates graduates today in Nebraska and elsewhere is not only the work it takes to finish but the opportunity and access it takes to start. The energy and dedication that we bring to this effort in Nebraska to granting access and opportunity will not only light our current students' paths but this will give hope and it will be a light for future students as well. What allows student success in any educational endeavor is the same simple opportunity and choice of where to begin that was granted to those of us lucky enough to attend college, and the access that provides the ultimate spark will serve our state well as we begin a new chapter in higher education. Lastly, I do have a letter to share with you from--and I'll leave that behind as a handout--with Mr. Fred Schott of the Boys and Girls Clubs. We dedicate five new scholarships to the communities that they serve through the Boys and Girls Clubs year over year. We also send faculty, college faculty, to tutor in the clubs as part of our community outreach efforts. I also have a recent article about one of our students. Our story is best told through the eyes of our students and I'll leave you with that as well. It's about Mr. David Gross, a proud graduate of ours from Grand Island, Nebraska, trying to better himself and improve his skills and be a more productive member of our work force. With that, I am pleased to answer any questions. [LR262]

SENATOR ADAMS: Are there questions Senator Haar. [LR262]

SENATOR HAAR: Yes, thank you. My younger son got his MBA through the University of Phoenix, and the only bad thing is I'm jealous. He now makes more money than I've ever made. But who owns the University of Phoenix? [LR262]

JASON PFAFF: We are a subsidiary of a publicly traded corporation, Apollo Group, which is...the majority of that stock would be controlled by the founder, Dr. John Sperling. [LR262]

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SENATOR HAAR: Okay. Do you actually have faculty in Nebraska? [LR262]

JASON PFAFF: Yes, several hundred faculty who teach with us, not only in Omaha, but online as well, all over the state. [LR262]

SENATOR HAAR: Are they separate faculty or do they just work for the University of Phoenix? I mean, are they working for another university or...? [LR262]

JASON PFAFF: That's a great question. It's a good combination. A lot of our faculty do work for other private institutions. We have some faculty that work for other public institutions. We share faculty with the community college. And we have some that are completely dedicated. And it's really a wide mix and I'm glad you brought that up because I don't know if other folks are aware of that. But yeah, there are professors that teach all over the state. [LR262]

SENATOR HAAR: Okay. Okay, thank you. [LR262]

SENATOR ADAMS: Senator Sullivan. [LR262]

SENATOR SULLIVAN: Thank you, Senator. How many students, Nebraska students, do you have here and where do they come from? [LR262]

JASON PFAFF: Currently--and I don't have an exact figure but I can get that to you--it's about 1,600 here in Nebraska. About 1,000 of that--and I'm rounding--is in Omaha, and then a few hundred in Lincoln, and then we have some sprinkled throughout the state. [LR262]

SENATOR ADAMS: Other questions? Senator Avery. [LR262]

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SENATOR AVERY: Are you entirely online or do you ever have any...do students ever have any face time with actual living, breathing people--teachers? [LR262]

JASON PFAFF: That's a great question. We have both. We do have classrooms in Omaha and we are teaching what we term "ground" classes, which would be face to face--a more traditional environment--as well as our online programs, so we do both. [LR262]

SENATOR AVERY: Is that a new feature of Phoenix? [LR262]

JASON PFAFF: No. We actually started in 1976 just doing face-to-face, and as I mentioned, we started online education in 1989. [LR262]

SENATOR AVERY: Okay. Thank you. [LR262]

SENATOR ADAMS: Other questions? Thank you for taking the time today. Appreciate it. [LR262]

JASON PFAFF: Thank you. [LR262]

SENATOR ADAMS: Is there other testimony? [LR262]

MARSHALL HILL: I believe I'm the person standing between you and lunch, so. [LR262]

SENATOR ADAMS: Almost. [LR262]

MARSHALL HILL: Oh, is there one more? [LR262]

SENATOR ADAMS: There's one more right behind you, but we're going to take lunch here in about five minutes come heck or high water. [LR262]

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MARSHALL HILL: Mike, why don't you go ahead. I prefer being last. [LR262]

MIKE CHIPPS: Thanks, Marshall. [LR262]

MARSHALL HILL: That'd be fine. [LR262]

MIKE CHIPPS: I was going to say good morning, but good afternoon, and we will be in a hurry. Actually I'd not planned to testify, Chair, but the issue is, is that I listened to some of the comments and decided to make a few notes on my own. I'm Mike Chipps, president of Mid-Plains Community College area, which is in west-central Nebraska. And I thank you for this opportunity to speak to you, Education Committee, because I think it's real important that you take the opportunity to take a look at higher education. The first thing I want to do is comment about LB1208, which I think all of you are familiar with because you've either played an instrumental role or watching it being implemented. And I guess I would like to make a commendation to the Legislature for making that decision. I think it's one of the best ones when it comes to a leading initiative across the country. And I want us to take special note of that, that it is a leading initiative across the country. And I don't think Nebraskans are picking up on that but it's an implementation statewide, number one. I do ask that you pay particular attention to the full implementation of LB1208, as I'm the cochair of the Education Council for the NITC, and I think it's important that the Legislature keeps apprised of that full implementation. There is some resistant across the state--not much, but we've had to go to Phase 4 implementation to include another part of the state. And so I think if you really look at the issue of equalization and how important that is to the Legislature or the state of Nebraska, I think it's important that all of our citizens receive that access. I think, in closure, on LB1208, it lowers the costs and certainly increased the accessibility for all Nebraska citizens, and that's what's important, I hope, to you as you serve in the Legislature. The next topic is something to think about. When it comes to measuring a community college, or any college for that matter, or university, there are multiple

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measures for defining success. Unfortunately, many of them are found in the old Carnegie model, and I think that needs to have special note because of seat time and all the rest, and you've had some institutions speak to that. But we need to look at quality measures but also quantity measures, and one of those quantity measures has to do especially with community colleges. A lot of people keep speaking to the two- and four-year degree, and frankly, there's no such thing anymore and the issue is we still use those age-old mantras or markers to go ahead and measure success of, in this case, a community college. And I'm here to tell you, there are countless students at the community college that have no intention on getting a two-year degree. Yes, that is one of the things that we certainly are sincere about in our recruiting efforts and trying to advise them, but the issue is that still the measures of those that come to our college with no intention of doing a two-year degree are not counted in a measure which I think would give you a benefit of the doubt as to the worthiness of a community college in the state of Nebraska. It has to do with the issue of four courses, four diesel courses qualifies literally a person to leave diesel and go next door over to the Cat dealership and to go to work for \$20-some an hour with fringe benefits. That person is not included as a success. That's unfortunate. I really think that they would have never got that a job without a community college giving those courses. You have a number of people that pursue what they call an associates degree, an academic transfer degree, and never finish that two-year degree. They finish 30 credits or so and they go on to the university, and as statistically analyzed, they certainly do better than or as equal to, to the native students at the university. And so those statistics are there. But I think the measures, folks, need to be looked at and so I hope you look at the measures. When you look at the investment of the community college, you know, I know there's differing feelings around it because, frankly, most of the Legislature graduated from other than a community college. But if you look at 3 percent of...and what...if my calculations are serving me correctly, 3 percent of the total state budget goes to a community college. That is absolutely nothing, folks, for the return on your investment. It's amazing to me. Three to 5 percent, and depending on the community college, when it comes to assessing the property tax, 3-5 percent of the total property tax portion comes to a

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community college. Again, that's important; don't get me wrong. But we need to be sensitive to that fact that it's very low. The last one would be the 20 percent, as mentioned earlier by Dennis Baack, is called upon the student, which is really low when you're looking at a low tuition rate. You're looking at the mid-\$70s to \$80 per semester of credit hour. That's miniscule compared to what students pay at other institutions. So that's the investment part. I'd like to...the next piece is the encouragement part. It has to do with equalization remains at the state's mantra. I still totally believe...I'm a Nebraskan through and through, a Grand Island boy, and I've been in Nebraska most of...actually almost all of my life. And this equalization has always been dear to my heart and I hope it is to yours too. The issue of equalization across the state is important even when we look at the community college formula today. The next one has to do with, and the closing has to do finance. It has to do that it seems like the gargantuan need of the K-12 system for the funding mechanism, it really leaves higher education out, and I really believe that we need to continue to have a watchful eye when it comes to that. Not that we don't need to support, actively support our K-12 folks. The issue is, is that I know that that need continues to have almost an insatiable appetite. Keep an eye on it if you would. As far as governance--and I've been in the community college business for 30 years and had about 12 jobs in community colleges--but keep the community college governance with local control and operate where we can respond rapidly. That's more important to me as a president that is a servant to this state. It has to do with if we're able to respond rapidly to the needs of all students, but especially business and industry. So if you only want to look at us as an economic development engine, you can do so underneath this guise. That's all I have, Mr. Chair. [LR262]

SENATOR ADAMS: Thank you. Are there questions? Thank you, sir, for your testimony. [LR262]

MIKE CHIPPS: Thank you. Appreciate it. [LR262]

SENATOR ADAMS: Our last testifier. Now it is you between us and lunch. [LR262]

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MARSHALL HILL: (Exhibit 18) Now it is, now it is. Yes. And I'll be especially brief in observation of that fact. But Marshall Hill, Coordinating Commission for Postsecondary Education, where I'm the executive director. Today you've heard from people representing the University of Nebraska, the state Colleges, the community colleges, the independent colleges and universities, and the career schools. We are the state agency that deals with all of those types of institutions on a regular basis. You've asked a lot of questions today which require data to respond to. We have data that would answer, I think, every question that you asked today. All of our reports are online and readily accessible, and we'd also be pleased to respond to any direct questions you have. There's a lot of material there. We can help you find what you need. I'm going to confine my remarks in a highly unusual way for me to talk to you. I always talk about big reports and complex issues. Today I thought you might want to end with some good news, so here is a completely spun, totally positive three points about Nebraska higher education. First, it's a big enterprise. We have one institution in the state with a football team that we all follow, but we have 52 postsecondary institutions in Nebraska--52. And if you compare states, we are unduly blessed with postsecondary education institutions. We've categorized them for you in our handout. Our enrollments are increasing to total approximately 200,000 students are studying at one of our institutions every year. If you add to that the number of people who take short-term courses or enrichment courses at the institution. We are talking about at least 15 percent of the population of Nebraska has a direct contact with one of our institutions. Every year you'll see that the enrollment trends increase. We follow what is said about us in the national and regional press, and on the second page of this you see a chart which was somewhat of a surprise to us. It was in a body of work done by the College of Education at Vanderbilt University. It looked at public four-year institutions over a period of time to see what had happened to their graduation rates. Now, graduation rates are only one part of an institution's picture of success. But you'll see that institutions, public four-year institutions in Nebraska increased their graduation rates by 15 percent over a seven-year period--the greatest rate of improvement of any state in the nation. And those institutions are the campuses

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of the University of Nebraska and the state colleges. We, frankly, questioned this data, but we have verified it. It's accurate. It's something we can all be proud of. More details about that are on the next page. The last point I'll make is, we are not doing as well with educating minority students as we need to do, but we're doing better, and the graduation rates of minority students, of students of almost all ethnic groups, is increasing. And my last point is to say that you hear graduation rate numbers, and actual graduation rates are always higher than those numbers that you hear because our federal system of reporting them is mired in the past. It counts only first-time full-time freshmen who then eventually graduate from that institution at which they started, and we know that that represents a smaller and smaller and smaller percentage of the American student population. So a student who starts at Chadron and transfer to UNO and then eventually graduates does not show as a success for either institution, but it's a success for those individuals and for the state as a whole. I'd be pleased to respond to any questions that you might have either now or anytime later. [LR262]

SENATOR ADAMS: Thank you for the approach--good news. Appreciate that, Marshall. Are there questions for Marshall? Senator Haar. [LR262]

SENATOR HAAR: Thank you. How do you interact, for example, with the independent colleges and universities? [LR262]

MARSHALL HILL: In several ways. The principal one is that, of course, we receive the Nebraska state grant funds that you provide for students, and all of those institutions interact with us as their students are served. [LR262]

SENATOR ADAMS: Senator Sullivan. [LR262]

SENATOR SULLIVAN: Thank you. I'm reluctant to compare Nebraska to other states, but since you mentioned it in your earlier remarks, how do we compare in terms of population to...and the number of postsecondary institutions that we have, with other

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states? [LR262]

MARSHALL HILL: Um-hum. Well, first, we always compare Nebraska to other states, and almost all of our data puts Nebraska information in context. We have an unusually high number of institutions in Nebraska as compared to other Midwestern states, and other states as well. We also have a relatively high college going rate. We have a relatively well-educated population in terms of the general characteristics. We don't have as high a percentage of baccalaureate graduates as you would think, given all of that. Nebraska has historically funded its higher education system well in the sense of the percentage of state revenues that go to support the higher education institutions, and especially in terms of that sort of per capita support for higher education. The trends are concerning. There are trends...we've now started to go follow the same trends as in many other states, but. Some states are seeing their public institutions, their flagship public institutions intentionally seek to have low public support so that they are freed of obligations of reporting and so forth. It's been a position of the University of Colorado, for example, at Boulder, to get to having less than 10 percent of their budget coming from state funds, and they're very close to that now. Several other states are doing the same thing. So this issue of the privatization of public institutions is a real concern. [LR262]

SENATOR SULLIVAN: Thank you. [LR262]

SENATOR ADAMS: Are there other questions? Well, Marshall, then thank you. [LR262]

MARSHALL HILL: You're welcome. [LR262]

SENATOR ADAMS: (Also see Exhibit 25) Is there anyone else to testify? I didn't think you'd dare. (Laughter) We will...and committee, I'm sorry, but we have publicly announced that at 1:30 we will begin our last interim hearing so that's going to cut lunch short, but at 1:30 we will convene again. Thank you all. [LR262]

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BREAK FOR LUNCH

SENATOR ADAMS: Welcome to the afternoon of interim hearings. The committee will be here. We got a very short noon hour so some of them are probably still gathering lunch, but we've got enough here that we can get started. The think that I would ask you to do, of course, is to turn off your cell phones if haven't already so as to not to interrupt the discussions. If you choose to testify today, and anyone is welcome to testify, there will be no speaking order. Come on up and state your name and address for the...or spell your name for the record. And you also need to fill out the testifier's form so that we have that on record, as well. We are going to use the light system which will mean five minutes per testifier as we go through this. And with that I will open. Good afternoon, committee. Senator Greg Adams, representing the 24th District. The interim study that we have before us this afternoon really deals with two things: two things simultaneously, and we can hear testimony simultaneously. I has to do with the learning community and the learning community as it is associated with the ESU...or the ESU and the learning communities. We are closer and closer to full implementation of the learning community. As you know, we had a bill last session which tried to take into account several of the issues that were popping up. And I thought it would be productive for us to take a little time now, at this point during the interim, to do a couple of things. One, get to hear it from some of the people who are actively involved in the learning community and to be able to ask them questions to see how the implementation is going, and at the same time to get to hear from them about things that we maybe need to consider in this next session. So with that, we'll take both the ESU and learning community together this afternoon. And as I said before, there is no order to the speakers so you can come up at will and testify. [LR206 LR180]

JACK GOULD: (Exhibit 20) Chairman Adams, members of the committee, my name is Jack Gould; that's G-o-u-l-d, and I'm here representing Common Cause Nebraska for the second time today. I'm going to have a written statement and then just one comment

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afterwards. In 2008, 12 Nebraska school districts chose to hire professional lobbyists to present their interests at the State Capitol. Those districts spent a total of \$407,682.88. In the first quarter of 2009, those same districts, plus Lexington and Papillion, spent \$127,248.48 on lobbyists. The only educational unit in the state to hire its own lobbyist is ESU 3. ESU 3 includes seven of the school districts that already have their own lobbyists. After granting \$500,000 in state funds to the learning community, it quickly hired two more lobbyists. The learning community includes the same seven lobbying districts serviced by ESU 3, plus Omaha Public Schools. My question is, at what point does this become overkill? Is there value in spending all these education dollars on lobbying? Most of the district superintendents who hire these lobbyists have much more experience in the field of education than the lobbyists themselves. The superintendents have a firm grip of the distinct budgets, staffing, facilities, curriculum, yet they don't have the time or they feel inadequate when it comes to facing the Nebraska Unicameral. Perhaps our institutions of higher learning need to introduce courses on lobbyist in order to prepare educators for the world of politics and to save tax dollars. The most important question facing the Legislature is, does the education lobbying make a difference and are all the districts without lobbyists at a real disadvantage? If lobbyists represent only their districts at the expense of all others, those not represented are likely to be hurt. If lobbyists have no effect on the Legislature, then there are tax dollars being wasted. Nearly every year there are adjustments to the funding formula. Do these changes work in favor of those districts which have the most skilled lobbyists? There is no question that the districts that hire lobbyists believe they are gaining an advantage and at least protecting their turf. Nebraska's educational lobbying has evolved in the same style as corporate lobbying. Those with the money can hire the best. Education, however, must be there equally for all of the children. Competition between districts, service units, and learning communities only creates winners and losers. There is no satisfaction in being a winner when you know there are communities with a school building constructed at the turn of the last century, a curriculum that only meets the minimum standards, and a faculty at the bottom of the state's pay scale. And I guess my comment is this: That you, better than anybody, know how effective this lobbying is, and you also know that the

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bulk of this lobbying is coming from one geographical area of the state. Now I know the bulk of the children live there and we don't want to cheat anybody, and I see great value in some of the things that the learning community is doing in terms of providing equal opportunity for children in those areas. But the important thing is that you don't forget about that kid in Cherry County who may not be able to get a chemistry lab, and also to think about those school districts, small districts don't have the money, can't hire a lobbyist and need to be heard. That's all I have to say. [LR206 LR180]

SENATOR ADAMS: Thank you, Jack. Are there questions? I guess not. Thank you, sir. [LR206 LR180]

JACK GOULD: Thank you. [LR206 LR180]

KERMIT BRASHEAR: (Exhibits 21 and 22) Good afternoon, Chairman Adams and members of the Education Committee. My name is Kermit, K-e-r-m-i-t, Brashear, B-r-a-s-h-e-a-r, and I appear before you today on behalf of the learning community of Douglas and Sarpy Counties as its registered lobbyist and legal counsel. As all of you know, the idea of a learning community emerged from this body over the course of many months as the result of what this committee's former chair referred to as the metro schools issue. Intertwining issues of finance, achievement, diversity, governance, boundaries, and other matters came before this body in 2005 when the Omaha Public Schools announced its intention to enforce the so-called one school district statute. The final passage of LB641 in 2007 was the culmination of a difficult period, and the most lasting legacy of the ultimate resolution was the creation of a learning community coordinating council to take office in January 2009. The council was indeed seated on January 8, 2009, in accordance with the statute, with 12 members elected from six subcouncil districts by means of limited voting, and six voting and three nonvoting members chosen from and/or by school boards of the member districts. The council started with no structure, no staff, and no office space. It was truly a blank slate. The council has now met a total of 13 times and has made much progress, including the

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following: adopting bylaws and electing a slate of officers, some of whom are here--Chairman Rick Kolowski, Vice Chairman Justin Wayne, Secretary Lorraine Chang, and Treasurer Brad Burwell; selecting and employing a staff of two, including Chief Operating Officer Julie Brewer, and Administrative Assistant Rita James; adopting a budget for the current fiscal year; and putting financial and accounting systems in place; also working with this committee and this body to clarify seven different statutes, such as the Political Subdivisions Tort Claims Act with respect to the status of the learning community thereunder; and adopting the charters for three subcommittees and two task forces to assist the council's efforts going forward. The council represents the are covered by the 11 school districts with headquarters in Douglas and Sarpy Counties, and has the following major functions: establish and operate elementary learning centers through the achievement subcouncils; establish a common levy for the member school districts; adopt and approve a diversity plan; approve focus and magnet programs related to the diversity plan; administer the open enrollment provisions of the diversity plan; and develop and approve reorganization plans related to the school district boundaries. The creation of elementary learning centers is to take place by June 1, 2010, pursuant to the revised time line adopted by the body in LB392 of this session. To that end, an elementary learning centers task force has been appointed and the charter therefore is my first handout to you. Section 79-2114 provide the laundry list of possibilities for the elementary learning centers, and the task force plans to immediately take up its consideration of how best to provide for innovation and effective resources within the applicable subcouncil districts. The diversity plan is also slated to take effect in 2010, with parents permitted to apply for open enrollment positions by March 15. The diversity plan task force will take up these issues, and its charter is my second handout to you. Budget and finance issues will continue to be addressed over the summer, with the council's determination as to the common levy to be made by September. Much progress has been made to bring the council to this point and we firmly believe that it will continue. In the name of continued progress, we anticipate that issues will continue to come before this committee. As you know, dialogue was initiated earlier this year on certain continuing issues, including the functioning of the three-member achievement

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subcouncils under the Open Meetings Act; the expansion of the council's flexibility in the use of proceeds with respect to the use of the 5 cent property tax authority; the extraordinary restrictions on the council's ability to set the terms of employment of the elementary learning center chief executive as set forth in the statute; and additional refinement of the election process. We appreciate the opportunity to come before the committee and look forward to our continued mutual work for the benefit of the children. Thank you. [LR206 LR180]

SENATOR ADAMS: Thank you, Kermit. Are there questions for Kermit? Yes, Senator Avery. [LR206 LR180]

SENATOR AVERY: Thank you for appearing. You know that I have an interest in this issue. [LR206 LR180]

KERMIT BRASHEAR: I know that you do. [LR206 LR180]

SENATOR AVERY: And I wonder if you would just be willing to comment on the appropriateness of using tax money to lobby the Legislature for more tax money, which is an issue I raised recently. [LR206 LR180]

KERMIT BRASHEAR: And I know you have and you had a long-held interest before you served in the body, if I'm not correct...if I'm not wrong, and I expected the question and I thank you for it. I believe that in a situation such as this and many others, I have some experience in relationship to the body and the lobby. I think it is appropriate. It must be monitored. It must be evaluated. It must be gauged. But I'm going to use some specific examples because these are the only ones I can speak of. In this particular instance, the Secretary of State asked my law firm to serve as counsel for him as the statutory facilitator in the initiation of this act. In January, February, and March of this year, we recorded \$90,000 in time using our standard rates and procedures with regard to our service to the learning community, for which we had agreed in advance without knowing

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what all that would be involved. We agreed to serve for \$10,000 plus our out-of-pocket costs. So I'm not certain that in every instance things are disproportionate and I would hope that in this instance the taxpayers are receiving good benefit. In addition, with regard to the establishment of fees this year, we were clearly, as I hope I have demonstrated by the prepared testimony, we were clearly a little out of sync with the legislative session, and so we quickly agreed on a per-month-of-session price for lobbying. But I will tell you that we also agreed upon a discount with regard to legal fees in relationship thereto so that there is a credit coming back on the private side. I hope that's responsive. [LR206 LR180]

SENATOR AVERY: Well, you opened up another line of questioning for me. You said that you think it ought to be monitored and carefully gauged. How would the Legislature go about doing that? Do you have any ideas, I mean short of saying that this is the kind of expenditure that the educational community cannot make with tax money. I mean that's one way to approach it. [LR206 LR180]

KERMIT BRASHEAR: That's one way to approach it. I'm afraid that in my view, very respectfully, that throws the, in an old-time expression, the baby out with the bath water, and we don't get the result. I don't think...if people who are engaged with educational institutions are fully engaged and worth the salaries they're hiring...that they're being paid, then they ought to have full-time jobs to do, and legislation is something that requires...the legislative session requires great focus and intensity. I would think the responsibility for monitoring the lobbying ought to fall to those who hire the lobbyists and they're the people who are responsible, and in most cases they're elected officials. [LR206 LR180]

SENATOR AVERY: Well, yes, but in many cases you have school districts that are hiring. They have an in-house lobbyist, handsomely compensated, and then they hire additional lobbying assistance outside the in-house person. I think one of the things that I am concerned about is this duplication of effort and additional expenditure of tax

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money that may not be necessary. And leads me to the question I want to ask you, and that is the issue that was raised by Mr. Gould in his testimony. ESU 3 has seven school districts, and these are the same school districts that are in the learning community, and they have a hired lobbyist. What is the point of having additional lobbying activity and additional expenses for the learning community when ESU 3 already represents at least seven of the 11 members of the learning community? [LR206 LR180]

KERMIT BRASHEAR: Well, other than informal communication, I know of no opportunity for formal input by the learning community coordinating council to ESU nor any way to bind ESU to pursue the policies that are of interest and in support of the learning community coordinating council's positions. I think they're two different assignments. And I know that when the legislation as written, and you were very much a part of that, I was in support of the writing of the legislation. A very specific decision was made not to have the ESUs be in charge of the learning community. That passed the body and I view them as two distinct and separate organizations with different functions and objectives. [LR206 LR180]

SENATOR AVERY: I should say that I'm not hostile to lobbyists, generally, and I'm not hostile to... [LR206 LR180]

KERMIT BRASHEAR: I don't believe you are. Thank you. [LR206 LR180]

SENATOR AVERY: I believe that lobbying is an important part of the legislative process. I mean, we couldn't do our work effectively without good information and that's what the lobby provides. So I'm not picking on you, Kermit. (Laugh) [LR206 LR180]

KERMIT BRASHEAR: (Laugh) I don't feel picked on. [LR206 LR180]

SENATOR ADAMS: Are there other questions? Kermit, may I ask...and this may come up as the day progress; it may not. One of the actions that we took in LB392 was in

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response to what the several superintendents had brought to us about primary elections. [LR206 LR180]

KERMIT BRASHEAR: Yes. [LR206 LR180]

SENATOR ADAMS: And then later on, as you appropriately described, once you got in place but the legislative session had already begun, the hearing process virtually over, you came back to us with not wanting to have the primary--and we let that go for now. Can you take this opportunity to explain the logic for wanting to do away now--well, I'm not saying that that's what you want to do today--but what your reasoning was at that point? [LR206 LR180]

KERMIT BRASHEAR: I'd be happy to, thank you. I was instructed on a split decision of the learning community coordinating council, a divided vote--and I don't recall it but it was something, 8-4, something like that--to oppose the elimination of the primary. And that represented a majority view that the schematic that was put in place in the original learning community legislation was the correct one, which allowed for a wide-open, to use a phrase, field of candidates to seek to be elected. I heard, as you heard, the various people saying that there were too many candidates. The view of those to whom I report to make the decisions for the learning community coordinating council, the view was that's exactly the kind and type of widespread community involvement that was desired: to have many people apply, to use the wide-open primary as the winnowing process, and then to use the limited voting for all the reasons that were documented and supported on the record at that time. I would add that the further...the most negative or descriptive, contrary view to having a primary is that if you allow people to progress from a wide-open primary to then the general...if you don't have the primary and you allow people to use limited voting in the general election, then you are allowing minority groups--not necessarily with regard to race but with regard to issues, neighborhoods, or anything else--to multiply their impact. And so the winner--or most organized as in the most effective campaigner--goes the victory, with no primary and limited voting. Is that

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responsive? [LR206 LR180]

SENATOR ADAMS: Um-hum. It is, thank you. Thank you. Senator Haar. [LR206 LR180]

SENATOR HAAR: Thank you. As somebody new to this whole process, in terms of complexity is probably first is TEEOSA and then community learning centers and maybe third is nuclear power (laugh) or something like that. But with learning communities... [LR206 LR180]

KERMIT BRASHEAR: Just don't ever propose to study selling nuclear power in your career and you'll...(laughter). [LR206 LR180]

SENATOR HAAR: You've done that too. (Laughter) At one point, because, you know, we hear all the time, it's a great model; we have to let it work. And other people are saying, it hasn't worked; get rid of it, and so on. At what point...how do we evaluate that, in your opinion, whether the model has proved itself or not. [LR206 LR180]

KERMIT BRASHEAR: My opinion is that you will know the model and whether it has proven itself by its results, but that requires that it be allowed to fully organize. Because this is the creation of a new agency of government and, believe me, I've learned it's not easy. You have to allow the agency to create itself, come up from the people, fully become operational, and then give it sufficient time to see the results of all that it does on time. I think that's how you will know. You asked my opinion and my opinion is that it is remarkable to see, just as you see in other deliberative bodies, there is great discussion, communication, conversation going on of a kind and type that avoids boundaries and barriers which otherwise afflict cross-jurisdictional institutions. [LR206 LR180]

SENATOR HAAR: And then again, in your opinion, what do you believe that a learning

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community will see as success? [LR206 LR180]

KERMIT BRASHEAR: The learning community will see as success a cooperative, collaborative, unified effort that benefits the children... [LR206 LR180]

SENATOR HAAR: Okay, thank you. [LR206 LR180]

KERMIT BRASHEAR: ...in results. [LR206 LR180]

SENATOR HAAR: Yeah. Thanks. [LR206 LR180]

SENATOR ADAMS: Senator Sullivan. [LR206 LR180]

SENATOR SULLIVAN: Thank you, Senator. Thus far, what have been some of the bumps in the road? [LR206 LR180]

KERMIT BRASHEAR: I'm giving the serious answer and trying to do it in a way that will be understood. It's a lot like the Founding Fathers getting together in Philadelphia and getting acquainted. There's been, not...and it's been fun to watch and very enlightening, but you see different people with different perspectives, different attitudes for and about the learning community having to deal with one another much as it occurs on the legislative floor. And once you've built a dialogue and a rapport with people and a repartee, everybody kind of know what's happening, and you can go on. What that responsive? I'm trying to be. That was one of them. [LR206 LR180]

SENATOR SULLIVAN: Well, I guess the question I asked, getting back to what Senator Adams said earlier, one of the reasons we're here is for some of you all to point out maybe some things that we need to be looking at. So I guess that was part of my question was that are there some things that you learned thus far that are maybe raising some red flags or some things. [LR206 LR180]

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KERMIT BRASHEAR: I'll give you two examples. The seven things which you answered at the request of the learning community coordinating council this year, which moved forward with the work of your committee, those seven things were bumps in the road that you eliminated for us. Thank you very much. An illustration, and we may not have the full perspective of the body as it was ultimately done, but if you--and I don't have a copy here or I would read it for the dramatic effect of it--if you look at the statutes with regard to the hiring of the individual who will be in charge of the elementary learning centers, you will wonder why that ranks right up there with a federal judgeship in terms of how you hire them and can never fire them. I don't know why all those conditions were put in, but I can tell you, that as occurs in government, you find alternatives to things. I suspect--I cannot speak for the body, the learning community coordinating council--but I suspect that whoever is hired will be hired as an acting director so as not to give them a permanent, absolute six-year contract from which they cannot be discharged even if they don't perform except for moral turpitude and the like. And that's an issue we've raised with the committee. [LR206 LR180]

SENATOR SULLIVAN: Thank you. [LR206 LR180]

KERMIT BRASHEAR: Is that more helpful? [LR206 LR180]

SENATOR SULLIVAN: Yes. [LR206 LR180]

SENATOR ADAMS: Senator Avery. [LR206 LR180]

SENATOR AVERY: You mentioned in response to Senator Haar that we'll know when the learning community is working when we see everything come together, and you suggested that the product of how the children improve would be the ultimate test. I think that's what you meant. That means closing the achievement gap. That's the reason we put that learning community into place. That achievement gap is huge and

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cannot be tolerated. [LR206 LR180]

KERMIT BRASHEAR: Yes, sir. [LR206 LR180]

SENATOR AVERY: How soon do you think that we'll see that occur? It could be a generation, in which the Legislature and the taxpayers are on the hook for a long, long time, funding this learning community. [LR206 LR180]

KERMIT BRASHEAR: I certainly can't dispute, Senator Avery, that it may be a generation. I think...the most...the answer that comes to my mind is that you will know because in the beginning there was much opposition to having a learning community. Today, many of the people who opposed the learning community are working with the learning community and are making a significant effort to achieve the positive results that were contemplated. I think if everyone...not everyone. You never get unanimity...but if--or you seldom do--but if the majority of people are indicating it's working, then I believe the results will be coming along and you'll have those also. You won't necessarily close the...my common sense tells me you won't achieve the...close the achievement gap immediately but you will make progress on closing the achievement gap. [LR206 LR180]

SENATOR AVERY: Then if we don't see that evidence, then what is the next step? I mean, do we say, okay, we tried this learning community and it didn't work and we're not going to continue to waste taxpayer dollars on it and we're going to shut it down. You know how hard it is to shut down something in government. [LR206 LR180]

KERMIT BRASHEAR: You stole my line. I was going to try and have a little fun on a summery afternoon, and say, if it doesn't work over a sufficiently long period of time in which it's been given a fair chance, I think you should do what government always does with anything that's ineffective, inefficient, costs too much, and doesn't deliver the product. [LR206 LR180]

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SENATOR AVERY: Keep funding it. (Laughter) That's the way it works. [LR206 LR180]

SENATOR ADAMS: Are there other questions for Kermit? Seeing none, thank you, sir. [LR206 LR180]

KERMIT BRASHEAR: Thank you. [LR206 LR180]

SENATOR ADAMS: Next testifier. [LR206 LR180]

KEVIN RILEY: Hi. Good afternoon. My name is Kevin Riley, K-e-v-i-n R-i-l-e-y. I'm the superintendent of the Gretna Public Schools and I am representing the Superintendents Advisory Committee to the learning community coordinating council. On behalf of the superintendents, I want to extend a thank you to Senator Adams, the members of the Education Committee, and to Tammy for working with us in this past session and moving legislation forward that improves the learning community law. Our legislative approach over the last years has been to review new statutory language each summer and the financial impacts of that new language. After those reviews, we would identify the major issues and work toward a consensus legislative agenda amongst the 11 school districts. The results of that consensus were brought to you for your consideration. This approach has resulted in numerous improvements and clarifications to the learning community law. Developing a learning community legislative agenda is now the responsibility of the learning community coordinating council. The superintendents will work as an advisory committee to the council on legislative issues. I would second Mr. Brashear's statements regarding the accomplishments of the council thus far. The leadership is strong. The officers, along with Dr. Kolowski as president, Julie Brewer as his executive director, and Kermit and Kurth Brashear as legal counsel are steering the council in the direction intended in statute. A foundation has been set and we're all preparing now to begin our work of improving academic achievement in Douglas and Sarpy County. You'll know something is happening when attendance rates

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go up, more children are learning to read, more children are becoming better writers, understanders of mathematics, users of technology. That's when you'll know that something is good is happening. Again, Senator, members of the committee, and Tammy, the superintendents thank you for your willingness to listen to us and to act. We wish you an enjoyable and refreshing summer if you get one. [LR206 LR180]

SENATOR ADAMS: Thank you, Kevin. Are there questions for Kevin? Kevin, may I ask probably a question I ought to ask you. You are I are just sitting in my office, so. Your sense of it, as a superintendent, and then the coordinating council. That balance of what your authority is and your colleagues' authority and a learning community that's, the council, how do you feel like that balance is working? [LR206 LR180]

KEVIN RILEY: I think that, as a group, although we have differences of opinion at times, as you can imagine, I think that we have been able to develop consensus amongst each other, and I think that was monumental over the last few years. The council, as Mr. Brashear aptly described it, has been going through kind of the same process. I think we're now to the point, after six months of their operations, we're getting to the point now where we're starting to communicate with each other. I don't think this can work if the council works on its own and the superintendents work on their own. It's going to have to be a consensus work amongst us if we're going to have any impact on student achievement, which is the only reason we'd be doing something like that. [LR206 LR180]

SENATOR ADAMS: Thank you for that answer. Are there other questions? Senator Avery. [LR206 LR180]

SENATOR AVERY: Do you know how many members there are on the coordinating council for the South Sarpy area? [LR206 LR180]

KEVIN RILEY: There is one alternate from South Sarpy. There are 18...there are 12

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elected, 6 appointed by board members, and 3 alternate. Those would be school districts who have no elected or appointed member, and those come from...one from South Sarpy, one from DC West, and one from Bennington, so they have one, but they're a nonvoting member. [LR206 LR180]

SENATOR AVERY: So South Sarpy did not get anybody elected or appointed. [LR206 LR180]

KEVIN RILEY: No, Senator. [LR206 LR180]

SENATOR AVERY: Would you agree with me that they are probably the least satisfied of the 11 school districts in the learning community? [LR206 LR180]

KEVIN RILEY: I couldn't talk for their district but I think that just this... [LR206 LR180]

SENATOR AVERY: No, I was asking you, would you agree with me? I made that (inaudible). [LR206 LR180]

KEVIN RILEY: This last session, legislation carried by this committee helps out Sarpy. And Chuck Chevalier, the superintendent, has been one of the best consensus makers amongst our group, so I don't know that they are the most disappointed in the legislation. I think that it changes how they operate over the next decades. There's no doubt about that because they will no longer have full access to their assessed valuation. But they've been a good team player so I couldn't say that... [LR206 LR180]

SENATOR AVERY: Well, they haven't had to ante up yet. It hasn't cost them anything yet. [LR206 LR180]

KEVIN RILEY: It hasn't cost them anything. [LR206 LR180]

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SENATOR AVERY: Wait till they have to ante up and we'll see. [LR206 LR180]

KEVIN RILEY: Well, but they also were beneficiaries of stable boundaries because they were being chipped away at as Bellevue and Papillion grew. Their district was just being chipped away at. And so that was a huge concern also, and they brought legislation in front of the Education Committee a number of times regarding the boundary issues in our state. And so they win a little bit, they lose a little bit. [LR206 LR180]

SENATOR AVERY: Well, they are also concerned about maintaining existing programs. Do you foresee any changes that the learning community might require of any of the school districts to change their programs? [LR206 LR180]

KEVIN RILEY: I don't see that as their charge. I think that is more of a local district responsibility. However, significant losses of money can affect programing; there's no doubt about that. But at this point in time, I think Chuck and his board are working very hard at preparing for these years and I'll think they'll make it happen. [LR206 LR180]

SENATOR AVERY: But I can foresee down the road that the learning community may decide that we have programs that we would like to see and permitted in the various schools because we believe these will work to help close the achievement gap, and perhaps some of the school districts may say, no, we don't want to do those, and that would cause us to have to change our preexisting way of doing things. And I'm looking at possible bumps in the road, as Senator Sullivan described it. [LR206 LR180]

KEVIN RILEY: There will be bumps. But I think that any others that find something that improves student achievement and there's research to back that, I don't see any of the superintendents walking away from something like that. [LR206 LR180]

SENATOR AVERY: Well, you know the old saying: We've always done it this way and we've never done it that way. And that's (laugh) a big obstacle. [LR206 LR180]

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KEVIN RILEY: You're right. I think Keith Lutz has said many times to us that the operative word now is change, and get used to it. (Laughter) [LR206 LR180]

SENATOR ADAMS: Are there other questions for Kevin? Yes, Senator Sullivan. [LR206 LR180]

SENATOR SULLIVAN: Thank you, Senator. Who carries the evaluation bandwagon? The respective school districts or the coordinating council in terms of accountability and setting benchmarks for this achievement that we're talking about? [LR206 LR180]

KEVIN RILEY: Well, I think we're all in the limelight, Senator. I think that as we start to approach the issues that have been identified, closing an achievement gap, which is a monumental task. But Nebraska and the metro area have decided to take a very different approach. We decided that we're not going to allow for intercity Omaha to become an intercity Chicago or New York or St. Louis or Detroit, or Kansas City for that matter. We're taking an approach that we're going to identify the issues and we're going to develop interventions that are going to work. And if they don't work then we will develop additional interventions until we make some things happen. It's the only way you can do it. It's to identify the problems and then develop the interventions that will work. As I said, attendance is an issue. It's one of the things that we've all talked about, along with Building Bright Futures. We, as a two-county community, have to say, what are we going to do about it? We have a drop-out rate of 20-30 percent depending on the figures you look at. Are we going to continue to accept that or are we going to collectively do something about it? And I think that that is how we're thinking about things, and if we take that approach we'll make some things happen. [LR206 LR180]

SENATOR ADAMS: Are there other questions for Kevin? Yeah, please Brad. [LR206 LR180]

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SENATOR ASHFORD: I would just ask one. And I think your last statement hits exactly on the point. I mean, it may take a generation to close or begin to close the gap that results from poverty and other conditions that have an impact on learning, and I'm sure that it will take that or some amount of time close to that. But what we can do in the immediate term is to reduce truancy, reduce mobility, and get people in there in their seats. I did notice that OPS made a change in their policy regarding behavioral issues involving children; that they have had a policy which was pretty strict and then have moved to more of ameliorative kind of process to give those children an opportunity to get back in the schools earlier, into their classroom earlier. And those are the kinds of things it seems to me that are necessary. Your school district doesn't have a big truancy problem; it doesn't have a big mobility problem. [LR206 LR180]

KEVIN RILEY: Right. [LR206 LR180]

SENATOR ASHFORD: OPS does. So it isn't going to be a collaborative effort because your district and other districts in the western part of the county, Sarpy and Douglas County, don't have quite those issues. But you certainly do have the expertise as an educator to help solve the problems at OPS. [LR206 LR180]

KEVIN RILEY: Senator, we also, as a group, we know that schools and a learning community can't do this alone. This is a much bigger picture than that. We have to establish partnerships with every child-serving agency in the metro area. We have to involve Health and Human Services. We have to involve the medical community. We have to involve the business community, etcetera, etcetera, etcetera, because when a child moves eight times in a year because the family lives in an apartment and as soon as the rent comes due they've got to move, and the child is in eight different schools and therefore they never have any stability at school, and then we blame the school districts for that. And that carries weight over time and it just piles up and we do nothing about that, as a community, then that problem will continue to perpetuate and we will never help that child learn to read. It's the identification of those things. [LR206 LR180]

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SENATOR ASHFORD: Yeah. Let me just follow up, and I think you've hit it--absolutely hit it. And the reason, in my view, why we--one of the reasons--but the primary reason in my mind why we have a learning community is because prior to having a learning community, though we had concern--I mean people, all educators that I know are concerned about children no matter where they are--but their primary concern, and it should be, are the children that live in their district. That's their charge. [LR206 LR180]

KEVIN RILEY: Correct. [LR206 LR180]

SENATOR ASHFORD: And that's acceptable and appropriate. But it seems to me that what we have done here is we have, even though you do not have, in Gretna, the issues regarding truancy and mobility that John Mackiel has at OPS, to me the elephant in the room are the problems at OPS. I mean those are the problems we need to solve and they are OPS's fault. You're right. And we are one community so that's why we have 11 districts working together to solve the problems which are not all at OPS, because certainly Westside have more poverty kids and certainly Ralston has over 50 percent or whatever it is, so those poverty issues are spread beyond OPS. But your comment that we have changed, our thinking changes, is the mantra that Dr. Lutz talks about. But it's not just change for changes' sake. We're not creating this entity just to have another entity. Speaker Brashear talks about this idea of another layer of government, and I've always kind of bristled at that because the layers of government we had before were not encouraging the collaboration we have now. So I'd rather have another government, if you will, with collaboration than a bunch of governments...or not adding another governmental layer and not have the cooperation. So if what we have is collaboration because of this coordinating--and I think you're right, we're getting there--it's...I mean--and then I'll shut up--but today versus where we were three years ago is amazing. But I don't think it's wrong to say or not politic to say that the problems primarily exist at OPS because that's where they exist. The shootings, the killings, the daily homicides, the young people getting shot in the street every week, three or four

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times a week--those are real problems. Those exist primarily in OPS. That isn't because of OPS; it's societal problems that transcend OPS. So these are huge problems and the fact that you're giving the testimony you're giving today is a great heartening thing, because I think that's why we are all in this. Because you can't have a city that can prosper in the future if you have that going on, so. [LR206 LR180]

KEVIN RILEY: And one of the things we've talked about with both Building Bright Futures and some of the individuals from the learning community it's just any decisions we make to move forward that don't enhance the opportunity for children to learn to read is probably a waste of time and money. I would like to add one more thing if I may, Senator, and that is this: There is an impression that the learning community schools are reaping tons of financial benefit. And nothing more...there's nothing further from the truth. There is not one adjustment or allowance right now, the last few years, that are going only to learning community schools. There's only two to begin with: transportation, which comes into effect next year; and focus schools, which we have not built any yet nor developed any. Everything else has to do with the changes in the state aid formula of 988, and the money moves now towards poverty and LEP. So that's the change. Nothing regarding...the state taxpayers are paying zero for learning community this next year or this past year. There will be some because of transportation the next year, and whether there's any in regards to the focus schools, that's left to be said. There is money though that goes to the learning community council for operations and elementary learning centers, etcetera. But if you could dispel that myth in the state that we are sucking money to the learning community from other parts of the state, that just isn't true. [LR206 LR180]

SENATOR ADAMS: Are there other questions? Well, Kevin, thank you for appearing today and the work that you do. [LR206 LR180]

KEVIN RILEY: Thank you, Senator. [LR206 LR180]

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SENATOR ADAMS: Appreciate it. [LR206 LR180]

GIL KETTELHUT: (Exhibits 23 and 24) Good afternoon, Chairman Adams, committee members. My name is Gil, G-i-l, Kettelhut, K-e-t-t-e-l-h-u-t. I'm representing the schools districts of Educational Service Unit 3. Glad to be here today. And I also want to follow up on some things that have already occurred today about dispelling myths and talking about bumps in the roads and what we have seen so far. There's two documents that we've handed out. The first one, the written document--not this spreadsheet--is what I'd like to refer to first. And just for the committee's understanding, we have 18 school districts inside ESU 3. Ten of those are in the learning community, so 10 out of the 11 school districts in the learning community belong to ESU 3. We also have 8 other school districts that are in Washington and Cass County that are in ESU 3 but do not belong to the learning community. So we both have learning community and nonlearning community school districts. What I'd like to refer to next is the bottom of the page where it says "Related Statutes." Just so that the committee clearly understands the way that we work--and this is true for all the ESUs across the state--is that whatever services and programs that we fund with core services, which is somewhat the equivalent of school state aid--ESUs get core services--and the money that we receive from our property taxes, however we're going to use those for services and programs, that must first be approved by two-thirds of our school districts which also must represent 50 percent of the students. So every year we go through a format where we say these are the services and programs that we believe the schools wish for us to offer. We use advisory councils. And then that goes back to the superintendents advisory council for a ballot. So whether you're a large school district that we have, such as a Millard of 22,000 student, or you're a small school district of Weeping Water with 390 students, they have to have a way that they all work together, whether large or small. So we need 12 out of 18 districts to approve what we're going to offer, but they just can't be 12 small school districts because we also have to have 50 percent of our students. And three of our districts, alone, probably comprise 60 percent of our students. So that's how we operate specifically by the law created by the Legislature that says you'll only offer what the

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schools ask you to do. And then in the middle of the page you can see "Available Services" and these are many of the services that we do offer, whether it's staff development, data management, special education, and so forth. In the middle of the page--well, toward the bottom--it says "Updates." In the 2008 Legislature, there were two statutes created that specifically talk about what the ESUs inside the learning communities, which would be ESUs 3 and 19, are supposed to be accomplishing in terms of standards for students in reading and math, and appropriate assessments for students in grades K-3 in reading and math. And we have advisory councils which all 11 school districts are participating currently in getting these standards and assessments developed. So that's an ongoing process. What I'd like to do though when we talk about hiccups is slide to the spreadsheet side and you can see I put us in red so it's easy to find us. As Dr. Riley said, sometimes there's some misconception that the learning community schools seem to have a vast amount of wealth because of the development of the learning community. Well, sometimes the perception has been in the past that ESU 3 has been the wealthy ESU in the state. Well, if you look at the top set of figures, when you take a look at the valuation that we have per student we are 14th out of 17th. We're in the bottom quartile. And every one of these ESUs levy a cent and a half. Now we had larger property valuation but we also have the most students. So when you take a look at property valuation per students, we're in the bottom quartile and we've been that way for years. Then we slide to the bottom of the sheet when we talk about core service dollars, and this is the issue where 17 of our school districts said to me earlier this year, they said, Gil, we have to do something to talk about our loss of core service funds, which eventually ended up in Senator Pankonin offering a bill that went to the Revenue Committee that talked about the switch in core service funds. So as you can see at the bottom of the page, the typical student for ESU 3 in terms of services and programs will receive \$23.71 next year in core service funds. We are absolutely last--absolutely last. And that was our concern is that what could be the possible mechanisms that we could reobtain the previous core service funds which have now been allocated to the learning community. It was not in any sense an anti-learning community, but instead in our bill that Senator Pankonin put forth it was, how can we

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separate the needs of the ESU versus the needs of the learning community and fund each one appropriately. So that was the hiccup that we're dealing with, and the misconception was that we're the wealthy ESU. Thank you. [LR206 LR180]

SENATOR ADAMS: Are there questions for Gil? Are there none? Well, thank you, Gil. [LR206 LR180]

GIL KETTELHUT: Thank you. [LR206 LR180]

SENATOR ADAMS: Appreciate it. [LR206 LR180]

LIZ STANDISH: Good afternoon. My name is Liz Standish. I work in general administration for the Omaha Public Schools but I'm here this afternoon just simply to testify on behalf of ESU 19, which in a parallel testimony to Dr. Kettelhut's, represents one school district, the Omaha Public Schools, which the borders are all encompassed within the learning community, we are also held to the similar related statutes for core services. We look forward to collaborating on some of those core services with the learning community coordinating council. I don't want to speak for the learning community coordinating council but some ideas that we've had at the educational service unit level have been, as you look at diversity and the establishment of a diversity task force, the idea of professional development and what could be done across the two-county are to prepare teachers for a diverse learning environment, as one example. We also deal with many of the other core services related to data management, standards and assessment, and staff development. We look forward to the opportunity to coordinate regionally, similar to the testimony of Dr. Riley on the two-county area, and we also stand ready for any information requests you may have as you approach this interim study work. So if there's any data or information you need from Educational Service Unit 19, we're more than happy to provide it to you. And just wanted to have a presence here today to make sure we said that, so that's all we're really here for. [LR206 LR180]

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SENATOR ADAMS: Thank you, Liz. Are there questions? I guess not. Thank you, though. Next testifier. [LR206 LR180]

MATT BLOMSTEDT: My name is Matt Blomstedt. I've been suffering a bit of a sinus thing or something, so if I lose my voice, sorry about that. My name is spelled B-l-o-m-s-t-e-d-t. And since it looks like it's ESU time, I'm going to go ahead and talk. I'm the executive director of the ESU Coordinating Council, which actually just officially took place or started last July. We're in a similar process of figuring out exactly what our roles are on the statewide basis of coordinating the ESUs' work across the state. Obviously, with this interim study work and the importance of the role of ESUs in the learning community as they develop their process I watch, is kind of watching a grand experiment of what's going on. I see many positive possibilities out there, both from...obviously we have both ESU 3 and ESU 19 involved. When I look at their involvement in statewide projects and what we do on professional development, staff development, technology training, certainly data collection, assessment and evaluation, we have a lot of expertise I think in those two ESUs and certainly statewide that could come to bear on programs and services provided by the learning community. I watch and as I listen to Mr. Brashear--I'm going to say Mr. Brashear because I don't know what to call him: Senator, Speaker, or otherwise--but Mr. Brashear, as he spoke. I mean, the fact of the matter is it is an interesting dynamic trying to watch 18 people come together with that many diverse backgrounds just among themselves, not to mention what they represent across a whole area. As I watch with ESUs, my sense of the history of ESUs over the last 40 years is, it's a responsibility, a shared responsibility among the school districts that make up that ESU to look out for one another, so to say. Has that always gone perfectly? Obviously not. Do we see room for opportunities for improvement in that sense? I think we do. I think we have to take and go ahead and challenge ourselves to take on the very tough issues. Whether it's the achievement gap, whether or not it's poverty issues, whether or not it's attendance, I think we can do that. When I look at ESUs and the types of resources that are available through their

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expertise, I see some very great things, and I say that, being seven or eight months on the job. But I see all sorts of opportunities where we're talking about integrating technology for poverty students, making sure that there's equal access of technology even when you're having to look at how you get that technology at home. I look at all sorts of dynamics on how we ought to be researching and evaluating poverty programs. We have to go out and experiment. We don't know that the first thing that we throw out there is actually going to work. So ultimately we have to have a way to evaluate that. I would anticipate ESU's role in the learning community would be part of that. I would hope to build partnerships both with the learning community but also with the State Department of Education in that work, hopefully with the universities and higher education, as well. And I've had several of those conversations in my role so far, and I see a way for us to be very progressive in what we do and I guess I push for that through the ESUs. I see plenty of staff people and plenty of the administrators in the conversations that you're having today about what do we do, how do we go about doing it. And really I think I'm very pleased, watching the process over my own history on this issue, looking at where we're at today. I mean, sometimes you have to sit back and say, we have made great strides. Senator Ashford is not here, but I mean, the fact over the last three years the conversation has really moved forward. So I look at how ESUs may play out in this role. We don't know yet. I mean, quite honestly, I don't think we know yet. I encourage the conversation to keep moving forward. I encourage you to keep studying it. I'll do the same. So thanks a lot. [LR206 LR180]

SENATOR ADAMS: Thank you, Matt, for coming in. Are there questions for Matt? Yes, Senator Avery. [LR206 LR180]

SENATOR AVERY: Thank you, Mr. Chair. Your position is...would you repeat that for me? [LR206 LR180]

MATT BLOMSTEDT: Yes. Executive director of the ESU Coordinating Council. [LR206 LR180]

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SENATOR AVERY: Is this a new position just created? [LR206 LR180]

MATT BLOMSTEDT: Yes, it is a new position. It was created, and actually your legal counsel can tell you better than I can actually, the exact time it was created, but the ESU Coordinating Council, it's history was it started out over the years it was an ESU administrators association. They had issues with open meetings laws, things along those lines. And they did interlocal agreements for several projects. They've brought underneath one umbrella as the coordinating council, and they had the option to hire an executive director for that position, for that entity. They also have a director of distance education which is another part of what we do statewide. And so, yeah, essentially I'm the first one in that role and learning as I go and inventing...having to invent again another political subdivision and the workings of that, so. It's interesting work being a former political science student, yeah. [LR206 LR180]

SENATOR AVERY: Well, yeah, I just watched the education community grow and grow and grown, and the administration of education in this state--higher education too. It just keeps seeming to become top-heavy in administration, and I'm not criticizing you, Matt, personally. But was this a statutory...was the council created statutorily... [LR206 LR180]

MATT BLOMSTEDT: Yes, it was. [LR206 LR180]

SENATOR AVERY: ...or by the ESUs? [LR206 LR180]

MATT BLOMSTEDT: Yes. I think it was...I'm going to forget the bill number, so. Tammy can correct...or Tammy can't remember either (laugh). Good, I don't feel so bad. [LR206 LR180]

SENATOR AVERY: So I assume there was a good rationale for it in law. [LR206

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LR180]

MATT BLOMSTEDT: Yes. There is a whole history and I'm willing to spend time with you on that whole history, as well. But, I mean, I think what essentially it was created for was trying to address an issue of where ESUs had kind of worked independently of each other, and so sometimes, even though, you know, with all the good intentions, they didn't have a way necessarily to come together and get work done. So they would go ahead and use things like interlocal agreements to be able to accomplish those things. Well, those have their own, you know, dynamics, because you don't have a centralized type of approach to a strategy and to a somewhat of an efficiency in how you deliver services. And so...and you also have the accountability pieces on finance and reporting and whole bunch of things that I think all come into question. And you try to bring that together and those are all things that we're dealing with from our Coordinating Council role, so. [LR206 LR180]

SENATOR AVERY: Thank you. [LR206 LR180]

SENATOR ADAMS: Are there other questions for Matt? [LR206 LR180]

MATT BLOMSTEDT: I was going to say I am a registered lobbyist for them, but I think that's because statute requires that I do so. (Laugh) [LR206 LR180]

SENATOR ADAMS: Matt, so I think I heard you say that in terms of your vision for ESU and learning community, you see the potential that the ESUs could provide a lot of services to the learning community. [LR206 LR180]

MATT BLOMSTEDT: I really do. I mean I think, as we kind of develop those types of relationships, and I had the opportunity to sit down with Julie Brewer and actually Gil Kettelhut one day and talk through some of that. And I appreciate those opportunities as we move forward. I mean, I think there's enough of uncertainty about what we ought to

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be doing and how to go about that doing that, so there is just the necessary conversations that have to take place. And I mean I really encourage ESUs to engage in that. And again, we have engaged in some of those conversations just as a result of, you know, hey, look, we think some good things can happen and we could do some poverty programs...and again I say, grand experiment. I don't mean that in jest at all because I really do think this is...we have an opportunity to examine what's going on, see if we can improve what's going on in education, change a whole bunch of those social dynamics that are going around that are influencing what happens in education. And I think we need to be at the table and playing an important role there. [LR206 LR180]

SENATOR ADAMS: Then would you see, on a more financial, concrete basis, would you see the ESU then entering into service contracts with the learning community council? [LR206 LR180]

MATT BLOMSTEDT: I mean, I think that's a possibility. I mean, I think that would be one way that you could do it. Actually in other ways you might look at it...I don't know that the relationship will always be exactly that, oh, the learning community has some money, let's go ahead and do that. I think there's sometimes where the ESUs might have access to money, say, through grants or other funding sources that they would partner with the learning community, as well, to provide services. So I think it's a mix of those things. I think, you know, the direction that the learning community takes, for example, on elementary learning centers, I could see ESUs providing part of the professional development maybe for those unique programs, providing some evaluation, looking at that, providing maybe some assessment tools. Certainly the work that's being done between the two ESUs on accumulating the various standards and assessments for K-3 could be very important work for the learning community as they decide how to evaluate programs, so. [LR206 LR180]

SENATOR ADAMS: Okay. Are there other questions for Matt then? Yes, Senator Avery.

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[LR206 LR180]

SENATOR AVERY: One more time. Can you look down the road and see any reason why the learning community might want to create a new ESU? [LR206 LR180]

MATT BLOMSTEDT: Oh, that is an interesting question. You mean an ESU in and of itself or... [LR206 LR180]

SENATOR AVERY: Yes, to serve the learning community. [LR206 LR180]

MATT BLOMSTEDT: I don't know. Right now, I would say that we have defined fairly well the differences between what the learning community, especially in the financial...when I look down the road one of the things I see is, well, what happens in the rest of the state if somebody wants to form a learning community. I've actually had that conversation with a couple of the ESUs that thought, well, what if we became a learning community for the purposes of finance, for the purposes of common levy. Which those are not easy conversations in places that maybe you have one district with an 85 cent levy and another district with a \$1.05--the same conversations that we've witnessed in Douglas and Sarpy County but imagine that in a rural place. However, it seems to make sense that we begin to have some of those conversations for the purposes that they're there for, and that's educational equity. So in the long run, would they want their own? I don't know if that...I think what we have to do is examine what that relationship is, what you're doing right now, and decide how that needs to work and see if the services and the partnerships can be developed that accomplish what they want to accomplish. So I don't know. I guess I can't answer for them. [LR206 LR180]

SENATOR AVERY: I mean, I would argue that they already have one and it's ESU 3. [LR206 LR180]

MATT BLOMSTEDT: Well, yeah. I mean...and ESU 19, quite frankly, because even in

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both of those places there are services...both ESU 3 and 19 are participating in other statewide things which is to me another important dynamic for the learning community. Because as we watch that, there's a statewide connection through their ESUs that we can learn and use things that are maybe learned in the...boy, learned in the learning community--that's going to get bad. But essentially I look at a Lexington, a South Sioux, other places that might be dealing with similar types of poverty issues, and we don't want to lose those types of programs and things and be able to maybe translate them into other places. And we could do that through very well through ESUs, as well, so. [LR206 LR180]

SENATOR AVERY: Well, I wouldn't be surprised to see an ESU emerge out of the learning community. It just seems that it's so easy to add another layer of administration (inaudible). [LR206 LR180]

MATT BLOMSTEDT: I don't think they could create one themselves, I guess is what I'm...I don't...you know, that's maybe there would be some interest in that but, you know, I don't know. My crystal ball is not that clear. (Laugh) [LR206 LR180]

SENATOR ADAMS: Other questions for Matt? Thanks for being here then, Matt. Thank you. Next testifier. [LR206 LR180]

KYLE FAIRBAIRN: Senator Adams, members of the committee, my name is Kyle Fairbairn, K-y-l-e F-a-i-r-b-a-i-r-n. I'm the finance director for Bellevue Public Schools, and just want to touch a minute on the ESU study. I appreciate all the work and effort that's gone into the ESU study. I appreciate all the work and effort that's gone into the ESU study. As most of you know, sitting on the Education Committee, we have tried desperately to get out of ESU 3. LB281 was our bill last year. It came out of this committee. It is on General File. But the study itself I think is important to look at the things that ESUs do and the things that are important to school districts and whether school districts can do them themselves. So we look forward to what the study brings us

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and we're looking forward to help next year with LB281. So I'd sure answer any questions. [LR206 LR180]

SENATOR ADAMS: Okay. Kyle, could you answer for me--I mean, you set the stage for it--why does Bellevue not want to be part of an ESU? [LR206 LR180]

KYLE FAIRBAIRN: One of the things that has come up over the years is we continue to struggle with the fact that we do not use services at ESU 3. Last year, \$177,000 of our taxpayers' money and core service dollars that our kids ought to be receiving went to overhead at ESU 3, and we don't think that's correct. We've tried desperately to join ESU 19 which does not have that structure in place. That money would be a pass-through to us that we could spend on kids and their educational process. So those are the things we continue to battle. We do use ESU 3 for...they give us some text support that is one person that is extremely expensive in our book. But those are...they're just things that continue to come up that we have very little say in what happens there. We don't participate in any of their software packages, any of their Internet packages. So it's just a...we've tried desperately to get out over the past eight years, so that's...it continues to be something that we feel like we could spend that money on our kids instead of overhead at ESU 3. So that's one of the things... [LR206 LR180]

SENATOR ADAMS: All right. [LR206 LR180]

KYLE FAIRBAIRN: ...we fight for all the time. [LR206 LR180]

SENATOR ADAMS: Thank you for your candor. Anyone else have a question? Thank you for being here then, Kyle. [LR206 LR180]

KYLE FAIRBAIRN: Thank you. [LR206 LR180]

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SENATOR ADAMS: (Also see Exhibit 19) Next testifier? No one jumping right up to the microphone. Is there anyone else? Well, if there isn't that will end the testimony and this hearing today, and the staff will go to work and eventually have a report. Thank you for being here today. [LR206 LR180]