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Education Committee
June 26, 2012

[LR490 LR591]

The Committee on Education met at 9:00 a.m. on Tuesday, June 26, 2012, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LR490 and LR591. Senators present: Greg Adams, Chairperson; Bill Avery; Brenda Council; Ken Haar; and Kate Sullivan. Senators absent: Abbie Cornett; Gwen Howard; and Les Seiler.

SENATOR ADAMS: Well, good morning, everyone, and welcome to the beginning of a series of public hearings that we will have during the interim on...this committee. And I know that some of you may be wondering why we start so early. It's because we have a lot to do in this committee and we didn't want you to sit around and do nothing all summer, so we decided we'd get you out and get you going. We have two hearings today. The first one is on LR490, which has to do with core service funding for educational service units, and then LR591, which has to do with taking a look at where we're at with our state data system. And we have some folks that are scheduled to testify and on either of these LRs, once the scheduled folks have taken their turn, if you'd like to testify, this is a public hearing and we would be glad to hear your testimony. Certainly, if you come to the mike, be sure that you state your name for the record so that we have that. And with that, we will begin. Let me first of all introduce the members of the committee who are here. To the far right is Becki Collins--she is the committee clerk; Brenda Council; and myself, Greg Adams; Tammy Barry, our legal counsel in the committee; Kate Sullivan, Cedar Rapids area; Ken Haar is with us from the Malcolm area; and the research analyst for the committee, Kris Valentin, are present. Now let's begin with LR490. And Tammy, I would ask you to introduce this one for us, if you would.

TAMMY BARRY: (Exhibits 1 and 2) Good morning. My name is Tammy Barry and I am the legal counsel for the Education Committee, here to introduce LR490 for the...on behalf of the committee. Senator Adams asked me to start things off because the ESU

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formula is one that we haven't really worked with very much. It's a fairly new formula and so I'm going to kind of go through the explanation of the formula and also give you just a tiny bit of history. The core services and infrastructure...technology infrastructure funding came into being in 1997 in LB806. In 1996, we had the passage of the levy limits which put ESUs under a 1.5 cent levy limit and then we also had a rather comprehensive study of ESUs that was done by a consultant for the Department of Education in cooperation with the Education Committee. And as a result of those two events, you had the implementation of a state funding for the first time for ESUs. In 2007, 10 years later, we did come back and make some revisions to the funding formula, some fairly significant revisions. It had been distributed pretty much on a per-student basis and when we came back, we did more of an equalization formula and so that's what I'm going to go over today. It's very much like the state aid formula only a lot simpler, which everybody should like. Okay, the...if you want to look at this sheet--you also have a map of the ESUs as your other handout--the total operating funds for ESUs are about \$140 million. That was in 2010-11 and of that amount, state funds account for about 14 percent, or \$19 million. Of the state funds, the core services and technology infrastructure funds are only \$11 million. So that's the funding formula that we're talking about and this funding formula provides funding for both ESUs and learning communities. And so you'll also see some information here on learning communities. The total learning community operating funds--at this time, we only have one--are \$6.4 million. And the state funds make up about 30 percent of their funding and of that, core services and technology infrastructure funds is about 55 percent of their state funding, at \$1 million. Some basic information about the formula, the first 2 percent of the appropriation goes straight to the ESU Coordinating Council and then the remainder is distributed through an equalization formula. And this should look--hopefully look--very familiar. The aid equals need minus resources; we see that in the school finance side. The needs for ESUs are a little bit different, though. They have a base allocation that's basically to get your doors open. There's certain people you need. You need somebody for professional development, you need somebody to manage your technology, those sorts of things. That comes under your base allocation. There's an

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allocation for satellite offices. Several of the ESUs are rather large in terms of geography and have to have extra offices in order to serve their constituents effectively. There's also a student allocation. There are costs that are associated with the number of students that you have. A distant...and there's a distance education and telecommunications allowance and that's sometimes referred to as DETA. The needs for the learning communities are even simpler. They just get the student allocation; they don't get any of the rest of it. The resources for ESUs and learning communities both is a yield from a local effort rate and that's...later on, it's a third, 3.5 of a cent, so. The core services are provided to all ESUs...or all the member districts in an ESU and they are in the areas of staff development, technology, and instructional materials and they are prioritized in that order. Technology infrastructure is somewhat self-explanatory. It's the hardware-related items that the school district needs to run their technology: their wiring, their hard drives, all of that sort of stuff. And it does involve some personnel expenses to manage that...the infrastructure. The Coordinating Council is a statutory organization that came into being a few years ago to help with statewide coordination between ESUs to make the services more cost-effective and equitable between the ESUs, and that came out of another study that we...that the Legislature did on ESUs. Okay, the...for the elements of the formula, for the base allocation, each ESU gets 2.5 percent of the available appropriation and the available appropriations means after the first 2 percent goes to the Coordinating Council. So that's...that part is pretty simple and like I said, it provides their base funding level. The satellite office allocation is 1 percent of the available appropriation that they...so that gives them a base for that satellite office and I do have two examples there. And because we have...you do have to qualify for the satellite office allocation and it's basically...you get...and a satellite office for every 4,000 miles...or you get an office for every 4,000 miles and we subtract off the main office so that you don't get that counted twice. The distance education and telecommunications allowance is much the same as it is in the school finance formula. It's a little...it's a lot more substantial in the ESU formula. It's...because it's a lot bigger portion of their funding. And it's basically the cost of telecommunications minus their E-Rate reimbursements and also payments from other school districts and ESUs. And

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they also can get payments from private schools for technology services, so...or distance education services. The adjusted students are very important in this formula and we have a change that was passed this year and won't be implemented until next year, but I'm going to act like that change is already in place. If you're a multiple-district ESU and you don't have a learning community, you just do 100 percent of the fall membership of the member districts and then times a sparsity adjustment. If you have a learning community, it's 100 percent of the fall membership of the districts that are not in the learning community plus 90 percent of the fall membership of those students that are in a learning community. The single-district ESUs that do not have a...that are not within a learning community will have 95 percent of the fall membership times the sparsity adjustment and the single-district ESUs that are in a learning community will have 85 percent of the fall membership times the sparsity adjustment. So basically, for a single-district ESU there is an adjustment of about 5 percent of your fall membership from what it would have otherwise been and that's the new change. Learning communities get 10 percent of the fall membership times the sparsity adjustment and that is part of why the ESUs with a learning community don't count...or they only count 90 percent of the fall membership of the learning community districts so those students are not double counted. The sparsity adjustment is one plus 10 percent of the square miles, divided by the fall membership. And that's just a calculation that we kind of played around with when we were developing the formula and it seemed to work at the time. There may be testifiers that follow me that say it doesn't work and that's fine. I don't know that we started out with that and then they said at the time it looked like it kind of worked. So does anybody have any questions or have I put everybody to sleep? [LR490]

SENATOR ADAMS: Senator, please. [LR490]

SENATOR SULLIVAN: Oh, no. Or would you rather we save them until you're done or...? [LR490]

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TAMMY BARRY: I...yeah, I...go ahead and...whenever. [LR490]

SENATOR ADAMS: We can be more spontaneous than that. Go ahead, Senator Council. [LR490]

TAMMY BARRY: It makes me less nervous if you ask questions. [LR490]

SENATOR COUNCIL: Good. Thank you, Tammy. I want to go back to the base allocation... [LR490]

TAMMY BARRY: Okay. [LR490]

SENATOR COUNCIL: ...and that 2.5 percent that's just a set amount of the available appropriation. Do you recall, how was that developed? I mean because we...my concern is that as appropriations may go down that that percentage, it...or there may be some adjustments in the number of ESUs. There's nothing...it doesn't appear to be any formula or any provision if, for the...for example, a multidistrict, some of the smaller ESUs were to combine or... [LR490]

TAMMY BARRY: And we have had that happen twice. [LR490]

SENATOR COUNCIL: And how is that accounted for in terms of the base allocation? [LR490]

TAMMY BARRY: There is a hold harmless that I'll talk about later that helps those ESUs out. But as far as the appropriation going down, of course when we were developing the formulas we had not seen the appropriation actually go down; we'd seen it held flat or increase. [LR490]

SENATOR COUNCIL: Um-hum, um-hum. [LR490]

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TAMMY BARRY: And that was part of why we went with a percentage, is so that as the appropriation increased, so would the base allocation. [LR490]

SENATOR COUNCIL: Okay, okay. [LR490]

TAMMY BARRY: It would be corresponding. But in the case of if the appropriation would go down, then you would also have kind of an equal hit on all of the ESUs in terms of their ability to just open their doors. [LR490]

SENATOR COUNCIL: Um-hum, and then... [LR490]

TAMMY BARRY: I mean, that is kind of the thinking on it, if that helps. [LR490]

SENATOR COUNCIL: Okay, and then the local effort rate stays. I mean that's at whatever the limitation may be on the percentage of the levy? [LR490]

TAMMY BARRY: We have...in the ESU formula we have it set and it is below the levy limit. It's a...like a half cent or...I think that's right. And then the levy, that local effort rate is 1.15 below that, so that there is a little bit of room between the LER and the levy limit. [LR490]

SENATOR COUNCIL: Okay, and just for clarification, the change in the student allocation percentages that go into effect, it basically--and correct me--addresses single-district ESUs within a learning community. [LR490]

TAMMY BARRY: Uh-huh. Both single districts within a learning community and single-district ESUs that are not in a learning community, they both take that same 5 percent. [LR490]

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SENATOR COUNCIL: Okay, okay, they both take the same 5 percent, okay. [LR490]

TAMMY BARRY: Right. [LR490]

SENATOR COUNCIL: Okay, thank you, that's all. [LR490]

SENATOR ADAMS: Senator Sullivan, go ahead. [LR490]

SENATOR SULLIVAN: From a...oh, excuse me. [LR490]

SENATOR ADAMS: No, that's all right. [LR490]

SENATOR SULLIVAN: Okay, from a historical perspective, can you shed some light on how these boundaries came about to begin with? [LR490]

TAMMY BARRY: In the beginning they were set up on a county basis and...I didn't bring one of the maps over with me, but they were defined by county in statute. And not all districts belonged to ESUs at one point and so it used to be that you'd see holes in that map. But now, all districts are within an ESU and now that...the boundaries of the ESU follow the school districts that are members and we have had two mergers of ESUs. [LR490]

SENATOR SULLIVAN: And what drives those mergers? [LR490]

TAMMY BARRY: Generally it's the ability to provide services. ESUs were developed to try and more efficiently provide services, mainly to very rural districts. [LR490]

SENATOR SULLIVAN: Um-hum. [LR490]

TAMMY BARRY: And as the student numbers have declined in our rural areas it

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becomes even more difficult to have the necessary number of students to provide some of those service. Somebody behind me might be able to be...answer that question more particularly to the ESUs that have merged,... [LR490]

SENATOR SULLIVAN: Okay, and... [LR490]

TAMMY BARRY: ...but I know that that's been an issue. [LR490]

SENATOR SULLIVAN: Okay, and one of the things new is that...I'm looking on this description. A single-district ESU membership is adjusted to reflect exemption from the expectation to spend 5 percent for coordination between member districts. Do we have any idea at this point how that's going to play out? [LR490]

TAMMY BARRY: Not exactly. That's one of the new provisions that came in with the law this year. [LR490]

SENATOR SULLIVAN: Um-hum, right. Okay, and is there a provision for finding out how that coordination is taking place and what's happening? [LR490]

TAMMY BARRY: We didn't put anything in there to hold them accountable to that. [LR490]

SENATOR SULLIVAN: Okay. [LR490]

TAMMY BARRY: It was more of a legislative intent that they... [LR490]

SENATOR SULLIVAN: Uh-huh. [LR490]

TAMMY BARRY: ...suggestion and... [LR490]

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SENATOR SULLIVAN: Yeah, okay. All right, thank you. [LR490]

SENATOR ADAMS: Senator Haar? [LR490]

SENATOR HAAR: Is there any number equality among ESUs, number of students or not to... [LR490]

TAMMY BARRY: No, no, and I will get to the number of students later, if that helps. [LR490]

SENATOR HAAR: Oh, good. Okay, thank you. [LR490]

SENATOR ADAMS: Tammy, is it...just to clarify my thinking on this and maybe draw a distinction between state aid equalization and this. Whereas state aid is...ultimately the needs number is growing and we determine that by statute, what the needs number is going to be. Am I correct in saying that when it comes to ESUs we don't have that kind of a needs calculation? So we're dealing with whatever the appropriation is and in effect we have designed an equalization model that takes whatever the appropriation is, dumps it into a disbursement methodology. [LR490]

SENATOR SULLIVAN: Deployment method, um-hum. [LR490]

TAMMY BARRY: Yes, yes. [LR490]

SENATOR ADAMS: Hence...and I'm sure this will be brought up in testimony at some point today. Hence, as you see student numbers growing in the metro area and Lincoln and student numbers shrinking elsewhere and valuations doing the same thing, you know, you're seeing a shift and there's no needs growing, all right, like there would be at least in the TEEOSA formula. Am I correct in saying that? [LR490]

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TAMMY BARRY: Yes, that's correct. [LR490]

SENATOR ADAMS: Okay, thank you. [LR490]

TAMMY BARRY: Okay, so the addendum, student adjustments. Sorry, I kind of lost my place here. Okay, the student allocation is the distribution that's based on that adjusted student number that we just talked about. And this is the kind of equalizer in the formula or the variable in the formula. Every formula has to have one to make it balance. And so the per-student allocation ends up basically being the number that makes the formula work and you calculate it by taking the appropriation plus the yield from the local effort rate and then you subtract the base allocation and this satellite office allocation/distance ed allowance and any needs adjustments to get that student allocation number. And then you divide that by the number of students to get a per-student allocation and then multiply it back out for each ESU and learning community. There are two hold harmless in this formula. And part of the reason for the hold harmless...or the second hold harmless is for a reorganization for the first three years of a newly reorganized ESU. And we do take out the distance ed and telecommunications allowance before we calculate any hold harmless because that number can fluctuate fairly significantly depending on the timing of the E-Rate reimbursements. The federal government is not always as consistent as we try and be about the timing of their payments so they may fall into different fiscal years. You may have a...one fiscal year that has fewer payments and one that has more and then that would cause the hold harmless to not react appropriately so. And then as also, if you have significant changes, it's just to keep you from having those downward falls that are very difficult to handle in terms of funding. Oh, and it is on the needs side, not on the total aid side, so. The resources are...the local effort rate is--now I can say it better--it's 1.35 cents whereas the levy limit is 1.5 cents, so...and that's per \$100 of adjusted valuation. And we use the same adjusted valuation that we do in the state aid calculation for school districts and the yield calculation is very similar. There is a slight difference that I did not get on my sheet and I'm very sorry about that. For the learning community districts, 10 percent of the

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valuation goes to...is counted toward the learning community and 90 percent is then counted toward the ESU, so...and that's based on the districts that are within the learning community. The uses for the core services and technology funds for learning communities, it's for evaluation and research. It's...that's all that they get to use these funds for so it's not a big pot of money that they're using for administrator salaries or anything like that; it is limited to those two uses. For ESUs, they're supposed to be using it for the three core services that we talked about and they...and new language that we put in this year is that when you look at what your core service funding is...and this has been something that's been different...there has been different perceptions of since core service funding came into being. It's supposed to include both your local resources and your state resources and so the legislative intent is that that's up to your local effort rate for your property taxes and then the state resources. That's supposed to be what consists of your core services funding. They're supposed to...they're expected to use at least 5 percent of the combined funding for cooperative projects between member districts if you're in a multidistrict ESU and another 5 percent for statewide projects. And this is where...for the single-district ESUs, they have some efficiencies built in, in that they don't have to do cooperation between districts within the ESUs, and that's why their student numbers are 5 percent lower. It is because they don't have that same expectation. The use of both core services and technology infrastructure funds and property tax funds requires the approval of representatives of two-thirds of the member districts representing a majority of the students in the member districts. And this is something that is somewhat controversial because it does take away from the powers and duties of the elected ESU board members. This piece came into being when we did the study back in 1996 and that study was of course based on dissatisfaction. You see that in any government service, I think, but there's some people that aren't happy with the way it was being done and so this was put in as a kind of a compromise piece at that time. [LR490]

SENATOR ADAMS: So, Tammy, what you're saying is we haven't...an elected ESU board that levies and the core services dollars in effect are appropriated to, and yet by

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statute we have an element of superintendent control over how this money is used.
[LR490]

TAMMY BARRY: Yes. [LR490]

SENATOR ADAMS: Can you tell me again that formula, please? [LR490]

TAMMY BARRY: The...it...for the school district representatives, it's two-thirds of the member districts and a majority of the students. And because we have some ESUs that have a couple of very large school districts that could represent a majority of the students and then they would be able to make decisions that were not favorable to the smaller districts, we wanted to protect against that. And then also we didn't want the smaller districts to be able to make decisions that were not favorable to the larger districts, so this is...tries to balance between the smaller and larger districts and force cooperation between the different sizes and that's something you may hear people like or don't like during the testimony. These are some of the data elements that go into the formula on the next page. And to give you an idea of the square miles, I mean, we range from 133 square miles to 14,000 square miles. That's quite a variation and this is part of the reason that we needed a sparsity factor. Just the travel alone in those more sparse ESUs is a significant cost and when you have somebody who is traveling--let's say it's a special ed person and they're traveling--they can't serve as many students because they're spending so much time traveling between districts. They may only have a student or two at a district, so that...this is a very significant piece and consideration in the ESUs...for ESUs. The adjusted valuations also vary significantly and if you notice, they do not correspond to the square miles. Your 133 students ESU has the second largest adjusted valuation at \$17 billion. The fall memberships also vary significantly. You have a low of 1,545 students and a high of 63,609 students. The...these were the kinds of things that when we developed this formula that we currently have we were really trying to balance across the state and this hearing today is a good chance to look and see. Did we get close? Did we miss it completely? Hopefully the testifiers will be

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able to tell you those things. It also gives you an idea of where the satellite offices are. The next page has the actual distribution and I did not get it sourced on this document but that does come from the Department of Education's official certification for core services and technology infrastructure funding. And do you have any more questions? And was that so bad? [LR490]

SENATOR COUNCIL: No. [LR490]

SENATOR ADAMS: Yeah, good job, Tammy. Are there additional questions for Tammy at this point? There may be as we progress for this afternoon if we Exec a while on this. If not, then thank you, Tammy. I've asked Matt Blomstedt, the executive director of the ESU Coordinating Council, to testify next. And then after that we can open it up for public comment. Good morning, Matt. [LR490]

MATT BLOMSTEDT: (Exhibit 3) Good morning. I've got a couple more handouts here. Good morning. I'm Matt Blomstedt. Blomstedt is spelled B-l-o-m-s-t-e-d-t, and I'm the executive director of the ESU Coordinating Council. And it's kind of always good to follow Tammy giving the detail of all those things so I can...I give you a little bit of detail in the handout that I share as well and I'll kind of walk through that and stop me if you have questions, that's no problem. So I'll do that and then I...I probably can add a couple other little comments from the...just other thoughts and things that came up even when...as Tammy was talking, so. First of all, Tammy gave a pretty good overview, I think already, of how ESUs are funded. And, you know, basically we're looking at, you know, a substantial amount of funding of ESUs beside...I mean you have property tax and core services aid but obviously a substantial amount is in contracted services, primarily with school districts in areas like special education and consorting other activities that they might be able to do collectively. [LR490]

SENATOR ADAMS: Can you give me a specific example of that, Matt? [LR490]

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MATT BLOMSTEDT: Well, I know that we have...I mean within special ed we have almost all the title programs. In different areas they have consortiums of those different projects. Also, if they don't happen to have a consortium where the schools go ahead and pool resources, they are often...school district...or, ESUs will be able to charge for services that aren't part of the core, so. [LR490]

SENATOR ADAMS: So if a school district doesn't have a speech pathologist and their ESU does, they would contract with the ESU? [LR490]

MATT BLOMSTEDT: Right, they could do that. I mean historically we've had nursing programs and other things to provide services to school districts, so there's kind of a variety of those types of services as well. If you look at...federal sources, too, come into play and in part because of some of the same reasons, so they end up showing up as part of...in particular with...when federal funds come and it might be better to do it at some scale to go ahead and manage those funds, so those often end up here and a lot of those are just simply categorical. I mean the issue is acting as a fiscal agent or as a repository of those funds and that's part of the specific role and mission of ESUs in statute, so you'll see that a lot of that activity shows up there. [LR490]

SENATOR ADAMS: Maybe you've kind of answered my question. And I was curious about how the IDEA money--special ed money--from the fed gets to an ESU. [LR490]

MATT BLOMSTEDT: It's only in coordination and cooperation with the school districts and one of my ESU administrators might be able to correct me on that. [LR490]

SENATOR ADAMS: Okay. [LR490]

MATT BLOMSTEDT: But the...basically it's in partnership with those school districts. They go to the ESU and say, help us manage that program or service, so. So basically, I mean, that's kind of where we're at. And I don't know if...I don't know how well this next

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little thing copied but essentially you see that there's...those funding sources that Tammy already outlined in...or are outlined in that previous piece are part of essentially what we do. And I think the notion of core services aid...and Tammy is right. With core services, money issues, and even in kind of interpretations at the department, core services, I think historically have been kind of interpreted as a categorical aid program and I think...and Tammy and I have talked about this quite a bit in the past. I think its intention was pretty much as a general aid project or program. So we kind of...I think we have some sorting out to do on that, although I think the more recent legislation is...probably addresses some of that a...to a little bit clearer standpoint. But I do want to say that then...and you end...or go ahead if you had... [LR490]

SENATOR ADAMS: I was going to...well, if you don't mind I'm going to jump back to the property tax element again. [LR490]

MATT BLOMSTEDT: Yeah, sure. [LR490]

SENATOR ADAMS: Typically, political subdivisions have allowances to exceed their levy limit. Do ESUs? [LR490]

MATT BLOMSTEDT: There are a couple instances of where they've been allowed to do bonding for different things but not typically. And so as far as like an override, there has been histories of that, I think, that school districts have also had, that ESUs have had. But for the most part, at the moment in time there don't really seem to be any of those options, I guess, so...to exceed levy. [LR490]

SENATOR ADAMS: All right, and I'm assuming the geography of a lot of these ESUs inhibit the ability to... [LR490]

MATT BLOMSTEDT: Oh, and you're saying like a specific voter-approved bond issue or something along those lines. [LR490]

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SENATOR ADAMS: Right, or any kind of getting beyond that 1.5. [LR490]

MATT BLOMSTEDT: Yeah. I mean yeah, it's a pretty broad community of interest. So like when you're talking at a...I'm 99 percent sure that the largest geographic ESU is ESU 13, and so however many thousand square miles that was, yeah, it's a pretty broad geography as well, as you all know when you're running campaigns. (Laugh) There's a lot of people to go see, to make things work. [LR490]

SENATOR ADAMS: So if ESU 13 wanted to build a new building and they needed to pass a bond issue, by statute they could go to a vote of the people. [LR490]

MATT BLOMSTEDT: You know, we actually had this come up in our legislative committee meeting a couple...about a week-and-a-half ago or so. And there's actually maybe lawyers that disagree whether we can or we can't. [LR490]

SENATOR ADAMS: Okay. [LR490]

MATT BLOMSTEDT: So I think that actually it needs a little further study on that. There have been bond issues, there's been some joint public entity things, like ESU 13 actually did work with Western Nebraska Community College to provide for facilities for the...an alternate ed program, so. [LR490]

SENATOR ADAMS: But for political reasons, if ESU 13 wanted to build an additional building in Scottsbluff, it's pretty hard to get Sheridan County voters to add to their property tax. [LR490]

MATT BLOMSTEDT: Right, I mean you're going to run into those types of dynamics just of, you know...do we...I mean, and I think it's all fair. You know, historically the ESUs have kind of served in the background relative to hey, look, we're just trying to help our

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districts accomplish what we need to accomplish. They've not been at the front of the, you know, political scene relative to trying to organize resources so I think yeah, all those things kind of come together to be a difficult issue for the ESUs and garnering public support for something like that, so. [LR490]

SENATOR COUNCIL: Senator Adams? [LR490]

SENATOR ADAMS: Yes, please. [LR490]

SENATOR COUNCIL: And quickly, then thank you, Matt. To go back on the accounting of federal dollars and specifically special education dollars, you mentioned that the ESUs can act as fiscal agent. So the federal funds come to the ESU? [LR490]

MATT BLOMSTEDT: I actually...and somebody might be able to correct me on this. I believe they actually go to the school district and the school districts put them into a consortium fund at the ESU. [LR490]

SENATOR COUNCIL: Oh, okay. [LR490]

MATT BLOMSTEDT: So I believe that's how it works and one of my administrators might be able to correct that. [LR490]

SENATOR ADAMS: So the assumption is that the monies are distributed according to our state allocation. [LR490]

MATT BLOMSTEDT: Yeah, right. [LR490]

SENATOR ADAMS: But then school districts could put it back to the ESU and... [LR490]

MATT BLOMSTEDT: Yeah, and they have done that and we actually have quite a bit of

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that. As special ed kind of developed especially, you know, in the early years, I mean the complexity of financial accounting for that for very small places was difficult, so they brought those together to really be able to fiscally manage that appropriately, I guess, and do all the paperwork. And so we actually have what we call our ESPD group or our ESU special populations directors, which I think, you know, essentially is our special ed directors for a lot of schools. And so they're very active in working...you know, I can think of a couple in particular that are probably managing 15/16 schools' special ed programs through their ESUs, so...and doing all...everything else that that entitles as well, sometimes even consorting all the money to the special ed director or special ed teacher at a particular school. Might actually be an ESU employee, for instance, because that's how they have organized it to be able to share resources. And that's really been going on for 30 years probably, if not a little more, so. [LR490]

SENATOR ADAMS: Okay, other questions, Brenda? [LR490]

SENATOR COUNCIL: Uh-uh. [LR490]

SENATOR ADAMS: Anyone else? Okay, go ahead, Matt. [LR490]

MATT BLOMSTEDT: I was...the next slide on here that I have is a...you know, I basically say ESU core services is a complex decision-making process. And I wanted to talk a little bit about that, the dynamic of the incorporation of school input on how we spend core services and what ESUs do, the complexity of having an ESU board by itself going, here's another complex relationship. And frankly, I mean, I guess I'm somewhat in the...another complicating factor, the ESUCC to a certain extent is another complicating factor in looking at how we come up with strategies and plans to work on core services. And I'll throw another in because Dr. Breed is behind me. I'll say he's a complicating factor. I'm...(Laughter) I get my shots in early because they'll come later. But the fact of the matter is we just examined Rule 84 which is the accreditation of ESUs and that was actually just adopted here and signed by the Governor here just a

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couple weeks ago I think now. And part of that process, and I think it's a good part of the process, is coordinate our efforts on what core services...you know, what really matters on core services, on staff development, on technology, on instructional materials, but coordinating that work with the department to understand what the data is saying about what we need to do in school districts. And so now that part of ESU accreditation as well, where we will meet jointly--we being the ESUCC and each of the ESU administrators--we'll meet jointly with the department to talk about that on an annual basis/twice a year, review data. And frankly, we've been doing a lot of that and finding different ways that we move that process forward. But I think that will be absolutely critical for the future of services that ESUs offer. [LR490]

SENATOR SULLIVAN: When Tammy made her remarks, she said that in the core services area of those staff development, technology, and instructional materials, they are prioritized in that order. I mean how did...? [LR490]

MATT BLOMSTEDT: Yeah, so staff development first and, you know, I...one way that I can say that...I can tell that it's prioritized that way at least from a, you know, anecdotal way, I guess, when we have...we have different groups of staff that we work with statewide from the ESU, various staff, and we call them affiliate groups. So we have a special ed group that I talked about before, we have our staff development group--so that's the biggest group of these affiliate groups--and then we have a media group that tends to be one person and the technology is kind of blending also into that, into media as well because media is becoming very technological, I guess. And so...but the largest group I guess would be staff developers so you can tell, at least anecdotally, they've made that a priority relative to how they address core services. [LR490]

SENATOR SULLIVAN: Okay, and when you say staff development, you're talking about the development of the ESU staff rather than staff development of faculty in school districts? [LR490]

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MATT BLOMSTEDT: No, these would be staff developers that work with school districts... [LR490]

SENATOR SULLIVAN: Okay. [LR490]

MATT BLOMSTEDT: ...specifically on school improvement and working specifically on classroom management, behavior,... [LR490]

SENATOR SULLIVAN: Oh, okay. [LR490]

MATT BLOMSTEDT: ...you name it, they pretty much participate in those activities so,... [LR490]

SENATOR SULLIVAN: Oh, I see, okay. [LR490]

MATT BLOMSTEDT: ...and actually provide that. And again it's part of that notion of they do that, providing that at scale across those places and I'd probably even segue a little bit into that, our notion of where we've done this. I mean I think historically I think it's accurate to say that ESUs are set up to help provide services for small districts. What we're finding is at such scale we're essentially looking at statewide scale on how we organize curricular materials, staff development trainings, and the whole bunch of different fronts that impact schools as we go. So I think that's the exciting part of the direction that we're heading as really this scales up to where, you know, where we talked about single-district ESUs or our larger ESUs, they actually help provide that capacity statewide at, you know, at this moment in time. So we really share and interact to be able to accomplish that. [LR490]

SENATOR SULLIVAN: So in other words the Coordinating Council will be playing a role in making sure that those single-district ESUs spend 5 percent of their dollars for coordination. [LR490]

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MATT BLOMSTEDT: Yeah, within...and what they share and across our different projects for ESUCC, we also...besides the professional development organization, we also have a special ed student records system, cooperative purchasing, distance education, and our...actually, the instructional materials project as well. So out of all those different projects they participate, so all of those are managed underneath that and they all connect in one way or another to core services, so. [LR490]

SENATOR SULLIVAN: Okay. [LR490]

SENATOR ADAMS: Matt, can you tell me as long as we're on this side of decision making, this relationship between the ESU board and the school districts and how the money is allocated, I mean it would just seem to me that if it works, fine. Schools--and I'm assuming the superintendent being that person--should have an active role in directing how the ESU uses its money but ultimately it's that elected ESU board, is it not, that has a responsibility for that? [LR490]

MATT BLOMSTEDT: You know and I think there's kind of...and I think Tammy alluded to...I mean there's certainly tension sometimes that's...that can occur as a result of that because you might have an ESU board elected with one thing in mind. And the ESU board is responsible for setting the levy for the...essentially the fiscal management, the staffing of that ESU, and everything else. And then you would have a group...and I...you know the...I think the idea is 100 percent spot on as far as hey, look, we want to involve schools in what we do. And so I think that became the...that was the motivating factor in that so you might...but you might have a school that says, hey, look, this is not...you know, what you're laying out as a plan doesn't really match for us and so you could get tension between a board and that. And, you know, it does inspire conversations about how are we going to make this work, what really works for your school versus somebody else. And I think where that also becomes somewhat problematic is the nature and I...you know, we have different ESUs. Historically again, and I...by the way, I

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started one of my dissertation topics on the history of ESUs and how they have changed. But anyway, that's all the...because I'm good at that. But I'm good at changing, not finishing apparently. But anyway, the whole notion of...you know, you might have a large district with a whole bunch of small districts in one ESU or you might have a couple large districts with a whole bunch of small ones and so there...sometimes there's tension between the types of schools that you have and so really...as I see it, the goal of not just the ESUCC but each ESU is figuring out how do you really make a productive working...collaborative working relationship between schools not just to kind of...you know, so the ESU can help that school but schools within an ESU can help each other. And statewide I expect kind of the same thing, that school districts and ESUs are able to help provide capacities ultimately for the improvement of education across the state. And so...and it's a struggle but I think there's certain elements of that history that come into play that force those conversations and I think in that case that two-thirds and 50 percent was part of that history and so good, bad, or otherwise, I mean that's sitting there. Whether or not there would be another way to encourage that collaboration, I don't know. But that...it...that's the purpose of it and I don't think that's necessarily a bad purpose for it. You might occasionally get different results. [LR490]

SENATOR ADAMS: Yes, Ken. [LR490]

SENATOR HAAR: Are ESUs unique to Nebraska? [LR490]

MATT BLOMSTEDT: No, I think 40...well, 43 or 45 states have something similar to an area education agency. ESUs are unique in the fact that we're the only ones that call them ESUs. [LR490]

SENATOR HAAR: Yeah, yeah. [LR490]

MATT BLOMSTEDT: You know Iowa has AEAs, New York and Colorado have something called BOCES and I can't...it's B-O-C-E-S and I'd be... [LR490]

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SENATOR HAAR: Uh-huh. [LR490]

MATT BLOMSTEDT: I can't remember exactly what that stands for but anyway there's several different acronyms. I think there's almost 20 different things that they're called. And historically again on that point, county superintendents somewhat fit into regional education agencies... [LR490]

SENATOR HAAR: Uh-huh. [LR490]

MATT BLOMSTEDT: ...and so there's kind of a history that follow with the role of county superintendents nationwide so. [LR490]

SENATOR HAAR: Nationwide, then do other states tend to use formulas or just...or is there a whole smattering? [LR490]

MATT BLOMSTEDT: It's a combined thing and actually we're probably...I won't say 100 percent unique in this but some places are just property taxes, some places are just contracted services, some places are just state funded, and we're a combination of the three. So I don't know how many would fit into that category nationwide, but there's probably a couple others that might be similar in that regard. [LR490]

SENATOR HAAR: Um-hum. Generally then there's the acceptance that this working together makes sense. [LR490]

MATT BLOMSTEDT: Yeah, I mean at least it may...my experience over the last couple of years with ESU administrators is that...I mean I've been...I would say that that's a message that really carries through and it's kind of...you know, they believe it at a regional level, at a local level, so I think it really matches well. And actually, they were doing a lot of statewide work. Most of the projects that we now have as statewide

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projects existed--in fact, all of the projects existed--before the ESUCC. It's just that they were managed in multiple different places and now it's been nice to bring those together into a statewide system of services so. [LR490]

SENATOR ADAMS: Matt, if we have a formula that we talked about earlier that is not necessarily needs driven, there is no autopilot, then am I correct in thinking that with the growth in ag values across the state and probably combined with the decline in student numbers within many of those ESUs and then let's say we go to the east where you've seen flat valuation growth and growing student numbers and we're taking that limited pot and it...the money really is shifting, is it not, in a more dramatic way than might be under TEEOSA? [LR490]

MATT BLOMSTEDT: Yeah, and I...Yeah, I think it is and I think we'll have one person that will come up and kind of give an example of that in their particular ESU. But the fact of the matter is because the needs within the core services funding is actually driven by the appropriation essentially...and actually it's...we had a couple decreases in it, you know, through the bad years here recently that you've all survived so I think we had two subsequent 5 percent declines in that. Well anyway, as you see what's happening with ag land and with student numbers, you're going to obviously have a shift and you might expect that. You might say, well, you're making that up in property value. Well, because it's a declining amount of the pie being distributed plus the extreme conditions, we're actually seeing a decline in actual access to resources but, I mean, I think we're seeing that...you know, I'm not...I'm...we're probably seeing that everywhere. It might be exaggerated in certain cases where you're seeing that happen and so for every dollar lost in core services funding, doesn't mean you can make it up on the property tax side, at least that's our anecdotal conversation so far. I haven't really sat down and studied that as a real trend but that...we...at least I've seen it in two places, you know, so far, so. [LR490]

SENATOR ADAMS: Okay. Yes, Senator Avery. [LR490]

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SENATOR AVERY: Thank you, Mr. Chair. What is the...or how many single-district ESUs do we have? [LR490]

MATT BLOMSTEDT: Two. [LR490]

SENATOR ADAMS: And they are? [LR490]

MATT BLOMSTEDT: Lincoln and Omaha, so ESUs 18 and 19. [LR490]

SENATOR AVERY: What is the rationale for ESUs? [LR490]

MATT BLOMSTEDT: For single-district ESUs, I mean, or for ESUs generally? [LR490]

SENATOR AVERY: No, no, I was going to get to that next. [LR490]

MATT BLOMSTEDT: Oh, okay. [LR490]

SENATOR AVERY: But isn't it to bring together districts, multiple districts, and share resources so that you can get a better cost? [LR490]

MATT BLOMSTEDT: Yeah, I think so. I mean I think when you go back to the formation of ESUs, I would certainly say that was probably much more of the rationale. Now ESUs have been given certain things to work on so whether it's technology or...you know, we've done a lot of things in assessment, you know, and that...I'm...maybe I'm...I don't mean to avoid your question necessarily on this sense but I...what I see happening is kind of an evolving responsibility for ESUs and part of what I see happening is that it's not just about a single ESU existing or a single district but how we actually end up sharing those across there, so we end up developing a common language across the ESUs and they're able to do that, you know. But I think you're right, I think the initial

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point of that was sharing across multiple districts and how you get that accomplished, so. [LR490]

SENATOR AVERY: And that makes sense. [LR490]

MATT BLOMSTEDT: Yeah. [LR490]

SENATOR SULLIVAN: Thank you. [LR490]

SENATOR AVERY: But when you look at a single-district ESU, it appears to me that this is just another way to get another 1.5 cent levy. [LR490]

MATT BLOMSTEDT: You know...I mean I think...I mean historically I think there's probably that argument to be made as well, but I think the reality is...and I'm not...I mean at least that was certainly a perception even, you know, at the time of the last study, the time before. What I actually see as a...what's probably going on is that layer of services that ESUs tend to provide, it becomes an opportunity to sit there and work across that layer of services across the state. And there is kind of a statewide responsibility embedded into the language from LB446. And I...you know I find to be holding true relative to how we can interact and how we can work on that. And you can say, hey, look, if you went back to, you know, 1971 or whatever the exact year was when single districts came, it probably was more much about access to the levy, you know. I think that's probably true historically. But now we're at a point in time where it becomes a common language for how we work on certain things and interact with the Department of Ed and how we interact with one another and kind of providing a leadership role for larger districts relative to the types of services that we need to roll out across the ESUs is...actually I find to be very helpful, so. [LR490]

SENATOR AVERY: So these two ESUs that are single-district ESUs really couldn't function without this extra layer of levy authority and administration? [LR490]

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MATT BLOMSTEDT: Yeah. Well, I mean I think in their cases...I mean could they? Certainly, they could in isolation of everyone else. And in the single-district ESUs they could say well, they were isolated. Well, they weren't necessarily isolated because they were actually participating with the other ESUs. And it changes it up a little bit and I know we've had arguments of gee, I'm a larger school district somewhere else in the state, I'd like to be my own ESU. And that's the wrong motivation, to want to be your own just to be able to control that and not work with others necessarily. I don't see that as a benefit. What I do see happening with ESUs 18 and 19 is that there is an intentional effort to work statewide as part of that bigger piece of the statewide capacity that we have across the ESUs. [LR490]

SENATOR AVERY: So what is the actual rationale for single-district ESUs? Why not bring in the Norris School District, for example? Welcome to the Lincoln ESU. [LR490]

MATT BLOMSTEDT: Yeah, I mean we could do that. It's going to change relationships between those places over time as well and so is it...is there that much being gained necessarily from that type of arrangement? And I don't know; maybe there would be, maybe there wouldn't be. But I think the expectation now is that regardless of the types of services that ESUs offer, I think that the rationale is hey, look, we're able to go in...at least from my perspective, I'm able to dive into the largest two school districts in the state and say, how is it working for you. If I can make it work for the largest districts and you can help me figure that out, we can make it scale for larger districts across the state. And there's one other state that has single-district ESU type of environment and that's in Pennsylvania. They actually have Philadelphia and Pittsburgh and at that time it was much the same rationale and probably about the same time frame that basically, you know, they were...at the time they were formed it's like, hey, look, we believe there's an equity issue relative to access to resources, you know, bring us into that mix. And so I think that's the history of it. The future of it I think is a whole different thing and, you know, I'm somewhat of a...going, hey, look, we have resources here that we can tap into

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that are different than I would otherwise be able to tap into. [LR490]

SENATOR SULLIVAN: What is the relationship of the...your Coordinating Council with the Learning Community and how they use their ESU funding? [LR490]

MATT BLOMSTEDT: The only portion we actually...I sat through meetings on planning out the...kind of what they were going to try to do on evaluation for that; that was part of our statutory role on that. And I think we set up a framework of things that they might be looking at to evaluate and these were in the, you know...kind of over the last couple of years. And as they established that framework for evaluation, you know, basically we were able to provide, or could provide anyway, some of that analysis and research. And what I'd like to do is start to shape that with...in conjunction with the data analysis that we've done because I really think that's going to be critical to the future of that. [LR490]

SENATOR SULLIVAN: Um-hum. [LR490]

MATT BLOMSTEDT: So I mean...you know, and I see Ted Stilwill is here as well and said hi to him already but the...you know I think there is a lot of work that we actually could do and I think it's an opportunity to look at how we provide maybe their staff development or other things that could come into play on those fronts as well so. [LR490]

SENATOR SULLIVAN: Thank you. [LR490]

SENATOR AVERY: Are you going to finish your... [LR490]

MATT BLOMSTEDT: Do you want me to finish or...(Laughter) [LR490]

SENATOR AVERY: Yeah, well, I... [LR490]

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SENATOR ADAMS: Go sit down, Blomstedt. [LR490]

SENATOR AVERY: I'll be quiet if you want. [LR490]

MATT BLOMSTEDT: Let me see if there's anything that I haven't answered in here. I probably would talk about one other element and that...and it came up a little bit on facilities. I am concerned about our future abilities to generate enough funds on...and I don't just mean facility. We have facilities that...and infrastructure, technology infrastructure, where we're going with that in the long run. And I kind of think as we've kind of squeezed down capacities for school districts and everybody, I'm worried about where we're at on the infrastructure. It's the same type of argument I think we could...that we'll see. And what I find is that ESUs historically have been able to go generate funds from grants and federal funds to do a lot of technology infrastructure. I'm concerned that those are drying up. You know, there...it's those types of things that somewhat bother me. I will say also on facilities, I mean, we have...because of the role in special ed, we actually have some ESUs that provide educational facilities and I'm...I got chewed out by Randy Peck here the other day for calling his facilities the worst in the state ESUs. But actually they're offering, you know, special ed services like in an old feed store. Right, I mean the...and I'm not going to discount that. I think they're doing very good things in that old feed store but it's those types of things that you sit and go, I don't think you're probably aware that's going on and I...you know, it's those types of things that we might want to talk about in addition to just going, how are we going to do this in the long run? How are we going to provide maintenance for these things in the long run? So...and we don't have a lot of avenues relative to that so it's...it...there's been some great examples of joint collaboration between school districts and ESUs. Actually, Norm Ronnell was supposed to be here today and he's sick so I'm taking part of his time I guess. But they did something as a joint project with Columbus Public Schools to build the facility for special ed that's...you know, really was necessary for Columbus and really was beneficial for the whole ESU region. So there's things along those lines where they can get creative but it...you know, those you just kind of have to seize when

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you have the opportunity and it's not really a strategic, thought-out process on how you maintain and build facilities so. [LR490]

SENATOR ADAMS: You talk about, Matt, facilities' cooperation between public schools and ESUs and I was looking at the map and I remember earlier you said that Western Community College and ESU 13 do some coopting. And certainly not in all of these ESU areas is there a state-supported college of higher ed of some kind but in a lot of them there are. [LR490]

MATT BLOMSTEDT: Right. [LR490]

SENATOR ADAMS: Is there other examples of that kind of coordination? [LR490]

MATT BLOMSTEDT: And again, I mean, as I mentioned, ESU 7 has done that. There have been lots of conversations, I think, historically with different types of partners to provide for facilities, you know, and I...off the top of my head, I don't...I can't think of another one as dramatic as what ESU 13 had done. I mean that was a pretty unique circumstance and I'm not sure we're likely to replicate because it just had the right people at the right time type of thing so. [LR490]

SENATOR ADAMS: Right, right. Okay, thank you. Are there any final questions for Matt? [LR490]

SENATOR AVERY: Yes. [LR490]

SENATOR ADAMS: Yeah. [LR490]

SENATOR AVERY: What is the source of funding for the Coordinating Council?
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MATT BLOMSTEDT: Yeah, the...Tammy had alluded to it. Two percent of the core services funds is roughly \$275,000. Then as we brought the other projects together, we have co-op purchasing that had been run on it so...and our special ed student records system that had been run on its own so those are...and you know distance ed as well is another part of appropriation that comes to the council. So all those resources kind of come together underneath one roof that way, so. [LR490]

SENATOR AVERY: What is your total budget? [LR490]

MATT BLOMSTEDT: With co-op purchasing in place, it's fairly large because it's approaching \$20 million because we do joint purchasing, you know. But the operating budget portion is roughly about \$1 million/\$1.2 million, something like that. We have 11 staff statewide and with eventually a 12th to come in place. And then we actually have five--let me count--five locations where we actually have staff, so...because they were...as the history of...you know, co-op purchasing was out in Ainsworth, where I'll be tomorrow. And we have instructional materials that have been run out of ESU 5, we had special ed student records system that had been run out of ESU 1 up in Wakefield--and ESU 5 by the way is Beatrice--and so we had different locations of things and then when I was hired, I was put into an office space here in Lincoln so. [LR490]

SENATOR AVERY: You may know that I have expressed some concerns about the top-heavy administration we have in especially higher education in the state and I'm beginning to think that maybe we might have the same problem in K-12. So I guess the next question is: How necessary is this Coordinating Council? That's a lot of money you have...you're...you discount \$20 million or whatever it was from the large source and just look at the operating budget, \$1.2 million is on chicken feed. [LR490]

MATT BLOMSTEDT: Yeah. Well, again most of it...yeah, most of it comes for specific purposes, so the state portion of that is, you know, \$275,000 that we used for also the kind of similar statewide core services pieces and then distance ed, where we do have

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a distance ed director hired by...according to statute as well that help coordinate the activities of distance ed. So those are the elements that come together from state appropriation pieces, so. [LR490]

SENATOR AVERY: And this essential for K-12 education in this state? [LR490]

MATT BLOMSTEDT: Well, I mean, I think...you know basically...you know, if we're...if someone is not doing this coordination, the fact of the matter is it doesn't necessarily just happen on its own. And part of the impetus I think for the ESUCC was they were trying to coordinate that among the administrators statewide and that caused, you know, problems and concerns because it wasn't all being done the same way. And so there was kind of discord, I guess, between ESU board members and some other folks. And so, you know, frankly it's kind of one of those if it didn't exist, you'd have kind of that problem of hey, look, if these are valuable services statewide...and if...you know, if I'm making an assumption there, that's fine. But, you know, if they don't exist somebody else is going to try to recreate them in some fashion or another so I think that's why the Legislature jumped in at that point and said, hey, look, it's probably worth coordinating that activity for the long haul. [LR490]

SENATOR AVERY: And the budget is new money or additional money, not reallocated existing money? [LR490]

MATT BLOMSTEDT: I don't know how to answer that one necessarily. I mean the budget relative to ESUCC or...? [LR490]

SENATOR AVERY: Yeah. [LR490]

MATT BLOMSTEDT: It was a share of the core services fund so it wasn't necessarily appropriated as more money at that point in time. I mean Tammy might be able to walk through that history a little bit better but... [LR490]

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SENATOR AVERY: Over time it probably evolved into additional appropriation. [LR490]

MATT BLOMSTEDT: I actually don't think it has so far because the ESU funding has gone down every year since I've been here so, you know...so I don't think it's actually attributed to more appropriation for... [LR490]

SENATOR AVERY: So it's just an...a reallocation of existing money? [LR490]

MATT BLOMSTEDT: It is, yeah. [LR490]

SENATOR AVERY: Thank you. [LR490]

SENATOR ADAMS: Senator Haar, did you have a question? Anyone else? Thank you, Matt. [LR490]

MATT BLOMSTEDT: All right, thanks. [LR490]

SENATOR ADAMS: We are a little bit short on time, I apologize for that. We do have another LR yet to go today so my intention was to run until about 10:30 on this particular LR. So we're now open for other testimony if there are those of you that would like to contribute. Anyone? [LR490]

DAN SHOUMAKE: To whom do I give this? [LR490]

BECKI COLLINS: Thank you. [LR490]

DAN SHOUMAKE: My name is Dan Shoumake. I'm administrator of ESU 6. [LR490]

SENATOR ADAMS: Can you speak into the mike for us, Dan, so we get it recorded?

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Thank you. [LR490]

DAN SHOUMAKE: (Exhibit 4) I'm sorry. My name is Dan Shoumake. I'm administrator of ESU 6 in Milford. We serve 16 school districts basically that surround Lincoln Public Schools but not Lincoln. And the major point I wanted to make in regard to your review of ESUs is the need for facilities--excuse me--and there is...I've spent a lot of time working on this particular issue and right now, there's only one legal recourse for ESUs to build facilities or address facility needs, and that's lease purchase. And that's problematic because if you don't have the money to pay your lease payment--and that money would either come from a surplus of funds that you get from your local property tax or core services or fees that you charge your school districts--then you're not going...like if...in our particular case we need to do about a \$4 million building project. If we looked at a lease payment over 20 years, you're talking at least probably \$500,000 to \$750,000 payment every year. Well, we simply don't have the revenue to do that. So we would like to see the Legislature address several existing pieces of legislation that would give the ESUs the ability to build and one of those is the Joint Facilities Construction Act. And we have talked to the city of Milford and the city of Milford is very interested in working with us on this. We've also talked to Southeast Community College. That worked out for ESU 13 but would not work out for us because we would have to be...there's a...the law defines that the minor partner in a collaboration under the Joint Facilities Construction Act has to put in at least 25 percent. Well, the biggest thing is that Southeast Community College is willing to work with us on that but they would own the facility. Since it's a remodeling of our existing facility, they would take over our existing facility. We would have to put in 25 percent of the construction and under the restrictions of this, which currently is you can levy 5 percent of your restricted fund, we could pay off \$1.5 million in 40 years under that provision, which isn't even enough to do the 25 percent that we would have to do. So the Joint Facilities Construction Act, we'd like to see some changes in that. I have some draft language to redo that. I'm sorry I only have one copy of that. The QCPUF legislation which allows schools to do construction under handicapped accessibility and I think asbestos removal and different

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things like that, there are some changes in that that would allow ESUs to build because handicapped accessibility is a concern for us. Our building currently is not handicapped accessible. And we would like to do the design-build process which currently is not open to ESUs, so we'd like to see you include ESUs by amending that existing legislation so that we could do design-build. Excuse me. [LR490]

SENATOR ADAMS: Are there questions for Dan? Senator? [LR490]

SENATOR SULLIVAN: When you mention design-build, who is included in that now? You said ESUs aren't included in it. [LR490]

DAN SHOUMAKE: I know that public schools can do design-build but...and I don't...I have to admit I don't know who else can use the design-build right now. [LR490]

SENATOR SULLIVAN: Okay, okay. [LR490]

SENATOR ADAMS: Dan, and you and I have talked about this but I'm not sure I...either I don't remember or we didn't talk about it. You are in effect...ESU 6 I know specifically is right across the street from Southeast and maybe Jack Huck ought to be the one sitting next to you to answer this question. Do they not have facilities already that can be shared by the two entities? [LR490]

DAN SHOUMAKE: He says no. And we've used their facility some, but we're talking about on a regular basis. The answer was no, they do not. [LR490]

SENATOR ADAMS: Okay. [LR490]

DAN SHOUMAKE: Now Southeast is able to levy enough that they can build...in fact, they've built facilities using the Joint Facilities Construction Act for other public entities and then leased...they end up leasing that back to that facility. And Jack offered to do

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that for ESU 6 for 100 years but I'm not...that's not real enticing to me, to tie up the ESU in a lease contract for 100 years when we would never own the building and we would be really at their mercy as to how we use it and when we can use it and so on. [LR490]

SENATOR ADAMS: Other questions for Dan? Yeah, go ahead, Senator. [LR490]

SENATOR AVERY: Couldn't you negotiate the terms of lease to account for those deficiencies you just anticipated? [LR490]

DAN SHOUMAKE: Well, in our particular case, we were not...I guess when you bring all the money to the table, you're a little less willing to negotiate than if you bring something very limited to the table and that was our situation so no, they were not willing to negotiate. [LR490]

SENATOR AVERY: So you've actually had these conversations? [LR490]

DAN SHOUMAKE: Yes, absolutely. [LR490]

SENATOR AVERY: And they would...and they actually specified restrictions on your use? [LR490]

DAN SHOUMAKE: Yes. [LR490]

SENATOR AVERY: Could that perhaps be resolved by legislation? [LR490]

DAN SHOUMAKE: Well, the changes that we would propose...and our law firm is Perry Law Firm and we had Jim Gessford study this and look at the existing laws. The changes that he is suggesting in the Joint Facilities Construction Act would allow us...I think the most attractive concept to us is to use the Joint Facilities Construction Act and to work with the city of Milford because they have a distinct need for a facility also and

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they have not been able to pass any kind of a bond to address that or whatever. So I...that would be the most attractive option to us. [LR490]

SENATOR AVERY: Would it involve additional expenses on your part? Would you have to raise your property tax levy? [LR490]

DAN SHOUMAKE: It would. We're suggesting that the change in here would be that we could levy up to a penny to address that. And on the \$4 million project we're talking about, that would take us...if we could do a penny on our tax base, we could pay that off in about five-and-a-half or six years. [LR490]

SENATOR ADAMS: Additional question, Senator? [LR490]

SENATOR AVERY: I'm just muttering... [LR490]

SENATOR ADAMS: And I'm an old man; I can't hear your muttering. [LR490]

SENATOR AVERY: ...about everybody's got their fingers on my property taxes. [LR490]

SENATOR ADAMS: Yeah, any other questions? Thank you, Dan, for your comments. [LR490]

SENATOR SULLIVAN: Thank you. [LR490]

DAN SHOUMAKE: You're welcome. Thank you. Would you like me to leave the...? [LR490]

SENATOR ADAMS: You're welcome to. You can leave it with Becki. [LR490]

DAN SHOUMAKE: Okay. [LR490]

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SENATOR ADAMS: If there is additional testimony, come forward if you would. [LR490]

SENATOR AVERY: This is why I'm sensitive to that issue. [LR490]

SENATOR SULLIVAN: (Laugh) Kind of figured that. [LR490]

SENATOR ADAMS: Good morning. [LR490]

PAUL TEDESCO: Good morning. My name is Dr. Paul Tedesco. I'm the ESU 11 administrator at Holdrege, Nebraska, with 13 school districts. Just a couple points that were brought up by Matt that I'd like to give you the particulars on for our ESU 11. In 2009-10, we had \$466,499 and some odd cents in core service money and then the next year, \$395,155, a reduction of \$71,293.98. But the increase in taxes was \$28,195 so basically, you know, a \$43,000 deficit there. And it's a little tighter the next year, only a \$3,000 deficit from '10-11 to '11-12, which was my first year as the administrator here. But as an administrator in another neighboring state of K-12 schools, when you see that type of a pattern continue, you know that's something you're going to have to deal with in the future. And one of the things that my predecessor did that was stop, I believe legislatively, was the insurance bonding. But it was a real blessing for ESU 11; we will finish off the taxing for the insurance bond next year, so taxes will go down. But we're going to come out of it with \$800,000 more to weather this period of time and then possibly find a different formula or setting. Our local tax and core dollars are about 22-25 percent of what we do and then the...we have special ed that we do for most of our schools, provide the personnel not just the supervision/direction of and that's about 50 percent of our operation and from there, it's consortiums/grants. And in addition, lately we've been billing back schools. You want extra services and things, we'll have to find a way to have you pay for that, so we just shifted who else is doing what in that regard. But we do contract special ed as I mentioned, technology, nurse help, counselors. There's a couple of schools that have one day and another one has three

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days, so they have a hard time finding a counselor, so we advertise and find the counselor for them; Title I Consortium, Perkins Consortium, things of that nature. On another topic you mentioned, the boards and getting along with the schools and their needs, been very, very up front about when I interviewed there last year. And as I got there, sometimes those things don't always match--they're trying to woo you in--and they matched. It was wonderful that the schools appreciate and love the services we're bringing. Our board is very concerned that we're meeting their needs so we haven't had any conflicts in that regard. We meet six or seven times during the school year, on a monthly basis with the superintendents, give general reports of what's going on in those different departments, what's coming up, ask for their input. We appreciate the NDE wanting us to be a partner with them in accountability and all those upcoming events and staff development and so we're really thankful for that. We do also have an annual survey going to our administrators and our teachers and any other staff members that want to participate and we get very high rankings there so we're always looking for what are their needs and what we can do to bring to them, that type of thing. But I thought it was important to let you know that what Matt is telling you...there are some school...or some ESUs that could tell you that is happening to them as far as the reduction and cores not being matched by the local property tax. [LR490]

SENATOR ADAMS: With your experience with funding formulas and I'm assuming, having been a superintendent in Iowa, you're familiar with distribution formula... [LR490]

PAUL TEDESCO: That was that neighboring state I didn't mention. (Laugh) [LR490]

SENATOR ADAMS: Yeah, well,...(Laugh) [LR490]

PAUL TEDESCO: Okay. [LR490]

SENATOR ADAMS: ...the word has gotten out. [LR490]

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PAUL TEDESCO: Oh, darn it. [LR490]

SENATOR ADAMS: Are...the point that you're making, I get that; we've talked about it a little bit and it's...your point is well made. Looking at this formula, what suggestions for changes might you make? [LR490]

PAUL TEDESCO: Well, I don't know if I have any real answers for you because we've met as a group and it being the first year here, that type of issue, I think it's very, very hard to come in in one year and say, I've got an answer for you because I do think...and somebody else could speak to that because I'm not a member of one of those organizations where the issue is combined. But looking back at school districts, it's usually a matter of lack of funding and pretty soon you cannot meet the needs of the ones you're serving. And when that happens, you'll do the next best thing which is try to meet those needs some other way and so it's usually not a matter of...and I'm again, talking school districts. In the past, my beliefs and my feelings are they didn't really get together because they wanted or felt they liked the neighboring school, they got together because they can't do what's right for the students and so once they get to that point, they will make a change. [LR490]

SENATOR ADAMS: Senator Council? [LR490]

SENATOR COUNCIL: Thank you. And thank you for appearing and testifying because your statement about your ESU's situation in terms of reductions and loss of funding and not being able to match/catch that up through property tax kind of gets to a question I asked Tammy during the presentation. So that I am clear on this...according to Tammy, because I haven't looked at it...but that the state appropriation for ESU has remained flat, not a decrease. But Matt said it's decreased, so... [LR490]

MATT BLOMSTEDT: There was 5 percent decreases. [LR490]

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SENATOR COUNCIL: Yeah, and so there...I mean that's...I was...during your testimony, Matt, I was saying, well, wait a minute, either it's decreased or it's remained flat. But what I get from you, though, that whether it's remained flat or decreased 5 percent or so, that it's as...that the problem you're encountering is as much due to the operation of the formula within the appropriation that leads to the reductions, that...and I don't know if that gets back to the point that was made about lowered numbers of students and higher ag values accounting for that. What is your observation? [LR490]

PAUL TEDESCO: From what I've seen so far, in just one year it's the higher land values that have caused us...now there may be some of the student population dropping but it's not dropping very much if it is. From what I understand it's like, you know, less than 1 percent from one year to the next. But it...so it has been the increasing land values and it's just, you know, it's six-and-one-half the other, you know, with the formula that says that increases, you should get less from the state type thing. And I'm not saying it's good or bad. It's just not matching and so at this time you're headed for a problem down the road. And we would have had about \$700,000 at the end of this year if it hadn't been for the insurance bonding, so that was something that they did outside of the levy limit. I don't remember...this is not...only being my first year here, whether it was five years ago or whatever, but we'll be done paying it off by next year, by the end of next year. And so that's really giving us the time to think through what's the next steps versus you're in crisis mode type thing and you don't make good decisions then. [LR490]

SENATOR COUNCIL: Thank you. [LR490]

SENATOR ADAMS: Other questions? Do you have the same issue that Mr. Shoumake does on facilities? [LR490]

PAUL TEDESCO: Yes, we do. I mean right now we have a building that was built in I think 1998 and again, as staff development has grown over the last, you know, 15-20 years, the biggest room we have...there's a couple different conferencing rooms and the

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largest one will hold 50-60 people pretty comfortable. We get 60-70 at times and, you know, you're sitting like this, you get up to move around the room, and you can hardly do it. So beyond that one is we are right next to a medical clinic. They get a little upset when we start parking in their parking and we have to do it when we have that larger group there. So a larger conference room, more parking? Yeah, we have a need for that, but... [LR490]

SENATOR ADAMS: Thank you. Any final questions? Thank you for coming into Lincoln today, appreciate it. [LR490]

PAUL TEDESCO: You bet, thank you. [LR490]

SENATOR ADAMS: Is there any other testimony? We're close to the end of our time. Good morning, Ted. [LR490]

TED STILWILL: Good morning. I'm Ted Stilwill, S-t-i-l-w-i-l-l, CEO at the Learning Community. And just really two points and then whatever questions you might have. First of all, I can't help but say that I'm personally very supportive of what Nebraska is trying to do in terms of providing core services to its districts. Coincidentally, in previous lives I've worked on that issue with ESUs or AEAs in Iowa or nationally with...it was mentioned that about...more than 40 states have something like ESUs. Five or ten of them are working really closely to coordinate as Nebraska is, provide more uniform services. As education gets more complicated, it doesn't make any sense for every single district to try and offer its own professional development and state analysis and everything else. So that's a struggle that's happening across the country and...to provide those uniform services and I'm glad that Nebraska is working on it as well. With regard to the Learning Community, as often is the case with the Learning Community, some things are unusual. The fact that even though I'm very supportive of ESUs, we appear to be taking some money on the side, that was part of the original design or the accommodations by the Legislature to establish the Learning Community. And the only

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thing I really wanted to point out is that as Tammy said, those funds are restricted to research and evaluation. More specifically, the bulk of those funds we use to evaluate the elementary programs which are funded through the elementary levy. Right now that's about \$220,000 of the...on an ongoing basis we receive about...we will receive about \$420,000 of core services funds and probably \$220,000--and eventually about \$250,000--of those funds will be dedicated to evaluating elementary programs in a separate levy. The rest is split between the evaluations of the open enrollment policy, which both of those evaluation efforts come back to you...will come back to you this December in terms of our annual report to you in the Legislature. There have been some set aside for the possibility of data analysis or evaluation connected with truancy efforts in the metro area. That has...nobody has really asked us to become engaged in that, so that set aside, if you will, has been getting smaller and smaller as the elementary evaluation needs have increased. But we think the evaluation funds are well spent, be happy to talk with you at greater length about that if you want. But I thought I would just offer you that explanation and answer any questions that you might have.
[LR490]

SENATOR ADAMS: Thank you, Ted. Are there questions? Yes, Senator Sullivan.
[LR490]

SENATOR SULLIVAN: In those efforts of evaluation on the part of the Learning Community, what sort of relationship do you have with the districts? [LR490]

TED STILWILL: The evaluation of the elementary programs is done through a third-party evaluator, Munroe-Meyer Institute. And actually, because of the design of the evaluation, I think it's a really very positive relationship. It's a developmental evaluation. So oftentimes in an education evaluation somebody comes in and checks on things at the beginning and then comes back at the end and say, sort of like an audit, what happened. In this case the evaluators engage with the folks in the districts--with the teachers, with the central office staff, with whoever it might be--and really it's more of a

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continuous improvement process. So we're having some really good discussions with them about, for example, in the evaluation of the kindergarten Jumpstart program. It was an instrument we used that teachers actually really like. It gives them really good feedback on their instructional practice as well as how the whole team works. And they've actually asked us and they've...we've tried to look at ways to help with professional development as follow up to that evaluation. So it's actually been pretty positive and it's also given us pretty good feedback. The districts have, in some cases, dramatically expanded their programming because the evaluations have been really positive. [LR490]

SENATOR SULLIVAN: So in this case, the dollars really go to pay for Munroe-Meyer services? [LR490]

TED STILWILL: For the...yeah, the evaluation of the elementary levy for the open enrollment that's again...evaluation of that policy, the bulk of that is outsourced to a consultant that we used to do most of that evaluation. [LR490]

SENATOR SULLIVAN: Thank you. [LR490]

SENATOR ADAMS: Any other questions? Thank you, Ted. [LR490]

TED STILWILL: Sure. [LR490]

SENATOR ADAMS: Appreciate it. We are at 10:30 and I apologize for those of you that still wanted to testify. You're certainly welcome to contact my office or any of the committee members or submit statements that you have in written form and we'll take it under consideration. With that, we'll conclude this hearing on LR490. And, Committee, why don't we take a 10-minute break and we'll come back and have our final hearing on data. [LR490]

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BREAK

SENATOR ADAMS: (Recorder malfunction)...today, to be here. We're going to go ahead and get started despite the fact that not all of the committee has returned; they will. I will make a couple of initial remarks to kick this hearing off and then we have scheduled for Dr. Breed and the department to speak and then again we will open it up and let others testify. During the legislative session, we as a committee heard a report from the Postsecondary Commission. And one of the things that we heard a lot because their report is so data drive, was a concern about data. And it seemed to me, shortly after the hearing concluded, that as a result of many of the committee members coming up to me saying, do we have a data problem, what's the problem, are we really this far behind, what's the problem, that maybe what we ought to do is just get together, lay it out in the open, find out where we're at, find out where our strengths and weaknesses are so that many of these questions get answered. So as much as anything else, this is intended to be something of a status report and the committee can then decide if there's movement that needs to occur and in the form of legislation or otherwise. So with that, that's the foundation of this. And Dr. Breed, you brought your whole team with you today. I know you need backup...(Laughter)...so would you first of all introduce all three so that we can keep straight for the record who is testifying and when? [LR591]

ROGER BREED: I will. I am Roger Breed, Commissioner of Education for the state of Nebraska, B-r-e-e-d. To my right is deputy commissioner Brian Halstead and to my left is the head of our data evaluation...data research, evaluation, and IT team, Dr. Sameano Porchea. And we appreciate the opportunity to update the committee on the...on our statewide longitudinal data system. So you want us to just proceed? [LR591]

SENATOR ADAMS: Why don't you...however you'd like to proceed. [LR591]

ROGER BREED: (Exhibit 5) Okay. Well, I'm going to make some opening comments

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and then I'm going to turn it over to Brian to review the time line to date and then all three of us will respond to questions as appropriate. The documents that have been provided...we gave you a packet of four documents. The first one includes a time line basically on the Nebraska student and staff records system which is the backbone of our statewide longitudinal data system. You have a copy of the MOU which was developed and signed by the Department of Education, the NU system, state college system, and the community colleges, to share data within a statewide longitudinal data system, P-16. You have a copy of the governance charter which upon final approval later this summer will go into effect and guide the work of the statewide longitudinal data system. And then you have a one page which summarizes a grant that was just received by the Department of Education, a \$4.4 million, three-year grant to complete and refine the portion, the K-12 portion, of the statewide longitudinal data system. And Sameano will fill you in and respond to any questions about that. Basically going back a few years, the NSSR system was created using our existing data warehouse and it was primarily created in 2005-06 to go...to move away from a paper-based system to technology-based system for the receipt of student records...or not student records but the receipt of school district records that heretofore were all collected in paper form. There was a staff report, there was financial reports, there was curriculum reports that were all, previous to 2005, collected only and solely paper-based. So the thought at that time was to create a data warehouse system that would receive reports from school districts, our 249 school districts this next year, that had previously been collected in paper. Then with the advent of ARRA, the American Recovery and Reinvestment Act, with the demands of the criteria that were required for the state to receive the statewide...or the State Fiscal Stabilization Fund money, the state was called upon to create a statewide longitudinal data system that met at least the data quality elements that were required by the federal government. And Brian will go over briefly the history of NSSRS from 2005-06 to today. So, Brian. [LR591]

BRIAN HALSTEAD: Thank you very much. Brian Halstead, B-r-i-a-n H-a-l-s-t-e-a-d. What I'm going to talk about is primarily the first two pages you've got; it's the outline.

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And I think just from the history perspective of it, keep in mind, in 2005-06, the state of Nebraska had never before collected individual student data at the state level. We had always collected aggregate information from the public school districts or the private nonpublic schools in the aggregate. With No Child Left Behind in 2002, coming into play, the requirements of standards assessment and accountability beginning, the '05-06 year was the first year the state of Nebraska made an initiative to collect individual student data from all of our public school districts. And I think, if some you remember, in 2005-06 we had just under 500 school districts; so we were starting something the first time that hadn't been done before. We're working with almost 500 separate school districts who had collected their data, however they decided to do it. Many of them had purchased student information systems. So what '05-06 started was a pilot. Have we bought the right technology? We bought a data warehouse system from eScholar, at that point in time, and figuring out how to make this work, how to work this through. The pilot year there were certain school districts that volunteered to participate in it. It was very informational. It set the basis for which we then, in 2006-07, ran what was called the parallel year. School districts were required to give us the individual student data electronically. They were also required to give us, one more time, the paper aggregate data that they used to submit. And again, we learned more from that. 2007-08 is the first time, and that's the baseline data we have of individual students from all of the public school districts in Nebraska. [LR591]

SENATOR SULLIVAN: How did we fund that? [LR591]

BRIAN HALSTEAD: That was funded primarily out of federal funds under No Child Left Behind. There was not a separate appropriations from the Legislature to do this. We were paying for this primarily out of NCLB funds. It isn't until we get to 2007-08 and LB653, and then LB1157 on standards and assessment, did the state even require us to have the data system that we were already building. So in that regard, that's when the legislation came around in LB653 that specifically required us to have a student data system to collect data on those various elements that matched up with federal law.

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[LR591]

SENATOR SULLIVAN: And so those dollars created or allowed the software or the technology, both at the state level and the individual district level? [LR591]

BRIAN HALSTEAD: Well, in the sense that, at the state level, eScholar. What we worked with was eScholar and all the vendors that local school districts had already purchased for their own student information systems. There was no new state money put out there for a student information system. This is something school districts themselves, out of either their property tax dollars, federal dollars, or TEEOSA dollars, were doing to collect information for their own purposes. [LR591]

SENATOR SULLIVAN: But was there compatibility? [LR591]

BRIAN HALSTEAD: That was one of the issues we had to work through on 2005-06 and '06-07, making sure that the information could be pulled from the school district systems and uploaded into the department system; and they are compatible in that regard. We had to work through some issues. We did not, the state of Nebraska didn't have, I don't know, \$60-70 million to say, school districts and department, you will all use this system. So we built from what existed and tried to work it up into a record system. It was more cost-efficient than the Legislature writing a big check and making all of the school districts do that and buying this, and converting their own systems. So we have been largely successful. All of the school district systems are compatible with what we're doing. We've certainly worked through a number of issues that some had, and everything else; but today I would tell you it functions very well with our K-12 districts and the department's warehouse. As you can see, in '08-09 was the first year we collected special education student data in that regard. The American Recovery and Reinvestment Act came along in February 2009. When the Governor signed the application to get the State Fiscal Stabilization Funds, he made assurances that Nebraska would, as one component, have a longitudinal data system. A large number

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of the elements--you can see the 12 listed there--we already had in place with the NSSR system. There was a unique student identifier that had been assigned to students and could be assigned; student level information; demographics; where they were going to school; their background information. Test data was available and school districts were sending us that. That was the, at that time, STARS system. It's converted over to NeSA no with the changes in LB1157. Students tested by grade and not tested by grade. What we didn't have at that time was a teacher identifier system that would match teachers to students. That was one of the initiatives we had to undertake, and that's what you helped provide some funding for. When we get to the later years, we also use federal money to do that with. We did not have student level transcript information--the classes students were taking and the grades they were receiving--at the time ARRA came along. We do have that now. College readiness test scores, we had already at the department; we could receive directly from ACT all of the test scores they had for Nebraska students. So we already were putting that into the NSSR system that our school districts could access. We also had student level information about exit, transfer, and dropout. That was there. What we had to do, from 2009 forward, was (1) teacher identifier system. We had previously, in all of our fall personnel reports, were using Social Security numbers. We wanted to get away from that. So we have, since that time, accessed an identifier system. So all teachers and administrators are assigned their own ID number. It's not the Social Security number in that regard. That is in the system today. We had the capacity to communicate with higher ed, and that's why in LB1071, in 2010, the memorandum of understanding that the university, the Department of Education, the state colleges, and the community colleges entered into that agreement to share the data on a P-16 basis. We also then had to start collecting from postsecondary education, the elements in '10 and '11 regarding the extent in which students successfully transfer to postsecondary education, and then also how well did the students do there after a certain period of time. What we did was, in 2010, while you were still debating LB1071, the Chief Information Officer for the state of Nebraska facilitated the discussions between the department, the university, the state colleges, and the community college to put together the memorandum of understanding. And it's

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a fairly straightforward document. It is very simple. I would tell you this is the constitution of how data will be shared in Nebraska. It is the framework around which data will be shared. It was finally all signed by all the parties by July 2010, so it actually was in place three months before the deadline the Legislature set forth. What we then did, in order to meet the ARRA requirements, was we needed to work with our institutions, public institutions of higher ed, on collecting from them their student data. And what we currently collect from them is going to be the same type of background information, gender, ethnicity, where they're going to school, how many credit hours they enroll, how many credit hours they complete, and any award information they get, whether they're getting to an associate's degree, a bachelor's degree, or whatever. At the moment, for the P-16 part of it, the postsecondary, we've received one year's worth of academic records from the postsecondary institutions--the '10-11. We got that starting in August, and finally finished that out, cleaning up the files here recently. In August of this year, we will receive the second year's worth of postsecondary data from the university, the state colleges, and the community colleges. So that kind of gives you an overview of where we've gone in that regard, and I went through it rather quickly. I think as you can see, we have, in less than seven years, transitioned from no statewide system to collect student information from all our public school districts, to one that now today we can. A couple of examples of how we've used this: The boss here, wanted to know about absenteeism information; and we can generate those reports. And I think you probably have seen some of those from '09-10, '10-11, the number of kids missing more than 20 days from school versus those that don't. We can also match that with their NeSA scores. And as he's demonstrated on numerous occasions, it makes a difference whether you go to school or not. Your performance on the NeSA tests are significantly higher if you're in school every day as opposed to missing more than 20 days of school. That's just one example of what this data system is able to do for us and inform you, so. I'm going to stop there because I went through a whole lot of stuff real quickly. [LR591]

SENATOR ADAMS: Senator Haar has a question. [LR591]

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SENATOR HAAR: Yeah. Is there any movement to kind of go to a national database system? [LR591]

BRIAN HALSTEAD: There is movement at the national level on a number of things, number one, to have common data elements that are used by everybody. In that regard, when you say "student," this is what it means; this is the coding for that and all of that. There is also the idea of the ability to share the data in that regard. I don't know that there's any initiative to create a national data warehouse that collects it. There are, at the national level, bodies that do; in fact, do that, specifically postsecondary education. I can't think of the name of the organization; but they do collect the student information from postsecondary institutions. We're using that to try to track the students from K-12 education in Nebraska who don't go to a Nebraska public institution: Where did they go? And we do get a report back from them. That's part of what some of the funding is paying for, so that we can represent how many of our K-12 students went on to higher ed, whether that be in Nebraska or Iowa or any other state. So there are other data sets that are out, that are... [LR591]

SENATOR HAAR: But the reason I was wondering, for example, if...some kids move a lot, between states and so on. So if somebody comes into Nebraska at the seventh grade level, is there any way to sort of retrograde and get the information from the state they came from? [LR591]

BRIAN HALSTEAD: Currently, there are state statutes. Nebraska has one that says when a student transfers, the public or private school in Nebraska is required to provide the transcript to the district that requires it. And there are similar laws in other states. So the old paper transcript thing still exists. We're currently having discussions with the state of Iowa, Missouri, and Kansas, I believe, because they all have the same warehouse system we do, as to can we create a system where we can look to find kids--because there are kids who, in Nebraska, go across the river to Iowa or Missouri--finding the kids. Our school districts would like to have that available so they

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can find them, because we are making them be accountable for all of the kids; and whether they transfer or drop out is an issue they'd like to have. So those are ongoing conversations. [LR591]

ROGER BREED: A couple of responses, Senator Haar. It's the higher education clearing house where you can get postsecondary data for students regardless of what state they're from or...it's a national tracking of students into postsecondary education. And so we do pay for the access to that data, and that's an ongoing basis. We are required to constantly upload and send to the federal government data on progress of Nebraska education system. And a lot of it goes to the Institute for Educational Statistics, which is a U.S. Department of Education-funded evaluation element. You know, the idea that you could have a nationwide database to track students and tie students to their schools and their school performance is going to have some problems. Right now, each state has its own standards; they have their own assessment system. And so the translation of those standards that are based on their curriculum to another state has got some problems. But more importantly, I think there is going to be a resistance to a national warehouse of all student data, just why there's resistance to national standards. [LR591]

SENATOR HAAR: Sure. Sure. [LR591]

SENATOR SULLIVAN: Thank you. I noticed that: (12) you have a system for assessing the quality, validity, and reliability. There's something in the MOU about privacy. Does the system provide ample security? [LR591]

ROGER BREED: Let me try that, and then Brian and Sameano can correct me. One of the reasons that we chose to go to a data warehouse system as opposed to having a student information management system, which is what most districts have, is that the data has to basically be prepared, written into a template, and then unloaded. So there's a pretty good wall between how you get into and access that. And then access is limited

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extremely tightly to, basically, Department of Education personnel. And so there isn't an Internet portal, if you will, to get into that data. So breaches generally occur when there is some sort of a data access. And where ours is a warehouse--it's like a garage with a bunch of stuff in it, and it's locked--it's a little bit harder to get into than if it was a house with a lot of doors and windows, and things like that, which is the student information management system. So there were three reasons that we went to a data warehouse. One, is that districts had already chosen student information management systems, and some districts were well down the road on those. So for the state to adopt a single system would mean that we would tell multiple districts that, no, you've got to do away with your system and adopt ours. And, plus, then the state would have had to come up with \$60-80-100 million to afford that. Remember, the university system just put in place a student information management system for its students, and the cost was \$30 million. The second reason that we have a data warehouse is it's cheaper. There's no two ways about it. It is a cheaper system to build and a cheaper system to operate. And at the time it started, we were collecting what was formerly basically dead paper data, and basically creating a place to store it; so it was electronic, and therefore, easier to access than file cabinets. And then the third reason was the first response I gave to you, and that is for security purposes. It is a much more secure system than a SIM system. Do you want to...? Are you going to let me sway on this, alone? Thanks a lot. [LR591]

SENATOR SULLIVAN: And your comments probably will follow up to this question. But obviously, as you've told us, there's a tremendous amount of data that you have, with limited access to it... [LR591]

ROGER BREED: Right. [LR591]

SENATOR SULLIVAN: ...for not only security reasons but others as well. So who and how is there a responsibility for pulling out the data and making it accessible and useful to people who could find value in it. [LR591]

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ROGER BREED: Yeah. And now I would call attention to the P-16 governance charter, which spells out the management team and how you set up research requests to dive into and use, and begin to call forth policy advantages of having the data. The simplest way to say it is, we have spent most of the last decade gathering the data. It's now time to spend the most of the next decade in using the data and being precise in its use. And that's the process that we're going to be spending the majority of our time and efforts on in the next few years. Sameano may want to talk about...and to do that, one of the...Brian mentioned the funding sources. One of the major funding sources was a federal grant that we received, I think five years ago, and that's what really added to the K-12 student data portion of the NSSRS. And we have just successfully received, and just got the grant award notification, I think on Friday, a new longitudinal data grant from the federal government, \$4.4 million for the next three years, that I'll let Sameano explain a little bit about what that will be used for; but it will definitely add to our ability to use the data that we have in a precise way. [LR591]

SENATOR SULLIVAN: Thank you. [LR591]

SAMEANO PORCHEA: Good morning. My name is Sameano Porchea; that's S-a-m-e-a-n-o, last name P-o-r-c-h-e-a. So I'll talk to you a little bit about the new SLDS grant we just were awarded, a three-year grant; as Roger indicated, \$4.4 million. I would say that overall the key points in the, let's say, the first paragraph of the document that you have, the project abstract, is that we are seeking to refine and expand the K-12 portion of the P-16 data system--NSSRS, as we call it, or "Nissers,"--by providing tools and training to support the P-16 Initiative and the new accountability system. The other parts that I would point to would be that we're looking at collaborative efforts with agencies and stakeholders, and we're looking at making our processes transparent to districts and stakeholders so that we can make informed decisions, both at the classroom level and the state policy level. So overall, that's kind of the synopsis of what we're focusing on in doing with this grant. The first few months, or several months, of the grant will be spent collecting information from the stakeholders, and actually going

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to the school districts and getting information as to what works well with the current system that we have and how we can expand it and refine it so that it assists them better in doing the job that they need to do. So we have four goals associated with the grant. The first one is to provide a data analysis tool for districts that uses multiple local, local, and state data sources to produce reports for local decision makers. And that's needed because, across Nebraska, we have approximately 26 different student information systems. Within those 26 different student information systems, there are also different versions of the same student information system. So we need to have a system that districts are able to use that can communicate with the system that we're using at the state. So we need to figure that out, and that's pretty much the direction of Goal 1: different sources, different schedules, and providing dashboards, so they can take their local data, as well as state data, and do some kind of analysis, and also on our side of things, doing analysis and research to give them information to drive their decision making. Goal 2 is to provide a statewide system of professional development training for data analysis that reaches every district. And one of the things about a grant, of course, is that you always have to have in-kind services. And so we have a set of educators that are currently called trainers that have been going out to districts and providing training as to getting the data into NSSRS. And as Roger indicated, over the last several years the focus has been on collecting data. But now the new vision is to actually use that data to inform decision making. So the mission of that team of people, as well as the additional people that funding is provided for in the grant, is for them to build a data cadre to pull together resources, use the technology that we have at hand, obtain additional technology, so that we can provide professional development across the state, so that it is far-reaching; so that those small districts that don't have the personnel and time, necessarily, to attend work sessions and so on, can access those things--we have the Internet--using different forms of technology that we have. So they'll be spending an abundance of time actually creating what we are terming data academies across different areas of the use of data, what it is for data or instructions to be reliable, what is validity, how do you interpret data, what is the proper way to start or go through the process of an evaluation. All of those types of things are the top types of

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topics that they will be going through with the district personnel. And so they're going to work with ESUs, UNL, UNO, and some external consultants to build evaluations for this program, as well as assist the districts in building evaluations for the programs that they have and training them so that they can use data and make good decisions about how they're spending their money, how they're using their time, their facilities, and their personnel. The third goal speaks to us building a research and evaluation operation in NDE, which is the expansion from the Data Center, as it was formerly named, to the DREI--which is Data, Research, Evaluation, and IT--and using that data. So we're kind of going through a metamorphosis, and this grant is going to assist us in obtaining a few extra people, for a short period of time, to assist us in the research and getting the districts on board, providing them with research reports and annual reports; and hopefully, we'll be able to extend that after the grant and have some sustainability somehow. So that's the third goal, to build that research function at NDE so that we can provide those reports and those statistics on an annual basis, and inform all of the stakeholders about what the data actually means. The fourth goal that we have is to expand and enhance the SLDS for sustainability. Of course, every grant has an ending point, and so we are trying to determine ways that we can use this funding to come up with a customer relation management type of tool so that we can track the kinds of data issues the districts and schools are having with the system, with data, in general, to develop a data governance plan so that things are consistent, similar to the types of things that we're talking about in the P-16 charter; and also to include the Common Education Data Standards, so that we have consistent definitions for, as Brian said earlier, a student is a student is a student, no matter who in Nebraska is talking about a student, that is consistent. The other thing that Brian and Roger both spoke to a little earlier is what we're calling an interstate locator tool, and we've been in conversations about trying to develop a system such that if students are crossing state lines, we are still able to track those students and obtain the academic information to see how those students are performing throughout the K-12 system. Right now, the only entity that actually has the ability to provide us that data is the clearinghouse, which, of course, comes at a cost. And although we have limited funds, we have this grant now that will

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support that, but we're looking at sustainability. Even if we expand or improve or refine upon the system that we have, funding is constantly an issue; staffing is constantly an issue. If you look at the data cadre...I mean, the P-16 charter, the P-16 charter covers the entire system; this grant only covers the K-12 part of the system. We were asked to select from one of three categories to apply for this grant, and we chose the K-12; so this particular set of funding can only be applied to that K-12 portion. We still have an abundance of things that have to be done with that P-16 charter, and this K-12 portion only (inaudible) for this first three years. After that time, we will still need to be doing these types of things and providing this type of information to the districts in much the same way. And so for myself and Roger and the department as a whole, I think one of our major concerns with moving forward with this...this is absolutely wonderful and I'm really excited, our whole team is really excited about being able to provide districts, the legislators, the parents, all stakeholders with the level of information we'll be able to provide. But consistent and persistent funding is definitely an issue. So if I would have anything to say I would be concerned about, it would be continuing to provide this level of information past three years. [LR591]

SENATOR ADAMS: Senator Council. [LR591]

SENATOR COUNCIL: Thank you. And I want to begin by thanking all of you for being here. But I have two questions, and the first one was prompted by your comments (inaudible), and that may be directed to Roger. When you talked about, in terms of postsecondary, the data on postsecondary students, that your primary source is the clearinghouse, and that there's a cost associated with that. Is that an annual fee or a per-access fee or a combination of those two? [LR591]

ROGER BREED: It's an annual fee. [LR591]

SAMEANO PORCHEA: No, actually... [LR591]

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ROGER BREED: Well, with additional information from Sameano. [LR591]

SAMEANO PORCHEA: Actually it's a fee per record. So as the number of students we need this information for increases over the years--as it will increase, because this is longitudinal data--that cost is going to increase. [LR591]

ROGER BREED: The fee increases. [LR591]

SENATOR COUNCIL: Okay. And that was the...it says it's a per record cost. [LR591]

SAMEANO PORCHEA: Right. [LR591]

SENATOR COUNCIL: So it's going to be driven by... [LR591]

ROGER BREED: And it's paid annually. [LR591]

SAMEANO PORCHEA: Right. So we have two contracts: one for C11 and C12, and then we have our regular clearinghouse contract to obtain the data for the Postsecondary Coordinating Council and other entities, as well as NDE. Those two contracts together, I think last year, were around \$3,200, \$3,300. And we pay both of those at the same time. [LR591]

SENATOR COUNCIL: Okay. So to combine costs was \$3,200 or \$3,300. [LR591]

SAMEANO PORCHEA: Correct. [LR591]

SENATOR COUNCIL: Okay. And this is a data question. In looking at the items where the data that was required by ARRA, are we collecting a subset of any of this data? And I'm particularly interested in student level college readiness. We have to collect the data on readiness test scores. But Brian, you mentioned that some of the data you get from

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postsecondary institutions are the number of credit hours taken and the number of credit hours completed. Is there a breakdown on how many of those credit hours are actually college level credits? [LR591]

BRIAN HALSTEAD: Well, one of the data elements that postsecondary now gives us is whether the student took any remedial, I believe, course. But that may be something as to, what is remedial at UNL? Is that remedial at...? [LR591]

SENATOR COUNCIL: And that's what I'm concerned about, I mean. [LR591]

BRIAN HALSTEAD: And, you know, those are one of the common things in that regard. We...I've got to think as to the exact language of what SFSF required. But it does have a component as to, in the successful transition, how many of the students had to take a remedial course or courses, and then also how many are they in; and I believe it's an 18-month period of time, that postsecondary, are they earning at least one year's worth of credit at the postsecondary level, if I remember... [LR591]

SENATOR COUNCIL: Okay. So that's included in the data that you're getting from the... [LR591]

BRIAN HALSTEAD: Right now, that's currently where...that we're getting from postsecondary institutions here in Nebraska--public postsecondary. [LR591]

SENATOR COUNCIL: Okay. Now the grant you talked about wouldn't enable you to do the four goals that you've identified that...because they're specific to K-12. [LR591]

SAMEANO PORCHEA: Correct. [LR591]

SENATOR COUNCIL: But that uniformity in language is critical. [LR591]

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ROGER BREED: But it does help us in just that point. It does help us in defining. One of the parts of the grant will give us the resources to more clearly define what is in the data, what we expect of the data. You know, the ability to report back to high schools on the college readiness of their graduates is one of the primary reports that we would like to do. Now, as with any initial report, there's going to be a lot of asterisks on that report, and part of that is going to be because of the multiple definitions of what readiness is, the multiple ways that we assess...you know, that each high school sets its own graduation standards and so on and so forth. But that in itself should be informative, we think. But that's the kind of thing that we're going to be able to begin to do, starting with school year. [LR591]

SENATOR COUNCIL: All right. Thank you. [LR591]

SENATOR ADAMS: Senator Avery. [LR591]

SENATOR AVERY: Thank you, Mr. Chair. I was wondering if the data that you collect includes data from private schools. [LR591]

ROGER BREED: No. [LR591]

SENATOR AVERY: And why is that? [LR591]

ROGER BREED: Because. (Laughter) We get student ID information from students that matriculate between public and private schools, but otherwise, we do not have statutory authority for collection of data from private schools, either K-12 or postsecondary. We have mixed signals from our private schools, private nonpublic schools. Some would jump at the chance to be a part of the state assessment system, which would require them to have student records for each student. Some say, no way, ever. I think...and Tip is behind me, but I think he would indicate that the private postsecondary institutions are not averse at this time to at least discussing ways to be included. But again, I'll go

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back, and we don't want to make this a whine session about resources. But given limited resources, we've chosen to concentrate on the public schools and the public school students, which we do have clear authority to require their data, and we've concentrated on that rather than the private schools. [LR591]

SENATOR AVERY: But doesn't that create a major deficiency in our ability to know how we're doing in the whole educational obligation we have? [LR591]

ROGER BREED: I don't disagree, Senator Avery. But we have 5,000 or 6,000 homeschool students that we collect nothing on. [LR591]

SENATOR AVERY: I would...when I say private, I include the homeschoolers. [LR591]

ROGER BREED: And we have 38,000 private nonpublic school students that we have very limited information on as well. You know, other states have taken different stances on that, but the more common stance is to address public school students and public school data needs only. [LR591]

SENATOR AVERY: We don't test private non...we don't test the homeschoolers and we don't test private schools. So the assumption is that our obligation is only to people who attend the public schools,... [LR591]

ROGER BREED: Correct. [LR591]

SENATOR AVERY: ...and I think that's wrong. And I think you might agree. [LR591]

ROGER BREED: On the basis of being the educational commissioner for all students in Nebraska, you're absolutely correct. [LR591]

SENATOR AVERY: Thank you. [LR591]

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SENATOR ADAMS: Other questions? All three of you I think kind of touched on an area of concern that I had. [LR591]

ROGER BREED: You mean, money? (Laughter) [LR591]

SAMEANO PORCHEA: Personnel? (Laugh) PSO? [LR591]

SENATOR ADAMS: I know you guys can do this without more money. Annually, when I go out and talk with school districts across the state, as you can imagine, it ends up being an opportunity--and I'm sure, Roger, you hear it too--for some criticism. And if nothing else, sometimes those meetings are nothing more than that, and they get it off their minds and on we go. Annually, I hear: Oh, we've got to provide another report to the state, another report to the state; and we out here in the small school world, we don't have the staff to do that, and it takes up more time and it's more money; when are you going to stop asking for stuff? What should my repose to those schools be? [LR591]

ROGER BREED: Well, there's...yeah, there's a couple responses that I would put my spear in the ground and hold true to. First of all, we have to accept accountability as simply a fact of how government--and we are part of government--will operate in the future. We have to have data to respond to those that would detract from what our mission is and what are services that are provided. So we have to get over that. And data is simply a part of responding to accountability. The second thing is we're much better about collecting data and knowing how to collect data and to assure that it's good data now, than we were five or six years ago. And in particular, I would like to call attention, and I don't know if Matt Blomstedt or ESU people are still here, but this is a pat on the back and a tip of the hat to the ESU people who have been instrumental in going out to smaller school districts, in particular, and providing a collective effort to gather data and submit it. And if a school district, a singular school district, is struggling, I would call upon them to go to their ESU and say, we need help with this; because

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ESUs do have the wherewithal, the talent, and the sharing capability to help districts, no matter what their size, to conduct this. And then the final point is, there will be more. The one thing that we have learned from data collection, and from the delivery of a report using data, is that it begets more questions; and more questions will say, well, we need more data. You know, Senator Avery just pointed out where we're missing about 10 percent of our students. And it would sure be interesting to look at data from there, as well as other. I think that's an ongoing part of the way we'll be doing business in the future. [LR591]

SENATOR ADAMS: Other questions? Yes, Senator Haar. [LR591]

SENATOR HAAR: Just to follow up on Senator Avery's questions a little bit. Across the nation...I mean, there's some really big policy issues, like charter schools and things like that, that come up. And when you tie that to accountability, how do states deal with that? Or do they deal with it both ways? [LR591]

ROGER BREED: Well, it's a constant battle that, you know, are you...first of all, are you basing your education policy decisions on the basis of test results of students, on assessment results only? Or are there other goals or objectives to be achieved by particular school organizations? You know, charter schools originally began as an innovation motive; that they weren't supposed to do everything that a school does. They were supposed to do, you know, a thread of things, and innovate and expand on that type of thing. Well, since that time, they've become basically competitors to public schools, and in many ways the large studies have shown that they're probably less effective in that, than existing public schools, given similar student populations. So it's a matter where I think we do have to have data to inform our decisions and to inform our policy about schools. But as far as experimenting and innovating and going beyond that, you know, the data I think will help inform us about programs as they exist within public school structures now, rather than looking at other avenues to get to that innovation. [LR591]

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SENATOR HAAR: Right now, can private schools participate if they want to? [LR591]

ROGER BREED: No. And that's primarily my decision, and here's why. If you get to a situation where you are requesting a school setting to provide data, you're going to commit resources to train them, to make sure it's uploaded properly, to validate it, to verify it, and so on. For the small number of schools that have indicated interest now, that are nonpublic private schools, it's not worth it. If it's all, I think we would talk. If it's not all, then I would think we're better off concentrating our efforts on public school students. [LR591]

SENATOR HAAR: Interesting. And then at what does...the data for accountability is certainly very useful, but it can also be something that controls the situation and then funnels education in a certain direction. How do we balance that as policymakers? [LR591]

ROGER BREED: Well, that's your guys' day-to-day chore. But also it's part of the messages that we as a department and myself as a commissioner have to form, is that the deal was made some time ago that we would pursue a statewide assessment system to basically respond to the question of whether or not schools are doing anything. And so now we have evidence that they are, and we have evidence that they actually improve when we do statewide assessments based on state standards, based on curriculum that individual school districts prescribe toward those standards. And so the greater question, though, becomes always, isn't school more than that? You know, we started this public school enterprise for basically two purposes. One was the basic skills needs--the reading, writing, arithmetic; and the basic premise that we were to develop good citizens. I would suggest that since that premise began in the 1600s in this country, that our expectations of schools have grown immeasurably, and we cannot ever miss the opportunity to say that our assessment systems, our accountability systems, only measure and look at a very narrow part of the function of our schools, you

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know. And one of the real problems we have in our society is to publicly prescribe to a single set of things that we all agree schools should do, you know; because I don't think there's any quibble with those two original purposes. But then you put in, you know, should all schools have football? You know, should all schools have a fine arts program? And if so, to what degree? Should all schools still have a comprehensive career preparation and technical education program? And if so, to what degree? We don't measure those in a state assessment or accountability system; and yet, I think you would find that there are passionate folks in every community, in every school, that say that is an essential part of what schools do. So sorry for the lecture. [LR591]

SENATOR HAAR: No, no, no. No, and I agree with much of what you're saying. For example, the fine arts really aren't assessed, I suspect, in this system. [LR591]

ROGER BREED: No. But my mother...or, my mother. (Laugh) Sometimes she acts like my mother...but my spouse (laughter). Oh, I'm in big trouble. Can we edit that last portion, please? My wife is a math teacher, and yet she would say one of the things that really informed her capability to do math was her early training on the piano, and that there is something about the rhythm and the framework of music that informs the neural pathways, if it is, to solve math. And as a person who cannot carry a tune in a bucket, and who dislikes math, I can sympathize with that, that maybe I should have spent a little more time at piano and music lessons. But. [LR591]

SENATOR HAAR: And then the final thing would be that I hope that--you know, we get reports and thick booklets and so on--but that you make an attempt to educate us on a regular basis on how to use this data, as well. [LR591]

ROGER BREED: We see our role in assisting policymakers, such as yourselves, as the number one priority for why we brought this data together under a single warehouse. So we're going to be thoughtful about that. And you're obviously stakeholders that we're going to be talking about, what kind of reports do you want and in what form, and then

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set us about the task. [LR591]

SENATOR HAAR: And not just reports but the background training that goes with it. Appreciate that. [LR591]

ROGER BREED: There's our trainer right there, so. Okay. [LR591]

SENATOR HAAR: Call my office. [LR591]

SENATOR SULLIVAN: So in other words, because that was sort of my question as well, but based on what you just said, it's sort of a two-way street. In other words, we have to ask you...or tell you, what we would like to have. But then you will also identify some things you can present to us. And perhaps even now you have some expectations about what you might present and the medium in which you will present it to us. [LR591]

ROGER BREED: Right. We clearly have a role and a responsibility and a statutory responsibility to provide a State of the Schools report. But that's a massive amount of data, aggregate and disaggregated data. But it may be more informative to say or to produce a report that says schools that meet this certain demographic have this certain result, and what do they look like and what are they doing that is a little bit different. And that's a little bit different kind of a research than just spreadsheets and comparative data. [LR591]

SAMEANO PORCHEA: You said training on background information. So I may be wrong, but my impression was that you want to understand what the data terms mean, what went into the calculations, that type of information. So then would that be, you know, similar to training that myself or my research team would providing to the districts or that kind of thing? So you wouldn't be opposed to actually sitting down and kind of getting in the trenches of what does this really mean? [LR591]

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SENATOR HAAR: For me, yes. [LR591]

SENATOR SULLIVAN: Probably. [LR591]

SENATOR ADAMS: A lot of nodding heads, yes. I'm going like this. That's all right; I'll join the group. [LR591]

BRIAN HALSTEAD: And, you know, one thing. The State of the Schools report the department put together back in, I believe, 2004, it's out there. You can go look at it and you can do things to that report to produce information for yourselves. It was not designed as a paper report that we mail to you each year, that you sit down and you read through. It is designed as an interactive Web site. You can ask it to do things. You can ask to see how is this school district doing. You can compare school districts. You can compare them on their enrollment data and demographics, so you can compare like schools together. It's an interactive process. So hopefully we've taken the steps to give you that opportunity. As to how many people spend the time to do that or know how to go through it, that's probably a different question. But when we started this almost a decade ago, it isn't a paper report that you're going to read while you're sitting in your office or on the airplane. It is an interactive Web site. There are a lot of things you can find out. There are some organizations that are very good at using it. The Omaha World-Herald uses it all the time. They download the data and then they use it for their own purposes. I know Senator Raikes, when he was the Chair of this committee, he downloaded the whole report and he looked at it from whatever perspective he wanted to look at it. So that's one of the things we've been trying to do. What we probably need to do is train people on what does the data say and what does it really mean, so that everybody uses it correctly. [LR591]

SAMEANO PORCHEA: And what it does, it's a... [LR591]

BRIAN HALSTEAD: Right. [LR591]

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SENATOR AVERY: Is it updated annually? [LR591]

BRIAN HALSTEAD: Yes. And from the Web site, you can get all of the past years' worth of data. And actually, if you looked at it for the '10-11 data that we put out last fall, you look at some of them, you'll see the beginnings of what we're calling the NPAS, the Nebraska Performance Accountability System, that shows improvement or lack of improvement. You're starting to see the pieces of NPAS--LB870, that you enacted this year. You're going to see more of those pieces come October or November, when we release all that data again. [LR591]

ROGER BREED: If it would be helpful, I'll work with Senator Adams to set up a short workshop to reveal that data, sometime between now and November 1, and certainly involve your staff, and how to get into it and how it can best be used. But again, I would, you know, reiterate that this is just one portion of the data, and is school and school-district related. And yet, we have the capacity to do much more. But that might be the opening step in informing your conversations about what other reports or information you would like us to put together. [LR591]

SENATOR ADAMS: Senator. [LR591]

SENATOR HAAR: And then going door-to-door right now, talking to people, and especially teachers, part of your job and our job is to just not use this as a judgment tool. [LR591]

ROGER BREED: Right. [LR591]

SENATOR HAAR: And I think this has become pretty scary for a lot of people in the classrooms who have to look at the whole student and not just sort of the narrow set of goals measured by this system. [LR591]

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ROGER BREED: We make a clear distinction between assessment and accountability. At this point, accountability decisions, accountability assertions, need to fall on school districts, because it is the public school districts that have the responsibility. It should not fall on individual students. It should not fall on individual teachers, because it is simply not that precise of data. The assessment decision, in other words, the test results, you know, those are things that are a reflection of the work of students and teachers. But those are best analyzed at a local district level, and not at the state level. You know, I don't know who was assigned to what classroom or why. But when I was at a school district level, that was a decision that we used the data for, and we looked at that and we made assertions about who needed to do what and why, and what supports could be brought to bear. But that's an assessment decision. Accountability should fall on districts and school buildings in the collective. [LR591]

SENATOR ADAMS: Any final questions? [LR591]

SENATOR SULLIVAN: Just one. [LR591]

SENATOR ADAMS: Yes. [LR591]

SENATOR SULLIVAN: In a perfect world, with adequate resources and staff to do all you want to do with this mass of data, what would you hope and dream for in terms of an outcome and value for education in this state? [LR591]

ROGER BREED: That we would have sufficient and accurate, valid, quality data such that it would inform Nebraska citizens of the good work of their schools and the good work of their students so that the question of resources and commitments to schools and students would be a much easier conversation than what we've had, particularly in the last decade. [LR591]

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SENATOR SULLIVAN: Thank you. [LR591]

SENATOR COUNCIL: A quick question to conclude on a lighter note. You're talking about... [LR591]

ROGER BREED: You mean lighter than my mother/spouse note that I'm now going to live with for the next couple of months? [LR591]

SENATOR COUNCIL: Much lighter. It kind of goes to the training issue. And I appreciate your offer of a workshop, and I think that training is essential, because we have people at various levels when it comes to information technology and using and accessing it. And I'm going to give you the classic example. (Inaudible) I was following your report, and on the grant it says "and create a dashboard,"--whatever that is. (Laugh) [LR591]

ROGER BREED: For a '58 Rambler. So yeah. [LR591]

SENATOR COUNCIL: (Laugh) You know what I mean. I mean, that was the thought that was going through my mind--my parents' 1963 Nash, you know. But, I mean, just what is a dashboard? [LR591]

SAMEANO PORCHEA: You know, it's similar to the dashboard of your car. For example, your dashboard in your car, it has a lot of gadgetry. It tells you, you know, how much oil you have, how much gas you have; you know, an exclamation point if something going to explode, that kind of thing. Well, the data dashboard that we would be attempting to provide would do much the same things. There would be gauges at the state level and gauges at the school and district levels such that you could look at the accountability, such that you could look at the statewide assessment performance, such that you could look at career education and the qualified, highly qualified teacher information and salary information, in a very easy point-and-click, show-me-a-picture

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kind of accessible way, much the same as a dashboard in a car. [LR591]

SENATOR COUNCIL: Okay. [LR591]

SAMEANO PORCHEA: So you're not too far off base. [LR591]

SENATOR COUNCIL: Thank you. I just wanted to know that I wasn't completely, you know, prehistoric. [LR591]

SAMEANO PORCHEA: You could even take it in your car, if you would like. There's an iPad. [LR591]

ROGER BREED: Now that's a dangerous thought, so. [LR591]

SENATOR COUNCIL: Yeah. Don't give me that kind of technology. [LR591]

SENATOR ADAMS: In summary then...and correct me if my summary is not where it ought to be. But what I hear you saying is, to some degree Nebraska has been a bit behind other states in developing--or more than a bit behind--in developing our data system. But we have one. And all of these elements are included, though some may not be as mature in the amount of information under that element as others. And I also sense that what you're saying, that like with any accumulation of data, once you have an infrastructure developed, then we will inevitably start hanging more onto it as we go along. This is not a dead end, we're done. And I also sense that what you're saying, we are at something of a turning point in that, though we may continue to add more data, we're at a point now where we've accumulated some substantial amounts of data. Now it's into the next phase of using it, not only for you folks and for us, but even right at the classroom. Is my summary accurate? [LR591]

ROGER BREED: That is correct. Sameano has experience in another state--which

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because of some unfortunate football things, we won't mention--that had a fully developed student data system. And so it is one of her personal frustrations of being in Nebraska, but again there are so many other benefits to being here. [LR591]

SAMEANO PORCHEA: Like working with Dr. Breed. [LR591]

ROGER BREED: Yeah, there you go. That was properly said. But it is...I think she knows what it looks like, and it is our goal to get to that point; but it will continue to take time and it will take a maturation process, and it will take work from all of us in the room to learn to be better data users and not just collectors of data. [LR591]

SENATOR ADAMS: Is it...one other question, and then I want to allow a little time for others. Is it at all possible, when your grant runs out two to three years from now, to be able to give us a ballpark idea on an ongoing basis of what kind of appropriation it would take, knowing that it's not going to be a static number from year to year, but some kind of an idea what we're talking about in order to keep what we have going. [LR591]

SAMEANO PORCHEA: Right. And I think that's totally possible, even as we get into year two of the grant, actually kind of costing things out. We are trying to look at something in the way of enhancing the system such that it is sustainable and minimizes the amount of cost or the amount that would need to be appropriated, so that we're trying to pull things in-house so that we have staff members who are in-house that can do these things. The key there would be, then, funding those positions and allocating that PSL so that it can be ongoing, as opposed to simply purchasing something from a contractor and having to continuously pay an exorbitant amount or a puffed up amount of money for those systems in continuous years. So I think it's definitely doable. I don't think we would have a problem doing that. It's just a matter of juggling. [LR591]

SENATOR ADAMS: I think it's something that beginning in the next biennium this committee will have decisions to make about the ongoing use of lottery dollars and

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other things. And I think it would be important to you, to have a number and have it in front of this committee, so that we have that to work with. [LR591]

ROGER BREED: Yeah. We plan to have, as we look towards the next biennial budget, that this will be one of the issues that we'll be dealing with. [LR591]

SENATOR ADAMS: Okay. Good. Thank you to the three of you. We appreciate it. [LR591]

SAMEANO PORCHEA: Thank you. [LR591]

SENATOR ADAMS: We are close to the bewitching hour. But certainly this a public hearing. Are there others of you that wish to testify? I know that Marshall does, but are there others? Please. [LR591]

MICK GAHAN: Good morning. My name is Mick Gahan, M-i-c-k, last name is G-a-h-a-n. I'm director of management information services with Metropolitan Community College in Omaha, serving the four-county area of Douglas, Sarpy, Dodge, and Washington. And we just want to go on record saying that we're very supportive of the P-16 initiative. We think it's very well thought out. When I first heard about this, I thought, oh, this is going to be a chore; we're not going to be able to...you know, it's going to take a lot of resources to put together. But the Department of Ed did a very nice job of laying out the data record. They weren't overly ambitious in terms of getting data that may not have been important, and I think that they really focused in on exactly what they needed. I know they want to add to it, possibly down the road, but I think that it's a very good start. We know that there's not going to be huge payouts for this data the first year or second year; it's going to be over a period of time. But we understand that, you know, sometimes you do things now to make for a better product down the road, and we think that's going to happen on there, so. We just want to go on record that we're very much in favor of it. Just in closing, I do want to talk about Chris Cassel. Chris Cassel was a

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person that worked for the Department of Ed, who brought us all together last summer and helped us put the data together. And we were all kind of coming from different directions, and he did a nice job pulling us all together and putting us on the same sheet of music. Metro was the first community college, as far as I know, to submit the data; and we're all ready to submit next fall's data, as well. So thank you. [LR591]

SENATOR ADAMS: Thank you, Mick. Are there questions for Mick? Thank you, sir. I think, Marshall, you were probably up next, weren't you? [LR591]

MARSHALL HILL: (Exhibit 6) Marshall Hill, executive director of the Coordinating Commission for Postsecondary Education. I'm aware I stand between you and lunch, so I'll be brief. Your clerk is handing out some essentially background information on data issues, some of which you've heard reference to earlier. One thing I'd call your attention to, at the bottom of the first page, is the Coordinating Commission's sort of informal data philosophy; and that is that we should collect no more data than is needed. Frankly, we collect very little. Collected data should support clearly articulated policy goals. We should gather data in the most efficient ways possible. Privacy and security concerns are important and we should pay attention to those. And we should use and make readily available the data that we have. I want to make three points to you today, and mainly I'm speaking from the perspective of higher education data and availability. I'm heartened by much that I've heard this morning about our progress toward a broadly useful and helpful data system for Nebraska, but, once again, my comments are mainly focused on the higher ed side. We don't have a higher education data system in Nebraska at the present time. In the past couple of years, reports that have crossed by desk, issued by organizations such as the Midwestern Higher Education Compact, the Complete College America, the National Governance Association, Western Interstate Commission on Higher Education, Lumina Foundation, and the National Center for Higher Education Management Systems, have all identified Nebraska as a state they could really say nothing about, because data was not available to support any conclusions. I'm pleased to hear that we're on our way to making that no longer the

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case; but we clearly have a way to go. Now why does that matter? Why does that matter? It's, frankly, because we don't have the ability to measure the success of many aspects of our student population. For example, part-time students who go past their freshmen year, we can't differentially compare their success rates to full-time students. Students who transfer from one institution to another are essentially lost in the system. We do have the capability to go outside to the National Student Clearinghouse and get some information about that, but it's not immediately useful. And as was mentioned a couple of times today, we lack data on recent high school graduates and how well they are prepared to succeed in high school...in college, excuse me. So right now, the only group whose success we can report on to you are those first-time, full-time freshmen who stay at the school they initially enroll in and graduate from that institution. If they transfer somewhere else, they're lost to the system. It, in essence, counts as a failure for that institution where they first started, which is not the case in all instances; and it doesn't count as a success for the institution to which they do transfer. So we're making progress. But I'll finish with just one point of concern. The memorandum of understanding that the institutions adopted to deal with the collection of data specifically does not provide for any access to data by the Coordinating Commission. We are the people that you direct to provide you information on what's needed, and necessary policy directions and guidance for Nebraska postsecondary education. We will provide you whatever you ask us to provide, but we think our responsibilities go beyond that. We think about these issues every day. You don't. I think it's our responsibility to use data to bring to your attention issues that we think are important for Nebraska to attend to. Right now we report what we can. It's all derived from federal sources to whom the institutions report; but it is, once again, limited to those students that start at one institution, stay there, and graduate from there. That leaves out about at least 40 percent, or so, of our current population. So I would ask that you consider this issue and take whatever steps are necessary to ensure that the Coordinating Commission will have access to, in a responsible way, the data that is collected, and move forward into this new status, new phase, where we can actually start to use the data that we're beginning to collect. [LR591]

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SENATOR ADAMS: So, Marshall, if I understand what you've just said, that you can access information about a high school senior matriculating at Wayne State College or the University of Nebraska at Lincoln via the National Clearinghouse, correct? Is that what you're saying? [LR591]

MARSHALL HILL: What we can determine is whether a cohort of students...whether students are still enrolled at what institution and where. [LR591]

SENATOR ADAMS: But if they've moved from Wayne State College to Metropolitan Community College, or Wayne State to UNO, we don't know that. [LR591]

MARSHALL HILL: Correct. [LR591]

SENATOR ADAMS: We do internally, but you don't have access to it. [LR591]

MARSHALL HILL: Correct. [LR591]

SENATOR ADAMS: Because the clearinghouse doesn't know that. [LR591]

MARSHALL HILL: The clearinghouse knows where individual students are at the present time. But we access the clearinghouse for limited functions, and it has limited functions. It doesn't match up those students...it does nothing really more than tell you where the student is and whether he or she is still enrolled or graduated. It doesn't differentiate on the basis of whether African-American students are having greater difficulty after they transfer or anything like that. [LR591]

SENATOR ADAMS: And if you had access to the local information, you think you could disaggregate and discern that? [LR591]

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MARSHALL HILL: I haven't seen the data elements that are proposed to be collected from the institutions, because we haven't been a part of the process; but I believe there is some information that would allow the reporting of that data. Schools ought to know...schools ought to know how well their students are doing once they get to college, and they ought to be able to tell in enough detail to make meaningful adjustments. If a high school student goes to college and is found to be needful of remediation in math, it's one thing if the student hasn't taken a math course since the sophomore year; it's another if he took a math course in his senior year. So the ability to differentiate, in effect, practice, is important, or we don't get the usefulness out of the data that we're collecting. [LR591]

SENATOR ADAMS: Fair enough. Other questions for Marshall? Senator Sullivan. [LR591]

SENATOR SULLIVAN: Thank you, Marshall. If, in fact, we have a dearth of data in this state, what conversations has the commission had with our institutions of higher education here in Nebraska to deal with that? [LR591]

MARSHALL HILL: We haven't been involved in this process. When... [LR591]

SENATOR SULLIVAN: I know you haven't been involved in this process, but obviously this lack of data has not come about overnight; and how has the commission reached out to the institutions of higher ed in this state to converse about this? [LR591]

MARSHALL HILL: We talk with institutions about data, frequently; and recently we took over, at the request of the Governor's Office, frankly, some surveys that they had found useful but no longer wanted to do themselves. In carrying that out, we've held a series of meetings with the various sectors to talk about these data issues and the reporting of this. I brought to the attention of a number of people my concerns about this memorandum of understanding when it was first being drafted; and frankly, there wasn't

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attention given to those concerns. I believe this is something we can work out. I don't believe that any of the sectors of postsecondary institutions believe that the Coordinating Commission handles data frivolously or unfairly. But I think in their zeal to ensure that they were being careful enough about stewardship of the data that they were going to collect, they drew a very, very tight band around that. And data is only useful when it's analyzed and reported on broadly, and we are the people who do that for higher ed issues for the state and would like to continue to do so. [LR591]

SENATOR AVERY: Thank you, Mr. Chair. It should be easy to correct. The memorandum of understanding is amendable, isn't it? [LR591]

MARSHALL HILL: I presume it is. [LR591]

SENATOR AVERY: Do you think this was an oversight or did... [LR591]

MARSHALL HILL: No. (Laugh) Because I asked for a meeting, which the Governor chaired; Senator Adams attended. I think Chris was there; several others. I brought my concerns to the fore, and frankly, they were not addressed. I am concerned about our ability to report to our Legislature here, the things that most state agencies of our type in other states routinely report and which we are unable to do. But with the data that is now being collected, we would be able to do that; but we have to have access to the data in order to make that happen. We are not a gotcha organization. You have never seen us behave that way toward institutions. We are looking for ways to shine lights on good practice and shine lights on problems that could be made better if we pay attention to them. [LR591]

SENATOR ADAMS: Senator Council. [LR591]

SENATOR COUNCIL: Thank you. Senator Avery kind of asked one of the questions I have. Was it an oversight; was it intentional? Are there any reasons why the

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Coordinating Commission on Postsecondary Education would not be deemed to be an appropriate party to access? I mean, was that discussed at all? [LR591]

MARSHALL HILL: No. I'm not aware of any. My only theory is the one I just advanced, that in their concern to ensure that they were telling the people in Nebraska that this data would be well stewarded, well cared for, they drew a very tight net. And we don't have...I mean if we had significant problems with any one of our institutions about a lack of trust, you would hear about them. And I don't think you do; I don't think you do. And we are just trying to carry out what we believe you have asked us to do: provide you good, targeted, focused policy advice on improvements to Nebraska higher education. [LR591]

SENATOR COUNCIL: Thank you. [LR591]

SENATOR AVERY: And we expect you to do it without data. [LR591]

MARSHALL HILL: You know, I think maybe we have hurt our own argument a little bit. My assessment of what we provide you in terms of reports is we are extraordinarily good at mining data that other people collect. We wring every shred of meaningful information out of the federal IPED system that it is possible to get, and we provide that to you. But as I point out, the only students that that system has, in its records really, are the students that start full-time, first time, and then go on to continue and graduate from the school they first attended. And that was good enough 40 years ago but it's not good enough now, because the vast...the majority of students now attend more than one institution before completing a degree. [LR591]

SENATOR ADAMS: Other questions? Thank you, Marshall. Appreciate it. [LR591]

MARSHALL HILL: Thank you. [LR591]

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SENATOR ADAMS: I think we are at the end of this hearing, and certainly, as I said in the last one, if there are those of you who wish to testify and didn't have an opportunity, if you want to submit something in writing to the committee, we certainly will review it during the interim. And we appreciate your attendance today. That will conclude our hearings for the morning. Thank you. [LR591]