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Education Committee
March 19, 2013

[LB495 LB496 LB497 LB511 LB566]

The Committee on Education met at 1:30 p.m. on Tuesday, March 19, 2013, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB566, LB511, LB495, LB496, and LB497. Senators present: Kate Sullivan, Chairperson; Jim Scheer, Vice Chairperson; Bill Avery; Tanya Cook; Al Davis; Ken Haar; Rick Kolowski; and Les Seiler. Senators absent: None.

SENATOR SULLIVAN: Good afternoon, everyone, and welcome to the Education Committee. It is 1:30, so I think we'll get started. I don't think so either. I think maybe now I...does she turn the mikes on? Do you turn the mikes on?

MANDY MIZERSKI: They're on.

SENATOR SULLIVAN: Okay. All right, very good. Good afternoon, everyone. I'm Kate Sullivan of Cedar Rapids. I'm Chair of the committee. I would like to also introduce you to those committee members that are already here, and hopefully the rest of us...the rest of the committee will be joining us soon. To my far left is Senator Ken Haar, District 21, of Malcolm. To his right is Senator Tanya Cook of District 13 in Omaha, and to her right is Senator Les Seiler, representing District 33, Hastings. To my far right is Senator Rick Kolowski, representing District 31 in Omaha, and to my immediate right is my Vice Chair of the committee, Senator Jim Scheer, representing District 19 in the Norfolk area. To my immediate left, who just arrived, is Tammy Barry. She's the legal counsel for the Education Committee. And to my far right, at the end of the aisle there, is Mandy Mizerski, and she's our committee clerk. We have two pages helping us today: Phoebe Gydesen of Lexington, who is a student at UNL; and Sean Miller, who is a student at the Doane-Lincoln campus. Today on our agenda we have five bills that we'll be hearing: LB566; LB511; LB495; LB496; and LB497. If you are planning to testify I ask that you pick up one of the green sheets that are on the tables at either entrance to the committee hearing room. It's a green sign-in sheet. I ask that you fill that out in its entirety, spelling your information clearly and legibly so we can make sure that we have an accurate record. If you do not wish to testify but would like your name entered into the official record as being present at the hearing, there is a form on the tables to do that as well. As I said, please fill out that green sheet in its entirety and bring that with you when you come up to the table to testify and give it to the committee clerk. If you do not choose to testify...but you may submit your comments in writing and have them read into the official record, but we would like some indication of that in advance. If you have handouts for the committee please have 12 copies, and the pages will hand out those to the committee members. When you come up to testify, please speak clearly into the microphone, telling us your name and spelling both your first and last names, again, so that we have an accurate record. I would ask that you please turn off cell phones, pagers, and anything else that makes a beeping sound. And if you have to have some conversations among yourselves, so as not to distract the committee or testifiers,

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please take those conversations out into the hallway. We will be using the light system for the testifiers, the five-minute light. So when you reach about the four-minute area, that...the amber light will come on. That should be the warning to kind of wrap up your comments. And then, when the red light is on, you need to be done with your comments. Just having joined us is Senator Al Davis from Hyannis. And I think that is all I need to tell you at this point. So with that we will begin with our first bill, Senator Karpisek. Welcome, Senator. [LB566]

SENATOR KARPISEK: Thank you, Senator Sullivan. [LB566]

SENATOR SULLIVAN: Yes. [LB566]

SENATOR KARPISEK: Can I adjust your mike, or is... [LB566]

SENATOR SCHEER: No, you have to stand up for (inaudible). (Laughter) [LB566]

SENATOR KARPISEK: Senator Dubas has a long speech about that. [LB566]

SENATOR SULLIVAN: I realize that. (Laugh) [LB566]

SENATOR KARPISEK: For the record, my name is Russ Karpisek, R-u-s-s K-a-r-p-i-s-e-k. I represent the 32nd Legislative District, and I am from Wilber. LB566 would begin to provide financial support for technology infrastructure that school districts require, education innovations to increase student achievement while continuing the original intent of the education innovation grant through a fiscally responsible process monitored by the Department of Education. In 1993 the state established the Education Innovation Fund. Just three years later the law was amended to allow grants to also cover the cost of telecommunication equipment needed to reach education innovation goals. Since that time the issue of technology infrastructure is still integral to the success of education innovation. Most recently, we are looking at opportunities for classrooms across the state to be connected via the Web, which would offer courses across the state that were once limited to a small number of classrooms in a small number of schools. Digital textbooks could make it possible for students to have textbooks that are updated with new information as it is made available, rather than on a seven- or eight-year textbook adoption recycling...or cycle. And virtual labs could make it possible for students to conduct experiments and take part in activities that would be far too costly to provide in any other method. The ability to implement and effectively utilize each of these innovations and many more is directly related to the ability of schools to provide the technological infrastructure to support them. Imagine a time when you have sat and waited for your computer while it spun and waiting for the Internet connection to speed up sufficiently to run the program that you're running or send a message that you needed to send. Imagine a middle school class filled with 27 students where periodically, during the class period, the work of the class stopped, waiting for the

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network connection to catch up, and they were asked to wait quietly as it did. I think you can imagine why, without sufficient infrastructure, the technological advances that we hope will revolutionize learning can't take place. LB566, beginning in the 2016-17 school fiscal year, the Department of Education would disperse from the Education Innovation Fund grants to districts for approved education technology infrastructure plans. The department would establish the rules, regulations, and procedures for the granting process. I have people behind me that understand this far better than I, but I would be glad to answer any questions. [LB566]

SENATOR SULLIVAN: Okay, thank you, Senator. [LB566]

SENATOR KARPISEK: Thank you. [LB566]

SENATOR SULLIVAN: Any questions for Senator Karpisek? [LB566]

SENATOR KARPISEK: Thank you. [LB566]

SENATOR SULLIVAN: Okay. (Laugh) [LB566]

SENATOR KARPISEK: They know me. [LB566]

_____ : Oh, look. You're always late for committee, aren't you? [LB566]

SENATOR SULLIVAN: As the testifier is coming up, I will say our last member of the Education Committee to join us, at my far left, is Senator Bill Avery of Lincoln. Welcome. [LB566]

MATTHEW BLOMSTEDT: Thank you. Good afternoon. And I was going to say congratulations on the last day of hearings, if that seems appropriate. I'm Matt Blomstedt, first name Matt, M-a-t-t; last name is B-l-o-m-s-t-e-d-t. And I am the executive director of the ESU Coordinating Council, representing all 17 of the ESUs across the state. First of all, I wanted to thank Senator Karpisek for introducing a bill that would address technology needs within school districts across the state. It's certainly been among the challenges as we've looked at the investment in technology for certain aspects of improving education, improving systems, and ultimately making sure school districts have the resources capable of carrying out some of the demands, I think, in the recent education environment. I am also going to be testifying on Senator Scheer's bill next, so I'm not going to hit all of the highlights. But I do want to talk about the need to really think about how we really make strategic investments in education. And I also support LB566 in the sense that I anticipate that I'll also support Senator Sullivan's bill, LB497, looking at a study of the uses of these types of funds. I think it starts to highlight where can we really make a difference on investment in education and what types of investments could be made, so I really appreciate the committee's willingness to look at

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these issues. I appreciate Senator Karpisek's willingness to introduce a bill that looks at K-12 needs relative to technology. And I think we're basically at a point in time that it's kind of a pivotal point in time relative to education, what types of things need to be there. Let's continue to make investments in those arenas and find ways to do that. So we look forward to participating in the study, ultimately, of this, but certainly want this type of concept considered in the study, so. [LB566]

SENATOR SULLIVAN: Thank you, Mr. Blomstedt. In this legislation, as proposed, the NDE would develop the rules and regulations. But I guess I'd like your thoughts on, you know, technology infrastructure. It can be a wide-open area, and certainly ever changing. I mean, it's almost like you do one thing today, and by tomorrow or the next week it's outdated. So any thoughts on how you set priorities and even goals in terms of education and technology? [LB566]

MATTHEW BLOMSTEDT: Yeah. I think one of the things you have to begin to look at is the dynamic of infrastructure, kind of laying that as a foundation for the activities that are going to come forward. I mean, five years ago we weren't anticipating things like iPads and devices like that relative to the educational environment. [LB566]

SENATOR SULLIVAN: Um-hum. [LB566]

MATTHEW BLOMSTEDT: And it's going to be changing that landscape. So I think we really--and I'm talking not just from a state level, from an ESU level, from a school district level--we really have to think about making those foundational investments in things that are going to carry the day and not, kind of, I like to refer to it as the bright, shiny object piece. We can't be stuck in this notion of, oh, this is the latest, greatest thing that we're going to have to invest in. I think we have to be really intentional about building systems that are going to support whatever may come along in the future. And I do think it's worthy of mentioning the work of Network Nebraska in laying out a strong Internet bandwidth, I mean, and bandwidth for school districts. I think, if you're looking at the federal level, going...there's a lot going on in what I'll talk a little bit about later, about blended education, and we're really anticipating multiple modes of educational resources to be available to students. We're also looking at the need to just simply support devices that come into educational environments. And I think anybody that's dealing with wireless networks and things along those lines realize that those access points are becoming more and more critical. And so how are they going to be appropriately used in an educational environment is part of the other thing. Network security, I was watching the, you know, Sunday talk shows, and they were talking about, you know, this notion of network...or wars, basically, cyber attacks and wars and actually that becoming part of the environment that we're having to deal with on the national security. So when my security or network folks talk about, hey, you want to see something, I can tap into your computer right now, it's amazing the types of things we have to be prepared for in an educational environment that...and I can't tell you what all

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those investments may be, but it's really critical that we maintain that very well. [LB566]

SENATOR SULLIVAN: Thank you. Any other questions for Mr. Blomstedt? Thank you. Welcome. [LB566]

KIRK LANGER: Thank you. Good afternoon. My name is Kirk, K-i-r-k, Langer, L-a-n-g-e-r. I am the director of technology for Lincoln Public Schools here in Lincoln, Nebraska, and I'm here also speaking to some degree as a member of the Nebraska Information Technology Commission's technical panel, as well as the Network Nebraska advisory group to the Office of the CIO. And I want to thank you for the opportunity to come speak with you today about LB566. I am a proponent of the bill. I think that, whenever we're looking at laying out money for something, it is a reasonable thing for our lawmakers to ask us, what have you done with the money we've given you previously? LB452, back in 1994, provided revenue with a very simple sort of statement along with it, and that was, the ESU shall provide access to the Internet. And at that point, the Internet wasn't anything close to what it is today. It was much different. It has become a vibrant, very commercialized, and also very highly educational environment that it provisions services of all different kinds. And at the time that we started, back in 1994, with that rather modest idea that ESUs shall provide access to the Internet and derived revenue to go along with that, at that time, to give you an idea of have we been good stewards, we had six megabits of access to the Internet for our school district. We now, today, have 1,000 megabits of access to the Internet. At that time, we paid \$210 for each of those megabits. We now pay \$2.55 per megabit. That's not just a matter of commodotization. What that reflects is a very careful, very thoughtful approach to providing something in the way of leadership from Network Nebraska and the members that comprise that--Walter Weir, Brenda Decker--who looked at it and said, we have to find a way to get the...to stretch these dollars that we have as absolutely far as we can, and they've done that. In real metrics, what does that mean? Well, that means that, right now, we have 150 times the bandwidth. We are paying only one one-hundredth of the cost that we paid for each one of those megabits. So for what is essentially cost neutral, we have significantly upped our availability and capacity. That is, from my perspective, showing good stewardship for the money that we had available. But now that...when you have that kind of access at a state level and a regional and at the Internet level, the natural thing you want to do is kick the tires and take it somewhere. You want the services that can ride on that. You want to be providing your students access to what some people refer to as the "cloud" and the services associated with that. And the state sort of decides we want to make good use of this. And so what started with a state assessment that was, to some degree, a bit of a...well, NeSA, in delivering it by way of the electronic version, was a bit of an experiment at the outset. But now it is an expectation. In going forward, that is the way that we do business: We do it in an on-line fashion. Nebraska, I'm happy to say, is ahead of the curve against many other states who haven't had that kind of leadership at the Department of Education that we've enjoyed. So with that in mind, state assessment, though, comes and brings with it, that

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is a service being provided over the state infrastructure, the Network Nebraska infrastructure we talked about. What that means though is that there has to be a consequent amount of bandwidth available and a consequent amount of infrastructure at the local level. That comes in the way of, increasingly, devices for students to use; it comes in the access to a wired network and in access to a wireless network. And all of those things don't sort of run themselves. There have to be...there has to be the human capital that takes good care of it and makes sure that it's available. I've had so many teachers say to me, we like the idea of the wireless network, we like the idea of paperless and so on, we don't seem to have enough devices, and we're worried when things don't work quite as well as they should. Before, when we were going to take a test, if something wasn't right we got another test booklet. It has to be just that transparent or our learners are placed in a position where they may not perform as well as they otherwise would, simply because the technology has let them down. So this isn't merely an investment in things; it's ultimately an investment in the people who will use those things. So I'm a strong proponent of LB566 because I see it as the next logical step. It puts us in a position to say, it isn't just the network, it is the services that are going to be provided in the network. And in order to truly deliver those, it's going to require an infrastructure at the local level that is commensurate with the one that we've put together at the state level and that the state wants to lead us in taking full advantage of on behalf of our learners. [LB566]

SENATOR SULLIVAN: Thank you much, Mr. Langer. [LB566]

KIRK LANGER: Thank you. [LB566]

SENATOR SULLIVAN: Any questions for him? [LB566]

SENATOR HAAR: Yes. [LB566]

SENATOR SULLIVAN: Senator Haar. [LB566]

SENATOR HAAR: Thank you. How can you possibly keep pace with technology today? [LB566]

KIRK LANGER: Well, I think it's a matter of...it's not so much a matter of running ahead of or running behind. It's a matter, really, more of catching a wave. I tell people all the time, when it comes to technology, we have two choices actually. We can either ride the wave, or we can be crushed beneath it but, either way, it's a wave just the same. I think the key, as Matt pointed out, was...is that we make sure that the infrastructure we have can support the services that are going to be ladled on top of it. If the foundation is strong, what we've put on top of it will be able to be delivered in an appropriate and efficient fashion. And I think it also is the case that it's not so much that we're looking, as Matt said, to catch what is the very next thing. But it's, as those next things really take

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flight, sometimes it's a matter of skipping something in between and saying, we kind of held off on that one, but the foundation we have, nevertheless, is strong enough to support what the next thing is that's coming, and that's the one that's going to take us the absolute farthest. So I don't think we can ever get fully out ahead of it, but I think what we can do is we can find a way to ride along with it. [LB566]

SENATOR HAAR: Can you give us some idea of what is Lincoln Public Schools spending on laptops and all that kind of stuff? [LB566]

KIRK LANGER: The two largest investments in laptop infrastructure for Lincoln Public Schools have come really in support of statewide assessment. The first go-around, we spent approximately \$1.5 million to provide an adequate number of mobile carts with laptops in them to achieve a ratio of approximately 4 to 1 at our high school level and about 5 to 1 at our elementary and middle school levels. Most recently, in support of the growing demand for state assessment at our elementary levels, we spent about \$1.8 million in support of carts so that we could achieve a ratio that's much closer to a 3 to 1 at all of our elementary schools or, in some cases, a 2 to 1. And those expenditures we're trying to, as much as possible, make sure that we can sustain that because, those things, the funny thing about them is that they last for about three or four years, and then they need to be replaced. So we buy in measure with what we think we can support and sustain over time. So we don't grow as quickly as we could because what we don't want to do is create a false illusion of we've got plenty only to find that when they become dilapidated we can no longer maintain them. So the spend, year over year, if you put those on a four-year cycle, would probably be somewhere right now...our outlay would probably be somewhere between \$400,000 and \$500,000 really in support of that service in the way of statewide assessment. [LB566]

SENATOR HAAR: But certainly assessment, it almost just seems like...almost insignificant compared to just using computers and so on. [LB566]

KIRK LANGER: Um-hum. [LB566]

SENATOR HAAR: So, I mean, is that the impetus, just the assessment, or is there other stuff going on with... [LB566]

KIRK LANGER: I think state...I think with the assessment at the state level and then most currently at the local level our district common assessments are now all offered at our K-5, K-6, reading, science. We're doing that by way of an electronic methodology. And one of the things that comes in that is we all want to be data informed, data supported, some say data driven. I don't think many of us like to be driven anywhere. We'd like to be supported and informed. In order to do that, what our teachers are saying is, we want to do good, formative assessment, we want to do a good, summative assessment, an assessment of learning, not just...or, excuse me, assessment for

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learning so that we assess and we go, hmm, that didn't go as well, we need to assess again. But that is...really takes a great deal of time to go through that iterative process. So by making it electronic from the time that a student takes a test to the time that we have the data back, we can then use that data to inform our instructional decisions. That's one of the things that's pushing us. So assessment is a major component, but I think it's different than just a high-stakes testing. It's really a matter of formative assessment for learning so that it can better inform the kinds of instruction that we need to subsequently do. Yes, there are many other things that are riding along with that. Most recently, the Lincoln Public Schools adopted a K-6 reading environment that ultimately will be provided completely in a digital environment, really moving away from a standard textbook format. And I think we're going to see that in some of our other areas that, as we're moving forward, rather than go with something that there used to be, that idea of digital textbooks, tech books, and so on are going to capture a lot of attention, and that's only going to make the burden for those devices even that much greater because we didn't want to start out with idea of a 1:1 because that is ultimately a quantitative assessment of what we believe is a qualitative. Learning is a qualitative issue. It becomes quantitative at the time, obviously, that we test it. But learning itself is a process, and a qualitative one at that. And so we believe that if it's going to be a ratio of 1:1 it's going to be because of what we're trying to deliver to those students, and it's required that way. So I think, to your question, Senator, and I appreciate the opportunity to respond to it, is that we're really seeing...we're really on the front end of this thing. And we have an opportunity to put some dollars towards making sure that the foundation is strong so that we can build atop it. And assessment may be the lever that forces it, but it isn't ultimately the thing, in and of itself, that represents all that we're doing. [LB566]

SENATOR HAAR: Yeah, I hope not. Thank you. [LB566]

KIRK LANGER: You bet. [LB566]

SENATOR SULLIVAN: Any other questions? Thank... [LB566]

SENATOR KOLOWSKI: If I may, please? [LB566]

SENATOR SULLIVAN: Oh, yes, Senator Kolowski. [LB566]

SENATOR KOLOWSKI: Thank you very much, ma'am. You discussed the wave and you also talked about your foundation. How often do the foundations change? Because that would be a massive overhaul, as well as costly, to change also, would it not? [LB566]

KIRK LANGER: Sure. Yeah. The good news on that is that the foundation typically are those foundational elements: your network infrastructure, for example. Typically it's

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projecting out far enough that the devices, as they're...as you're expecting to provide more service, you've got a little bit greater lead time to start to bolster that up so it becomes more of a...instead of a rip and replace, it becomes more of an iterative process to maintain, the most significant of which, in the time that we're living right now, is the move from a primarily wired infrastructure to an almost exclusively wireless one. Now sooner or later those access points have to use a wire to plug back into a switch in some closet, right? So we'll always maintain that. But maybe what that means is, instead of having, at one time, four drops per classroom, now what we're talking about is one or two, to make sure that we can plug in the necessary wireless infrastructure, and then that becomes the net that catches all of the learners and the instructors in the environment. So I think the lead time is a little bit greater if we have the, you know, the prescience to watch that and see where it's headed. And we have good leadership from the ESU network operations group and in our work with the NITC and the university and Office of the CIO. It's a good community that is watching that carefully to make sure we're making those iterative changes that will ultimately make sure the foundation stays strong so that, as the devices change much more rapidly, we're in a position to support them. [LB566]

SENATOR KOLOWSKI: Thank you. [LB566]

SENATOR SULLIVAN: Thank you, Mr. Langer. [LB566]

KIRK LANGER: Thank you so much for your time today. [LB566]

SENATOR SULLIVAN: Um-hum. Any other proponent testimony? Welcome. [LB566]

JON HABBEN: Thank you, Senator Sullivan, members of the committee. Years ago, when part of the Education Innovation Funds were directed toward technology grants, schools had a chance, if they could be creative enough, to take large steps forward in both their infrastructure and in their technology. The three schools that I administered as a superintendent each took those chances, and each benefitted tremendously. It allowed those schools to take steps that, financially, they could not have taken otherwise. Now this bill sets up a match. And I think that's a very positive piece because what it does do is it means you're going to put your own dollars into this. It makes that pencil, maybe, sharper than just a total 100 percent grant might make it. But additionally, imagine the changes that have been occurring. Before I started in as a principal, my school, when I was teaching, purchased an Altair computer. And we assigned the librarian to figure out how to work this thing because he had time. And we began teaching computer programming, and that was about 1982 or '83 or somewhere around in there. And at every step since, you can imagine the growth. And, all of a sudden, today we're talking about using all kinds of technology, not just the desk computer, and all kinds of connectivity. To be able to count on the Education Innovation Fund as a source to help schools move forward? Very, very positive statement; very,

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very positive thing for you to do. Now I will tell you, as I will testify on later bills, there are multiple things that I think are important considering the Education Innovation Fund. I hope this is a part of the study that I will support because I think that's the real key is having that study done and including these pieces. Thank you. [LB566]

SENATOR SULLIVAN: Thank you, Mr. Habben. In the schools that you work with and represent, what do you think is maybe the major issue in terms of infrastructure and connectivity? [LB566]

JON HABBEN: Well, at this point...and, I'm sorry, Jon Habben, J-o-n H-a-b-b-e-n, Nebraska Rural Community Schools Association. I think one of the things that I hear the most sort of got a kick-start from the on-line assessments. How are we going to do this? So we know that highlighted a number of shortages that were occurring in all of our member schools, and they were trying to figure out how to deal with it. The second thing was connectivity. The last school I was in, the local telephone company started laying fiber all over the place, and those things need to happen. Right now, at the federal level, there is an attempt to free up some funds to increase rural broadband opportunities. That needs to be a part of the solution. All of those things are pieces. Now, a very important consideration: staying ahead of technology. Oh, my gosh, I'm not sure how you would ever do that. I think, at least in the schools that I represent, it's trying to keep up, trying to stay as close as you can, trying to proximate what kids will be experiencing when they leave. My middle son, a year left to become a doctor of chiropractic, the technology that he is expected to know to be able to do his work as a student compared to the technology when he was in high school, which we thought we were fairly cutting edge, imagine the change. And all it takes is your imagination to begin to see it. [LB566]

SENATOR SULLIVAN: Thank you. Any other questions for Mr. Habben? Thank you. [LB566]

JON HABBEN: Thank you. [LB566]

SENATOR SULLIVAN: Any further proponent testimony? Anyone wishing to speak in opposition to LB566? Any neutral testimony? [LB566]

JAY SEARS: Kind of knew it was coming, right? [LB566]

SENATOR SULLIVAN: Welcome. [LB566]

JAY SEARS: (Exhibit 1) Good afternoon and thank you very much. Madam Chair and members of the committee, for the record I am Jay Sears, J-a-y S-e-a-r-s, and I'm here today representing the 28,000 members of the Nebraska State Education Association. We're testifying in the neutral capacity today on LB566 and LB511. I'll give you two for one today because the testimony is basically the same, and that way you won't have to

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see me five times. LB566 and LB511 are unique in that they both propose allocating all of the Education Innovation Fund for educational technology purposes beginning in 2016-17 year. NSEA is not opposed to advancing education technology in Nebraska, however, we are concerned that the important policy decisions such as these are enacted before other priorities have been discussed in the legislative study that's proposed in LB497. NSEA would request that the committee hold LB566 and LB511 in committee for possible consideration in the next legislative session as the committee reviews all of the possible uses of the Education Innovation Fund that will come out of the study proposed in LB497. Thank you very much for the opportunity to testify today, and I'll try and talk real fast in the next three bills, too, so. [LB566]

SENATOR SULLIVAN: (Laugh) Thank you, Mr. Sears. Any questions for Jay? Thank you very much. [LB566]

JAY SEARS: Thank you. [LB566]

SENATOR SULLIVAN: Any other neutral testimony? Senator Karpisek. [LB566]

SENATOR KARPISEK: Thank you, Senator Sullivan, and thank you, committee. I agree that there will be other...with the study and everything, and I just think that this is a very important piece of what we can do. I think that it is essential for rural Nebraska to be able to do some of these things. I know people who have moved from rural to more urban because their kids are more interested in being an astronaut or something and getting the more defined courses. And I think, through this, we could have more kids see what's going on in the big schools. Believe it or not, I think the big schools could also really gain from the small schools, doing things such as greenhouses or welding or some of the things that maybe don't go on as much in the big schools. And maybe they do and I don't know that, but I think that's how we can do this all together and all help each other instead of competing for the best and the brightest that we have a lot of. So I would just appreciate that we all consider that as we move forward. Thank you. [LB566]

SENATOR SULLIVAN: Thank you. Any questions for the senator? Thank you very much. [LB566]

SENATOR KARPISEK: Thank you, Senator. [LB566]

SENATOR SULLIVAN: All right, that closes the hearing on LB566. We'll now move on to LB511. Welcome, Senator. [LB566]

SENATOR SCHEER: Thank you, Madam Chairman. My name is Jim Scheer, S-c-h-e-e-r, and I represent the 19th District, Stanton and Madison County, in northeast Nebraska. Before starting, I just have to say, I wish my friend from LPS had been here yesterday afternoon to talk about the leadership attributes that the State Department of

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Education has had the last several years. But, you know, a day late and a dollar short, so I guess other years will never hear of that. So, anyway, I'm here today to introduce LB511, which is another way to spend the Innovation Funds as they come...renew in 2015. The bill would provide funds from the Education Innovation Fund to go to the Educational Technology Center for the fiscal years 2016-17 through fiscal year 2019-20. The Educational Technology Center would create a plan with various partners for use of such funds. Partners will include the Educational Service Unit Coordinating Council, the Nebraska Educational Telecommunications Commission, Network Nebraska, and representatives from the school districts. The plan would include the development of educational content or a learning object repository system, learning management system deployment or enhancement, professional development, and educational content development and directory services to allow a common access to such systems. Systems would be hosted by Network Nebraska and would be made available to Network Nebraska participants. At least one-half of the funds of the Educational Innovation Fund would be reserved for our local technology grants to enhance the school districts, technology adaptation, and integration. The State Department of Education again would be in charge of developing these grants. And I will tell you now I will waive closing because I agree that all this should be put in some type of a long-term approach and, as well, would support Senator Sullivan's suggestion of doing a study before we move too quickly in any one direction, regardless of what it may be, in order to make sure that we get the biggest bang for the buck and that the bucks are going in the areas that we would like to go. [LB511]

SENATOR SULLIVAN: Thank you, Senator Scheer. Any questions for the senator? All right, thank you very much. [LB511]

MATTHEW BLOMSTEDT: (Exhibits 1 and 2) Good afternoon. I'm still Matt Blomstedt, M-a-t-t B-l-o-m-s-t-e-d-t. I am the executive director of the ESU Coordinating Council. I kind of want to give you a little bit of background. Part of our interest in LB511--and, before I forget, I want to thank Senator Scheer for introducing it--basically...and I very much support the idea of a study of where we go with Education Innovation Funds. There is, however, a history relative to the use of Education Innovation Funds on distance learning and the future direction of trying to enhance educational opportunities across the state. Those funds have been used for incentives, essentially, for the participation in distance education, as well as for incentives to participate in Network Nebraska. I think both of those were investments in, essentially, a future state of what education would look like across the...well, future state of what education looks like across the state. I'll repeat myself several times, I'm sure. But the fact of the matter is these are all elements that I think were strategic investments in what we do in Nebraska on education. I've handed out a couple different things, and we've been engaged in conversations for...certainly, since I've been in this position, relative to where do we go next with distance education, where do we go next with enhancing educational opportunities, and what can the ESUs do, and what can the ESUs do in partnership with

various players. One thing that I handed out was this Nebraska Virtual Partnership memorandum of understanding where we've worked over the last couple of years of identifying potential partners relative to enhancing virtual education or distance education across the state. So we engaged with Nebraska Educational Telecommunications, NET, and started working with them very closely on...they have a role and responsibility relative to educational medium. Actually, the ESUs do as well. So I thought it was very important that we figure out how we could work together and coordinate our efforts to enhance educational media, digital media, and things along those lines. We also wanted to work very closely, obviously, with the Department of Education and the work that they're doing on several different technology systems and looking at how we can enhance systems for, ultimately, the improvement of education on things like assessment, that was mentioned before, but also on things like professional development and data systems and basically provide support systems throughout that are going to enhance education. As I looked at where we were relative to projects with the ESU Coordinating Council--we had projects in on-line learning; we had projects in distance learning, separate from on-line learning; and we had projects in media--I said, we need to go ahead and try to find a way to bring those together. So another handout that I have for you is the BlendEd handout, that actually describes some of the initiatives that we're actually currently working on. Many of these are, I guess, well, future looking, relative to things that we can accomplish. We set out to say, hey, look, we really need a common place for us to be able to develop on-line and digital content for the sharing across the state, be able to bring resources to school districts directly where they're at, but also to be able to enhance things that they're already doing. So we looked at something called a content repository, a learning object repository, or something along those lines, that would actually allow us to collaborate in the purchase and development of content. We've looked at learning management systems, which are things that are fairly common in the higher ed environment and probably a little more dispersed. Is there a better way that we can do that? And we provide ANGEL as a platform, which is now a Blackboard platform, for about 40,000 users across the state. There are also implementations of Moodle, Sakai, some other types of learning management systems. We think they can be effectively done at scale and really help enhance the efficiency of those services across the state as well. There's a whole bunch of other things that you can look at. One of the things on here is this notion of how do you authenticate into digital systems, network security, a whole bunch of things along those lines. Again, many of those things can be done at scale, where you have individual school districts or even individual ESUs trying to accomplish that on their own, and we think it can be accomplished a little bit better in partnership with one another. So we'll keep kind of working on these different elements. Quite frankly, these are things that we don't know where the future will necessarily go, but we think there probably are opportunities for strategic investment by the state ultimately on particular systems. Whether it's data systems, whether it's particular content systems, whether it's particular professional development systems, or content overall, they could really enhance where we're going. When you think about content that's actually tied to

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assessment, when you can actually be taking on-line assessment and immediately link into content that would be relative to a student's needs immediately, I think there are things along those lines that we need to begin to take, I guess, a little bit of a visionary approach to what's possible and what's actually coming down as you look at the national and international scene. So with that, I'll close because the yellow light is on and soon the red light will be on, so. [LB511]

SENATOR SULLIVAN: Thank you very much for your comments. [LB511]

MATTHEW BLOMSTEDT: Well, I lost the red light there. [LB511]

SENATOR SULLIVAN: In these partnerships, is there a good level of coordination and true partnerships that are being developed, or is it just...and maybe a kind of a common theme or structure or...? [LB511]

MATTHEW BLOMSTEDT: Yeah, let me...I'll try to describe a little bit of...within our partnerships we started talking about what are the types of things that we could do for...so, for instance, with NET there is actually national resources from PBS that could be available that would be difficult for ESUs individually or school districts individually to be able to maintain at a reasonable price. So we're looking at how we can bring those to the state in partnership with NET at an appropriate price. We're also working with the University Independent Study High School. We actually listed their classes on our...we have a...we have a responsibility for brokering the exchange of courses. They are now listing their courses with us, and so schools are aware of those as part of the distance education offering, so. [LB511]

SENATOR SULLIVAN: Do you think that will increase participation? Just this morning on the radio I heard that that independent high school has been going on for a lot of years, but there's only like 3 or 4 percent participation from Nebraska students. [LB511]

MATTHEW BLOMSTEDT: Yeah, I do actually think it will because it's awareness, and it's also...we work with them relative to, hey, what are the schools really asking for, what are they really needing, what are the practices, as...and again, from across our ESUs across the state, it's different everywhere you go. But I think we're looking at how we do things collaboratively relative to here, this school really needs this opportunity, and this one needs another. If you look at, just as an example, our distance education classes that have been offered out there...and we have, roughly, for video exchange, we have roughly about 535, somewhere around in that range anyway, of courses exchanged for this year with about 9,000 students total in those different classes. We're looking at ways that we can also support and enrich the curriculum at each school that's there. So occasionally we'll get a request for something that we couldn't possibly deliver, but it might be something that's available through Independent Study High School, for instance, so we can start to point and direct schools differently. [LB511]

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SENATOR SULLIVAN: Um-hum. Okay. [LB511]

MATTHEW BLOMSTEDT: Working with counselors on a whole bunch of other fronts, too, is going to be critical. And one of the things we really wanted to be able to do was provide that in a very open environment where folks can see what's being exchanged, so we developed a Web portal environment for that brokerage, so. [LB511]

SENATOR SULLIVAN: Okay. Any other questions for Mr. Blomstedt? Okay, thank you. [LB511]

MATTHEW BLOMSTEDT: Thanks. [LB511]

SENATOR SULLIVAN: Welcome. [LB511]

BRENT GASWICK: Good afternoon. [LB511]

SENATOR SULLIVAN: Thank you. [LB511]

BRENT GASWICK: (Exhibit 3) My name is Brent Gaswick, first name Brent, B-r-e-n-t, last name Gaswick, G-a-s-w-i-c-k. I represent the Department of Ed today, and I am here to speak with you from the State Board. At the department I am the director of the network, education, and technology team, which actually oversees the Technology Center, which was legislatively mandated and has been mentioned in both of these bills today, so I would like to talk to you. I will go ahead and read a quick letter from Patricia Timm, the president of the State Board, to you. Dear Senator Sullivan and members of the Education Committee: On February 4, 2013, the State Board of Education met and reviewed LB511. Following discussion, the board voted to support LB511. The State Board of Education has adopted a policy for Nebraska Virtual Education that reflects the 21st-century learning needs of students, regardless of location, through which access to quality courses and related activities are accomplished through an electronic medium. In order to achieve this goal, the development and implementation of a statewide system is needed, which includes a statewide clearinghouse of quality courses and learning resources that are made available to school districts. The technology and infrastructure is in place for the entire system. The incentives are in place to encourage Nebraska school districts and certified teachers to develop and deliver high-quality courses to meet the needs of Nebraska students. The department has been working with numerous partners, including the Nebraska Educational Television, the Educational Service Unit Coordinating Council, the University of Nebraska, and school districts to bring pieces of existing network connectivity, 20th-century distance education courses, and the beginning elements of on-line learning. LB511 puts in place a system approach for all of these previous activities for the entire state. The board supports LB511 and welcomes the opportunity to continue work with the members of the Education

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Committee to ensure that virtual education is considered an integral part of any system of education in this state, so that all Nebraska students are career and college ready. Sincerely, Patricia Timm, president, Nebraska State Board of Education. And I would be happy to try and answer, the best that I can, any questions that the board might...or committee might have. [LB511]

SENATOR SULLIVAN: Thank you, Mr. Gaswick. Are there questions for him? Thank you very much. [LB511]

BRENT GASWICK: Thanks. [LB511]

SENATOR SULLIVAN: Any other proponent testimony? Anyone wishing to speak in opposition to LB511? Anyone in a neutral capacity? Okay, that closes the hearing on LB511. [LB511]

SENATOR SCHEER: We will now open the hearing on LB495. Welcome, Senator Sullivan. [LB495]

SENATOR SULLIVAN: Well, I really hope you aren't going to get tired of me this afternoon, or may...should I say, even more than you already are. (Laugh) My name is Kate Sullivan, K-a-t-e S-u-l-l-i-v-a-n. I represent District 41 in central Nebraska. This bill that we're going to talk about right now is all about funding certain early childhood programs for the next three years using lottery proceeds through the Education Innovation Fund. We're hearing a lot about that today. Specifically, LB495 would allocate, first of all, in fiscal year '13-14, \$1.75 million; the following fiscal year, \$1.85 million; and in fiscal year '15-16, \$1.95 million from this Education Innovation Fund to the Department of Education for early childhood education grants. These grants are awarded to programs that are provided by school districts or educational service units to serve children ages three through the age of kindergarten eligibility. Now, in addition, LB495 proposes to allocate \$1 million from the Education Innovation Fund for the next three fiscal years to the Early Childhood Endowment Cash Fund to support grants for public school programs to serve children from birth to three. The birth-to-three grant program is administered by the Early Childhood Education Endowment Board of Trustees. Now a little bit of math, I think it's also helpful to say, because in doing this we're not talking about new monies. We are suggesting that funds that had, up until this point, been allocated for certain areas--and those include the integrated student information system, the Center for Student Leadership and Extended Learning, multicultural education, and certification investigation--all the funds that covered those areas would be covered and funded through the General Fund, so it actually replaces those allocations. The Appropriations Committee preliminary budget accounts for the transfer of the items to the General Fund, and the cost of that would be approximately a little over \$806,000 for fiscal year '13-14 and \$816,000 for fiscal year '14-15. LB495 also requires that the Education Committee, all of you, would hold a public hearing on the

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report on these early childhood grant programs and would clarify that the reporting requirements include not only the three-to-five programs but also the birth to three. Let me give you also just a little bit of background on the early childhood education efforts. The first provision for these early childhood grants actually started clear back in 1990. And currently, according to the Department of Education, there are 152 school districts that have operated early childhood education programs of some variety in 2010-11, and another 23 districts are participating in programs that are being offered by the ESUs. So not only is there a lot of interest, as we well know, in this topic, but there's a lot of activity as well. And as I've outlined that there are two distinct grant programs, the three-to-five program that's administered by the Department of Education, and the birth-to-three program that is administered through the Early Childhood Education Program. And so, essentially, the long and the short of it is, with LB495, we are continuing the practice of allocating lottery dollars to support early childhood grant programs with the funds going both to the grant three-to-five programs as well as birth to three. And the support continues until...and through fiscal year 2015-16. So that, in essence, is what LB495 is all about. I appreciate your consideration and, hopefully, your advancement. [LB495]

SENATOR SCHEER: Are there any questions? [LB495]

SENATOR SULLIVAN: Okay. [LB495]

SENATOR SCHEER: Well, I guess that was easy enough. [LB495]

SENATOR SULLIVAN: So far. (Laugh) [LB495]

SENATOR SCHEER: We will first hear from the proponents for LB495. Nice to see you again. [LB495]

MELODY HOBSON: (Exhibit 1) Nice to see you. Good afternoon. My name is Melody Hobson, M-e-l-o-d-y H-o-b-s-o-n, and I am here on behalf of the State Board of Education and the Department of Education. And I am...a letter is being passed around to you from the State Board of Education in support of LB495. And I am here specifically to talk about the early childhood provisions of LB495 and the reasons that the Department of Education and the State Board is supportive of this piece of legislation. First of all, and as many of you have probably heard me say before, investment in early childhood programs and services is actually a very good investment. As you probably heard from a number of different places--it's in the media a lot these days--it is an investment that does pay for itself. Provision of funding for early childhood programs and services does help reduce the readiness gap that schools see on children who have had advantages and those who have not on the beginning of...on the entry to kindergarten. And in the case of programs for children birth to three, they may help eliminate those gaps to begin with. Second, since 2006, more than 100 school districts

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in the United...in Nebraska have received benefit from an early childhood education grant, either having had a grant themselves, having been a part of a consortia that has had a grant, or having been a part of an ESU that has served their district through an early childhood education grant for children three to five, three to kindergarten entrance. And then, finally, LB495 does specifically include some money for the birth-to-three Early Childhood Education Endowment Cash Fund. And we think this is important because, while the grant funds traditionally...the grant fund that Senator Sullivan was talking about that began in the early '90s is for children from three-to-kindergarten-entrance age, it...we do know that the earlier that we can catch kids, the better our chances of helping to help those kids be at their full potential is greatest. And so this does provide some money for the birth-to-three/Sixpence programs, and that, we believe, is actually a very, very good thing. I would be happy to answer any questions, if there are any. [LB495]

SENATOR SCHEER: Are there any questions? I guess not. Thank you, Melody. [LB495]

MELODY HOBSON: Thank you. [LB495]

SENATOR SCHEER: Any other proponents? Still 28,000 strong, Jay? [LB495]

JAY SEARS: Still, I think. [LB495]

SENATOR SCHEER: Okay. [LB495]

SENATOR SEILER: Lost a couple this morning. [LB495]

SENATOR KOLOWSKI: Lost a couple on the way up. (Laugh) Thank you. [LB495]

SENATOR SCHEER: Thank you. [LB495]

SENATOR DAVIS: Thank you. [LB495]

JAY SEARS: (Exhibit 2) Good afternoon, Madam Chair, Mr. Vice Chair, members of the committee. For the record, I am Jay Sears, J-a-y S-e-a-r-s, and I'm here today representing the 28,000 members of the Nebraska State Education Association. NSEA is here in support of the provisions in LB495. That might be a shock, being as we've been testifying in the neutral position on the use of lottery funds. But, as Senator Sullivan explained in her opening, these aren't new uses. It's a transfer of what's happening, and so that's why NSEA is, in particular, in support of LB495. But, specifically, we support the intent language that replaces all those areas that were funded for a few years by the lottery funds and is being proposed, and appropriations are being proposed from the General Fund to cover those costs. We realize that in 2008

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we needed all the money we could find in the state of Nebraska, and so the lottery funds, usually running around \$8.1 million every year in the Education Innovation Fund, was able to help kind of bridge the gap for the Department of Education. And that was, as you determined, a very appropriate use for that part of the funds. We also support the clarifying language about the biennial report on both parts of the program, the early childhood program that's housed in the Nebraska Department of Education and also the new Early Childhood Endowment Fund. And I think it will be important and instructive as you have a public hearing about the use of the dollars that's going into early childhood and the progress that we're seeing in that process. As I said, the reason we're supporting it, we're very appreciative that the bill would continue the allocation from the Education Innovation Funds to the Early Childhood Education Grant. We've seen great progress in that, as Melody Hobson has already talked to you a little bit about, and the new Early Childhood Endowment Fund continuing that process and then keeping up the amount of funds that go into the endowment fund to make sure that birth to three-year-olds also have a great opportunity in the state of Nebraska. So NSEA would request that your committee, the Education Committee, advance LB495 to General File so we can expedite that process and start spending that money from the lottery funds. Thank you for the opportunity to testify today. See you in a couple more bills. [LB495]

SENATOR SCHEER: Thanks, Jay. Are there any questions? Thank you very much. [LB495]

JAY SEARS: Thank you very much. [LB495]

SENATOR SCHEER: We'll see you later. Other proponents. [LB495]

JEN GOETTEMOELLER: (Exhibit 3) Good afternoon, members of the Education Committee. My name is Jen Goettemoeller, G-o-e-t-t-e-m-o-e-l-l-e-r. I am here on behalf of First Five Nebraska, and I want to thank Senator Sullivan for her leadership both on this committee and on this piece of legislation. There is a map of Nebraska going around. And I realize that you have been through two months of hearings with numbers constantly bombarding you, but I am here to offer you two more that are extremely important. We have nearly 60,000 children across the state, ages zero to five, who are at risk of failing in school. About 65 percent of those children are concentrated in 11 counties that also account for more than 70 percent of Nebraska's high school dropouts. So, just to be clear, 11 counties with 70 percent of the dropout population, also home to nearly 65 percent of the early childhood population, zero to five, that's at risk of failing in school. This is not a matter of coincidence. We know that children who start school behind stay behind, and we know that development of the brain in the first five years literally shapes the learning capacity for the rest of a child's life. LB495 is part of the solution. As Senator Sullivan said, it maintains funding for NDE's early childhood grant program serving three- and four-year-olds. We would like to see funding included for technical assistance because TA is important to maintain the level of quality and

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effectiveness in these programs. But it also invests in what we know already works for infants and toddlers. It increases the state of investment in effective early childhood services to be delivered in partnership with school districts for children zero to three and helps close that gap for these children before they even get to the kindergarten door. This committee has shown a continued commitment to early childhood development over the years, especially during difficult budget times, and that's a commitment that will yield significant returns for children, for schools, and also for the taxpayer. Thank you for your interest and support in this issue, and we urge your support of LB495. [LB495]

SENATOR SCHEER: Thank you. Are there questions? Thank you, Jen. [LB495]

JEN GOETTEMOELLER: Thank you. [LB495]

SENATOR SCHEER: Any other proponents for LB495? Proponents? Seeing none, we will now open it to opponents of LB495. Are there any opponents? And do we have anyone that would like to testify in a neutral position? Seeing none, Senator Sullivan...Senator waives, and that will end the hearing on LB495. We will now open the hearing on LB496. [LB495]

SENATOR SULLIVAN: Thank you, Senator and members of the committee. Again, my name is Kate Sullivan, K-a-t-e S-u-l-l-i-v-a-n, representing District 41 in central Nebraska. I'm here to tell you about LB496. In its simplest form, and straightforward, LB496 would transfer \$1 million of lottery funds that we've been talking a lot about today, per year, for the next three years, from this Education Innovation Fund to the School District Reorganization Fund for reorganization support payments. I'll tell you a little bit more about that. First of all, by way of background, this is not the first time this has been done. Previously, reorganization incentives were provided for consolidations between May 31, 2009, and before June 1, 2011. In that case, the incentives were based on the number of students moving from districts with less than 390 students to districts with more than 390 students. I will tell you, from just living it every day in rural Nebraska, that these conversations are happening more and more. As you have heard me speak numerous times on the floor of the Legislature, I am concerned about the population movement east, away and out of rural Nebraska. There is declining enrollments in many of our rural school districts, and so, as I said, these conversations are happening. And, to a certain extent, there are some added costs that go along with ultimately making the decision to consolidate, and that's why I'm presenting LB496 to you today. It, as I said, identifies \$1 million of lottery funds per year for three years into the School District Reorganization Funds for consolidations occurring after the effective date of this act. So, in essence, this would be dealing with Class II and III school districts involved in a consolidation, and it would devote a maximum of \$125,000 to each effort. This would be paid out over a period of two years, with 50 percent going into the first year and the remainder in the second year. Now, assuming that the money would be available, payments would be prorated if insufficient balance would be in the

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fund, and the priority would go to the first year of the payments. Prior to the consolidation, the districts involved would have to show, through a reorganization study, that they have looked at the following components. They'd have to look at efficiency, the demographics, they'd have to look at curriculum, facilities, finances, and community. And the support payments that would be decided on by the State School District Reorganization Committee, the support payments would only be given out if the study indicates that there would be more efficiency and greater educational opportunities would be more likely in the consolidation effort. So, as I said, these conversations are taking place. That's just the reality of what's going on in rural Nebraska and, therefore, I bring LB496 to you, to use some of these Education Innovation Funds to help in those conversations and ultimately in those efforts. So I thank you and offer it for your consideration and, hopefully, forward. [LB496]

SENATOR SCHEER: Thank you, Senator Sullivan. Are there questions? Senator Kolowski. [LB496]

SENATOR KOLOWSKI: Thank you, Mr. Chair. Senator Sullivan, would you kind of list off some of the, in the past, major expenditures for consolidation purposes that this money would be asked for? [LB496]

SENATOR SULLIVAN: It could involve infrastructure. It might involve changes in staffing patterns, whether it's...might possibly mean termination agreements. You know, I see it being sort of a wide continuum of effort, kind of unique, though, to the conversations of the districts involved. [LB496]

SENATOR KOLOWSKI: No prescription? [LB496]

SENATOR SULLIVAN: No, no, no. [LB496]

SENATOR KOLOWSKI: It's just, well, many things could come up. [LB496]

SENATOR SULLIVAN: No. [LB496]

SENATOR KOLOWSKI: Thank you. [LB496]

SENATOR SULLIVAN: Um-hum. [LB496]

SENATOR SCHEER: Senator Davis. [LB496]

SENATOR DAVIS: And, Senator Sullivan, looking through the bill, you've eliminated the 390 (student) limit, or is that... [LB496]

SENATOR SULLIVAN: Yes. [LB496]

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SENATOR DAVIS: Yes. [LB496]

SENATOR SULLIVAN: Yes, um-hum. [LB496]

SENATOR DAVIS: Because I think that makes the most sense,... [LB496]

SENATOR SULLIVAN: Yeah. [LB496]

SENATOR DAVIS: ...if we really want to promote the school consolidation and, so far, serious... [LB496]

SENATOR SULLIVAN: Broaden the conversation, yeah,... [LB496]

SENATOR DAVIS: Um-hum, absolutely. [LB496]

SENATOR SULLIVAN: ...but keeping in mind that they have to show that they are, in fact, having efficiencies and opening educational opportunities. [LB496]

SENATOR DAVIS: Right. [LB496]

SENATOR SCHEER: Other questions? Senator Seiler. [LB496]

SENATOR SEILER: Senator Sullivan, on...for my information, the Class IIs, I'm...starting at what number of students? [LB496]

SENATOR SULLIVAN: Well, Class II and III school districts are all our school districts other than at LPS and OPS. [LB496]

SENATOR SEILER: Oh, okay. [LB496]

SENATOR SULLIVAN: So it basically includes all of the other school districts. [LB496]

SENATOR SEILER: Okay, thank you. [LB496]

SENATOR SCHEER: Any other questions? I guess we're done. We'll open it now to LB496 proponents. Welcome back, Jon. [LB496]

JON HABBEN: Senator Scheer, members of the committee, this bill is very important to the rural community school districts because increased costs to the remaining district occur. It's, I think, a lot of times, when you talk about school reorganization or school consolidation or merger, whatever you want to...whatever term you want to use, there is an assumption that the remaining district has somehow gained this valuation and

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gained these students and came out of this as if they were going to be wealthier, or have more resources, maybe, is the more accurate term. Having been a part of these studies across 17 years--well, actually, 20 years--in several school districts and being the remaining district in two of them, what we find out is when that school closes it isn't closing because it has plenty of resources, and it isn't closing because it has enough students. So what happens is, except for the facilities, unless you are choosing to keep those open--and sometimes that's a "have to" in a reorganization, put that elementary building over there, put that middle school building over there--what happens is this...the resulting school district has all of the teachers and, chances are, all of any early termination agreements because the closing school district rarely would ever terminate its own teachers or, more accurately, provide early retirement for its own teachers. There's usually an assumption that the remaining school district will accept all of those teachers. So the remaining district has all of those additional personnel costs, plus you have the additional costs that go with receiving students. You might have...be just fine in terms of the number of students per class that you have and only need to have a few more students to have to hire that additional teacher or have to continue the employment of a teacher that came from the closing school district. Those costs are real. Sad to say, a lot of times what you will find is a year or two or three after reorganization and you've absorbed those teachers, you have to go through a reduction in force to get your costs back under control. That's sort of the reality of taking in a school district that is closing not because it's wealthy and not because it has too few students. So I would hope that in the Education Innovation Fund discussion that this be a very important consideration. These funds should not come out of TEEOSA; they need to be separate funds because you're dealing with a non-state aid issue. This is an issue that's purely about reorganization. Thank you. [LB496]

SENATOR SCHEER: Thank you, Jon. Are there any questions? Seeing none, thank you very much. [LB496]

JON HABBEN: Thanks, Senator. [LB496]

SENATOR SCHEER: Any other proponents? Seeing none, are there any opponents to LB496? And are there any that wish to speak in a neutral position for LB496? Seeing 28,000 strong walk up. [LB496]

JAY SEARS: (Exhibit 1) Can you hear the footsteps? Madam Chair, Mr. Vice Chair, members of the committee, good afternoon. And, for the record, I am Jay Sears, J-a-y S-e-a-r-s. I'm here representing the 28,000 members of the Nebraska State Education Association. NSEA is testifying in the neutral capacity as we have consistently done on any proposals that would allocate additional funding for programs from the Education Innovation Fund prior to the study proposed in LB497. Allocating \$1 million each year for the next three years for the Education Innovation Fund for the purpose of helping school districts reorganize could be an appropriate use of the Education Innovation

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Funds. However, NSEA would ask the committee to seriously consider which, if any, new programs are to be funded by the Education Innovation Fund for fiscal years 2013 through 2015-16. NSEA looks forward to working with the Education Committee on the priorities for the allocation of the Education Innovation Fund for 2016 and beyond that will be informed by the study proposed in LB497. I would like you to recognize that our testimony is not against the Reorganization Fund. As we said in the testimony, it may be a very appropriate use right now, as districts are having those conversations and need the funding to get over the hump. And you, as Education Committee, can look at what's available in the Education Innovation Fund and see if that's an appropriate policy. And we respect the right of you to do that and know that you will do the right thing in that process. So again, thank you for the opportunity to testify today, and there's only one more chance. [LB496]

SENATOR SCHEER: Thank you, Jay. Any questions for Mr. Sears? That... [LB496]

JAY SEARS: Thank you. [LB496]

SENATOR SCHEER: One more time? [LB496]

JAY SEARS: One more time. Thank you very much, Mr. Scheer--Senator Scheer, I'm sorry. [LB496]

SENATOR SCHEER: Yeah, close enough. [LB496]

JAY SEARS: It's...so used to the State Board, right? (Laugh) [LB496]

SENATOR SCHEER: Close enough. Any others in a neutral position for LB496? Seeing none and Senator Sullivan waives, so that ends the hearing on LB496, and we will open LB497, Senator Sullivan, the last hearing. [LB496]

SENATOR SULLIVAN: That, and the long-awaited conversation on this study that we have been referring to several times today. That's exactly what LB497 proposes to do: a study for potential uses of the lottery money. The study would be done by all of you, the Education Committee, looking at the appropriate use of funds. Now I will tell you, by way of background, currently the constitution outlines that 44.5 percent of the lottery proceeds, after prizes, expenses, and the initial transfer to the Compulsive Gamblers Assistance Fund, once all of those are taken out, then 44.5 percent are dedicated to education. That's what the constitution indicates should happen. And I'm saying, in LB497, let's take a look at how we use those dollars. We're going to study it, I propose under LB497, and then we issue a report by December 31 of this year to the Legislature. The factors that would be proposed to be in that study would include: the educational priorities of the state; what types of educational activities are suited to being funded by state lottery funds as opposed to state General Funds; whether state lottery

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funds should be used for significant projects requiring temporary funding or to sustain ongoing activities; and whether to schedule periodic reviews of lottery funds for education. So, in essence, that's what we would be taking a look at in the study. It's been referred to several times in testimony by myself and others that currently the use of funds in the Education Fund, all of those uses sunset or are set to expire on June 30, 2016. Now in addition, under the details of LB497, the current provisions allocating lottery funds to what's called the Nebraska Opportunity Grant Fund would also expire on June 30, 2016, and I have to say that's caused a little bit of consternation. It's one thing to have been anticipating the funding programs under the Education Innovation Act, knowing that they will sunset in 2016. But LB497 also indicates that the provisions that direct funds to the Nebraska Opportunity Grant Fund would expire on June 30, 2016, as well. I want you to know that my intention has never been to not encourage funding of that grant project because I think that's very, very important. But the logistics of it, to really open up the whole conversation of these lottery proceeds using...being used to fund education, which our constitution mandates, I thought that everything should be on the table. Now, in conversations with some of the people that have been concerned about that, they have brought forward an idea that ultimately I will offer as an amendment that would create a new title for this, the umbrella for both the Opportunity Grant Fund and the Education Innovation Fund, and it would be called the Nebraska Education Improvement Fund. And, when you stop to think about it, perhaps maybe that's even a more appropriate name to give all the kinds of things that we might be talking about funding with these lottery dollars. So I offer that for...and, just by way of background, too, if you remember when I first started talking, I talked about these lottery dollars represent 44.5 percent of the lottery proceeds. Of that 44.5 percent, 24.75 percent are designated to the Nebraska Opportunity Grant Fund, and 19.75 percent are dedicated for the Education Innovation Fund. The other thing that we're doing with LB497, so as not to give some false expectations about the use of these funds, there have been funds gone to loan proceeds for the Attracting Excellence to Teaching and the Enhancing Excellence in Teaching Programs. So, as I said, not to give false expectations to the loan applicants, we're telling that those funds will end as well on June 30, 2016. I urge you to remember what LB497 is all about, and that's not getting rid of any funding that is currently offered to any of these good programs. You've heard, over the course of the testimony today for all of these bills, that not only are they currently being used for some valuable programs in education, but there are some expectations of additional ideas as well. And this study just simply allows us to have that important discussion and open it up and put everything on the table, so to speak. But, in addition, I would hope that not only the conversation that we have as a committee but what we will hear from in testimony as we embark on this study will be some very bold ideas. You know, if, in fact, this is going to be called the Nebraska Education Improvement Fund, let's talk about some creative ways, bold ways of deciding how we want to use these dollars, these lottery proceeds, to really improve education in our state. So, as you know, I've given this a personal priority of mine, and I hope you will look on it favorably so we can get started on our work. [LB497]

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SENATOR SCHEER: Thank you, Senator. Questions by any of the committee? I guess not. [LB497]

SENATOR SULLIVAN: Okay. [LB497]

SENATOR SCHEER: Proponents of LB497. [LB497]

SENATOR SEILER: Tammy Barry reemployment fund. (Laugh) [LB497]

JOHN BONAIUTO: Senator Scheer, members of the committee, John Bonaiuto, J-o-h-n B-o-n-a-i-u-t-o, representing the Nebraska Association of School Boards, Nebraska Council of School Administrators, supporting LB497 and the amendment. I think that the new name is a very appropriate way to describe the fund. Senator Sullivan is really undertaking something that's very timely and looking at the fund itself and how it has operated. We've kind of made this, some of the uses, up as we have gone along. I've been involved in discussions with senators, you know, the General Fund dollars and A bills. General Fund dollars are tight, and things with an A bill are looked at very critically. And I was in on the discussions with Senator Nancy Thompson when we created the loan funds. And we never talked about would this be forever or how long...what would the duration be. And so I think having those discussions, looking at having a report, developing some priorities, that might give some guidance as future senators look at where is there a pot of money that might be available and what...that this should not be something that is just looked upon as, gosh, if there are some lottery funds, let's grab them. And I think about what's going to happen in the next election cycle, and there's going to probably be at least twenty new senators that will come in, in that cycle, and I think this report and giving this...that type of guidance at that particular time will be really, very helpful. With that, I will conclude my testimony and thank you. [LB497]

SENATOR SCHEER: Thank you, John. Any questions for Mr. Bonaiuto? Seeing none, thank you. [LB497]

JOHN BONAIUTO: Thank you. Last day of hearings, and I appreciate that. (Laugh) You're tired of me by now. [LB497]

SENATOR SCHEER: Welcome again, Jon. [LB497]

JON HABBEN: Thank you, Senator Scheer, members of the committee. This is a bill that we strongly support because it creates an opportunity to get back to what should we do with this fund. Actually, we didn't know things were sunseting. But I'm sure glad that Senator Sullivan was paying attention to this because it allows you to be ahead of the curve on this discussion, rather than having this discussion and immediately everything sunsets. So think it is a great opportunity. I think the things that have been

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mentioned today, all very worthy in the discussion of the use of Education Innovation Funds. I'm sure you'll hear more. But again, thank you very much for considering to do this study because it does offer the opportunity to really get back to maybe a little more long-term view of a better use of Education Innovation Fund dollars. Thank you. [LB497]

SENATOR SCHEER: Thanks, Jon. Any questions? Getting towards the end. [LB497]

JON HABBEN: Thank you. [LB497]

SENATOR SCHEER: Thank you, Jon. Welcome back, Matt. [LB497]

MATTHEW BLOMSTEDT: Hi, I'm Matt Blomstedt, M-a-t-t B-l-o-m-s-t-e-d-t. First of all, I just want to thank Senator Sullivan and the committee for your leadership on taking a look at Education Innovation Funds and conducting a study. I think one of the things you always have an opportunity to do from the Education Committee is establish a vision for where things go. And I know that's not always easy work. And a study sounds fun to me, but maybe it doesn't sound so fun to you. But the reality is that setting that course and setting that path, there's a whole bunch of, I think, very valuable and appropriate things to look at investing in for the future that are really, you know, going to change our system overall. And I think, as you look at it, just, you know, give that some consideration relative to how do we improve systems overall, what do we do to ultimately set a new base for where we want to go in education, and I appreciate your efforts on that. Congratulations on the last day of hearings. (Laugh) [LB497]

SENATOR SCHEER: Thank you, Matt. Any questions? You're done for the year as well. [LB497]

MATTHEW BLOMSTEDT: Oh, man, thank you. (Laugh) [LB497]

SENATOR SCHEER: Any other proponents? Welcome back, Jen. [LB497]

JEN GOETTEMOELLER: (Exhibit 1) Good afternoon again. My name is Jen Goettemoeller, G-o-e-t-t-e-m-o-e-l-l-e-r, here again on behalf of First Five Nebraska. If we were to redesign the education system based on what we know about brain development and how and when children learn, we wouldn't design it the same way it exists today. We would invest more dollars on the front end so children arrive prepared, ready to learn, ready to take advantage of what our great K-12 system has to offer them. LB497 gives us that chance to take a fresh look so we can invest in areas that yield the greatest returns. We hope the committee would consider early childhood in its deliberations. [LB497]

SENATOR SCHEER: Thank you. [LB497]

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JEN GOETTEMOELLER: Thank you. [LB497]

SENATOR SCHEER: Any questions for Jen? [LB497]

JEN GOETTEMOELLER: Thank you. [LB497]

SENATOR SCHEER: Thank you. Proponents. Again, 28,000 strong. (Laugh) [LB497]

SENATOR KOLOWSKI: 28,001. [LB497]

SENATOR SCHEER: Well, he lost one on the way up, so. [LB497]

JAY SEARS: (Exhibit 2) Good afternoon. And for the last time, Madam Chair, Mr. Vice Chair, members of the committee, for the record, I'm Jay Sears, J-a-y S-e-a-r-s, and I'm here representing the 28,010 members of the Nebraska State Education Association. (Laughter) Just got a text: We added ten more after my last testimony. (Laugh) Just kidding. The NSEA does support LB497, and we would support the amendment that the Chair has offered to rename the Innovation Fund. I think it's appropriate in that we start to focus on the improvement of education in Nebraska and how we use those funds. But NSEA believes it's the right time to provide a complete review of how the Education Innovation Funds are used to support education policy and programs in Nebraska for the next few years. As you know, the Education Innovation Fund has provided funding to leverage innovations in educational programs throughout the state. In today's standards, the \$8.1 million that comes from the Education Innovation side of the money from the lottery funds, it doesn't go very far; but it can incentivize education policy, as it has done. It's a good idea to review, every few years, the policy implications that the funding from the Education Innovation Fund can effect. LB495 (sic--LB497) is the right legislation at the right time. NSEA looks forward to working with the Education Committee as you set the priorities for the allocation of the Education Innovation Fund for the fiscal year 2016 and beyond. The NSEA requests that the Education Committee send LB497 to General File for quick action by the Legislature. Thank you for the opportunity to testify today, and a special thank you for all of you as you've worked on a committee that's had over 100-and-some bills before you with figures, facts, and whatever. This has been a busy year in hearings, and I appreciate the fact that you've sat here and listened to us, asked great questions, had great debate with us, and made us think about what's the best education policy to go forth in the state of Nebraska. So I look forward to the rest of the session and see what comes out at the very end. So thank you very much for the opportunity. [LB497]

SENATOR SCHEER: Thanks, Jay. Senator Avery. [LB497]

SENATOR AVERY: Thank you, Mr. Vice Chair. You said LB495. This bill is LB497. [LB497]

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JAY SEARS: LB497, yes. [LB497]

SENATOR AVERY: Yeah. [LB497]

JAY SEARS: They all get mixed up, and I... [LB497]

SENATOR AVERY: Yeah, I figured you're probably getting confused by this time. [LB497]

JAY SEARS: Yeah, thank you. I appreciate that because... [LB497]

SENATOR AVERY: And you can't always assume we're paying attention. (Laughter) We are here. [LB497]

JAY SEARS: Well, I assume the best, Senator. [LB497]

SENATOR SCHEER: Any other questions? If not, thank you, Jay. [LB497]

JAY SEARS: Thank you. [LB497]

SENATOR SCHEER: Any other proponents of LB497? Are there any opponents to LB497? And are there any to speak in the neutral position to LB497? All rushing up at once. [LB497]

TIP O'NEILL: You're like the NSEA. (Laughter) [LB497]

SENATOR SCHEER: Welcome, Tip. [LB497]

TIP O'NEILL: Someone has to be Switzerland here. Senator Scheer, members of the Education Committee, I'm Tip O'Neill, T-i-p O-'N-e-i-l-l. I'm the president of the Association of Independent Colleges and Universities of Nebraska. When we first read LB497 and saw the sunset provision relating to the Nebraska Opportunity Grant program, we of course had some consternation. And I think I can speak for all of higher education when I say that because \$9 million of the, approximately, \$15.5 million or \$16 million that goes into the Nebraska Opportunity Grant program, which is the need-based program for student aid here in the state, comes from the Nebraska lottery program. And we rank approximately 40th in the nation in terms of the total state grant expenditures as a percentage of the state fiscal support for higher education operating expenses, if you compare those. So we don't appropriate a whole lot of money for need-based grant programs anyway, if you compare it to state operating expenses for higher education. And from the standpoint of the independent colleges and universities, that's the only money that our students receive from state government, so we had some

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concerns. But in working with Senator Sullivan and in talking about the amendment that she proposed during her opening, I think we're comfortable that...with the committee and with the study that the committee will be performing, and that we're comfortable that need-based student aid will continue to be an important state goal notwithstanding what the committee's recommendation will ultimately be. You know, it's hard to oppose a study, you know. We're into education, I mean, and from a practical standpoint. And any time there is a statutory formula, with 25 votes and the Governor's signature you can change it any time you want to. And so we are neutral as far as the study is concerned, but we certainly anticipate that, it being Senator Sullivan's priority bill, it will pass. And we look forward to working with the Education Committee and making sure that we are heard during the course of the study and look forward to working with you. So I'd be happy to answer any of your questions. [LB497]

SENATOR SCHEER: Thank you, Tip. Any questions? If not, thank you very much. [LB497]

TIP O'NEILL: Thank you. [LB497]

SENATOR SCHEER: Welcome, Ron. [LB497]

RON WITHEM: Good afternoon, members of the Education Committee. I am Ron Withem, W-i-t-h-e-m, representing the University of Nebraska, here to indicate that my testimony is very similar to Mr. O'Neill's, and that is, when we first read the bill and the way the sunset is occurring, we're a little concerned about the apparent sunset of the funds going into the Nebraska Opportunities Grant. But with the amendment that Senator Sullivan has offered, I think the bill is something that we can feel comfortable with. In preparing for this, I went back and did a bill history and came across LB849 that was heard in this room 22 years, 1 week, and 1 day ago, on March 11, 1991. And I bring that up because, as an observer of the use, but particularly the Innovation Funds, it appears as though the use of those has kind of bounced around considerably over the years. I think, when the lottery was first instituted, the use of computers in the classroom was one of the most common uses of it. So I think a study is appropriate at this time. I think another comment I'm going to make is kind of appropriate also. Dennis Baack, from the community colleges, asked me to put his organization on record in the same position we are: neutral on the bill itself but very supportive of the study. I say it's appropriate because, when I looked at the bill history of LB849, there were three very distinguished senators whose names were on the bill: Eric Will, who, unfortunately, is no longer with us; Senator Dennis Baack, who is with us; and Senator Ron Withem was the third name on the list. So we believe that the use of these funds for need-based scholarships has been very beneficial to the students of the state. That was an innovation Senator Raikes proposed in about 2003, and it's still in place. And we're hoping, through the course of the study, we can convince you that that is one of the source...one of the uses of the funds that should continue. So thank you very much.

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[LB497]

SENATOR SCHEER: Thank you, Ron. Any questions? Thank you very much. [LB497]

RON WITHEM: Thank you. [LB497]

SENATOR SCHEER: Welcome, Marshall. [LB497]

MARSHALL HILL: (Exhibit 3) Thank you. Good afternoon, Senator Scheer and members of the committee. I'm Marshall Hill, M-a-r-s-h-a-l-l H-i-l-l. I'm executive director of the Nebraska Coordinating Commission for Postsecondary Education. And if...I may be last, and maybe at some point I'll be first. Who knows? (Laughter) But I'm here to say much the same thing that my colleagues, Tip O'Neill and Ron Withem, have said. We had some early concerns about the bill. We support the amendment. The lottery funds for Nebraska's needy students are the bird in the hand. They are what we now have. We...this year, the Coordinating Commission will distribute \$8.8 million in lottery funds and a little over \$6 million in general revenue. The only source of increase for need-based financial aid in the...since 2007 has been lottery funds, so they are extremely important. If, heaven forbid, lottery funds were to go away and we were to rely only upon the General Funds appropriations that we have, either we would serve half the students that we do, or the students that we serve would receive half or less of the money that we provide. A reminder we...the Total Opportunity Grant is a little over \$14 million, serves a little over 14,000 students, and so the award is about an average of \$1,000 per student. Nebraska is 33rd in the nation in the amount of need-based financial aid we provide per full-time undergraduate student, and 60 percent of those funds come from lottery funds. So that explains, I am sure, the hesitancy of letting loose of that bird in the hand. But we do believe it is appropriate for the state to periodically reexamine what it does with the lottery funds and what are the best ways to use those funds to the betterment of education in the state. And, certainly, I know that Senator Sullivan's and your hearts are in the right place, and you do support need-based financial aid for the students in our state. So we certainly support the study that you will be carrying out. We offer any assistance that we can provide to you as you do that, and I believe that concludes my testimony. Be pleased to answer any questions you may have. [LB497]

SENATOR SCHEER: Thank you. Any questions for Marshall? Doesn't look like any. Thank you. [LB497]

MARSHALL HILL: Thank you. [LB497]

SENATOR SCHEER: Welcome. [LB497]

JAN MCKENZIE: (Exhibit 4) Senator Scheer, members of the Education Committee, I

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thought I'd save the best for last. (Laughter) [LB497]

SENATOR SCHEER: Absolutely. [LB497]

JAN McKENZIE: Since I'm a face you have not seen this entire legislative session, for the record, my name is Jan McKenzie. That's J-a-n M-c-K-e-n-z-i-e. I am registered lobbyist for the Nebraska Association for the Gifted. In your bill you will see us called high-ability learners funds. I'm having a few things passed out to you, and I don't want to take much of your time today. We're here in neutral on LB497. Several years ago, the Legislature moved the funding for high-ability learner funds from General Funds over to the Education Innovation Funds. And we were quite excited about that because we honestly believe that's where we probably belong to be. I've given you just some basic information. There is about \$2.3 million that goes out in the way of grants to school districts that is primarily used to support differentiated curricular activities for highly academic or intellectually gifted students, and in many cases school districts, like Lincoln, use some of those funds to support their highly gifted program for mentoring for students. Other school districts in rural Nebraska use it to send their teachers to workshops and to the national or state conference to learn more about how to provide appropriate curricular activities in the regular classroom where they don't have opportunities for advanced-level courses. Some school districts use those monies to provide advanced-placement courses through Internet so that their seniors and juniors can have the same opportunities that kids in, excuse me, Lincoln or Omaha or larger school districts might have. We are about 348 members strong, but a very dedicated group of teachers and parents who are really trying to allow kids who have already mastered what is the curriculum for their grade level have an opportunity to feel like they're learning something in school. Many of these children already knew what they were going to be taught the day they walked in, and I know because I was one of those teachers. And when I pretested my students I was shocked at how many children already knew everything I was supposed to teach them the first half of the school year in second grade, and I had no idea what to do. So we believe that no child should be left behind, but no child should not have the opportunity to get ahead either if they're ready and willing and eager. We look forward to participating in the study because we'd really love to tell you more about the amazing things that these teachers and parents are trying to provide for their children to keep them excited and curious and achieving. And I'd answer any questions if you'd have any. [LB497]

SENATOR SCHEER: Thank you, Jan. Any questions? Senator Kolowski. [LB497]

SENATOR KOLOWSKI: Thank you, Mr. Vice Chair. Ms. McKenzie, do you have any sponsored summer activities for students that you're currently keeping up with? [LB497]

JAN McKENZIE: The association does not have a particular activity that they do as a group. [LB497]

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SENATOR KOLOWSKI: Um-hum. [LB497]

JAN McKENZIE: But probably one of the most famous summer activities, probably in the region, happens out of an ESU near Minden, and that program has been running for probably 30 years. And, in fact, I think, Senator Scheer, you were on the State Board... [LB497]

SENATOR SCHEER: Um-hum. [LB497]

JAN McKENZIE: ...when a group of those students came to testify in front of the State School Board about what that opportunity had meant to them when they were in their high school years. It's a remarkable program, and these kids have an opportunity to have peer interaction with other kids like them. And in some cases in rural Nebraska, it's the only time they get to be around kids who are like-minded. Lincoln and Omaha, there's Good Beginnings. There are opportunities for our kids in Omaha and Lincoln and larger communities that are not necessarily sponsored by the association but in many cases by private interests and by parent groups and other kinds of opportunities like that. But we wish we did. Some of our surrounding states have some really amazing opportunities for kids. [LB497]

SENATOR KOLOWSKI: So the Nebraska Scholars Institute and things that we used to have, those are no longer part of anything in Nebraska? [LB497]

JAN McKENZIE: You know, I'm not certain about that. I was a selection panelist for many years to do Nebraska Scholars Institute. [LB497]

SENATOR KOLOWSKI: Just thinking of the recruitment tool. [LB497]

JAN McKENZIE: But I've kind of been out of that end of it for a number of years. But I was, since Senator Withem is giving you history lessons today, I was the person who introduced the legislation that mandated that we identified students so we'd know who they are. And then, once we knew who they were, maybe we could do something to help them. And then, two years later, Senator Bohlke carried legislation to provide the first of the funding. And I wrote the rule at the department and I wrote the first application process, so I'm probably the museum of (laugh) history for all things high-ability learner. [LB497]

SENATOR KOLOWSKI: Thank you. [LB497]

JAN McKENZIE: Yes. [LB497]

SENATOR SCHEER: Senator Davis. [LB497]

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SENATOR DAVIS: Jan, I'm looking at the last page of your document, and you got this from the "State of the States," but I'm having trouble with the math on that. Do you know how these figures were calculated? [LB497]

JAN McKENZIE: I got this from the person who is the Nebraska Association for the Gifted, kind of, coordinator. He handed this out at the annual meeting that they had just last February, so. [LB497]

SENATOR DAVIS: Well, if you see Nebraska has 38,000 identified students and \$2.3 million, and you come up with \$64 (per student),... [LB497]

JAN McKENZIE: Right. [LB497]

SENATOR DAVIS: ...but then, if you go to Iowa, with a \$34 million expenditure for only...for 43,000. But that's \$73,... [LB497]

JAN McKENZIE: Doesn't make sense, does it? [LB497]

SENATOR DAVIS: ...and that doesn't work. So I just wondered if there was some other factor that played into that, because, obviously, we are... [LB497]

SENATOR SCHEER: It's (inaudible) 30. [LB497]

SENATOR DAVIS: ...woefully lacking in our support for the program. [LB497]

JAN McKENZIE: I'm not going to disagree with you. (Laughter) But we originally asked...the original bill legislated \$6.3 million, and it was cut to \$3 (million) and it's gone... [LB497]

SENATOR DAVIS: Down since. [LB497]

JAN McKENZIE: ...down since during the tough times. But we took our cuts like everyone else, and it's remarkable what talented teachers can do with a little bit of education and a little creativity and a lot of motivation. And, quite honestly, these kids are more challenging to teach than probably any other group of...and I worked with them. So they're more challenging to work with in many ways than a lot of the other kinds of...other groups of students I worked with because they see the world in a way that we don't quite understand,... [LB497]

SENATOR DAVIS: Thanks. [LB497]

JAN McKENZIE: ...many cases. So I look forward to having more conversations during

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this study. [LB497]

SENATOR SCHEER: Any other questions? I guess not. Thank you, Jan. [LB497]

JAN MCKENZIE: Thank you. [LB497]

SENATOR SCHEER: Any others in a neutral position? Senator Sullivan. [LB497]

SENATOR SULLIVAN: I just wanted to briefly say, first of all, thanks to everyone who testified in response to this legislation. And I, for one, if you...as...I think it...I hope it's been helpful for you to have heard what kinds of programs are funded out of these two grant programs. And I, for one, believe every single one is very valuable and important and speaks to what we now call the Nebraska Improvement Fund. And so I'm looking forward to this study. And, based on a few comments that were made, you know, I'd just leave these three things for you, as far as what I think is an opportunity for us to look at with LB497. And one is to set priorities for how we want to improve education and using these dollars. This committee would give direction on how to use these dollars. And, just as importantly--and the comment was made about term limits--it gives some continuity over time to how these funds can be used. So again, I thank you for your consideration and hope you'll advance LB497. [LB497]

SENATOR SCHEER: Thank you, Senator Sullivan. And with that, we end the last hearing for this year. Thank you all for coming, and we'll see you again next year. [LB497]