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LINEHAN: [RECORDER MALFUNCTION] Committee public hearing. My name is Lou Ann Linehan. I'm from Elkhorn and represent Legislative District 39. I Chair the committee. For the safety of our committee members, staff, pages, and the public, we ask those attending our hearings to abide by the following procedures. Due to social distancing requirements, seating in the hearing room is limited. We ask that you only enter the hearing room when it is necessary for you to, for you to attend the bill hearing in progress. The bills will be taken up in the order posted outside the hearing room. The list will be updated after each hearing to identify which bill is currently being heard. The committee will pause between each bill to allow time for the public to move on and-- excuse me, move in or on and out of the hearing room. We request that everyone utilize the identified entrance and exit doors to the hearing room. We request that you wear face covering while you're in the hearing room. Testifiers may remove their face coverage during testimony to assist committee members and transcribers to clear-- in clearly hearing and understanding the testimony. Because of the glass, if you leave your mask on, I find it difficult to hear. Pages will sanitize the front table and the chair between testifiers. Public hearings for which attendance reaches seating capacity or near capacity, the entrance door will be monitored by the Sergeant at Arms who will allow people to enter the hearing room based on said-- seating. I don't think we're going to have that problem this morning. Are we, sir? Persons waiting to, waiting to enter hearing room-- excuse me, persons waiting to enter a hearing room are asked to observe social distancing and wear a face covering while waiting in the hallway or outside the building. The Legislature does not have the ability due to HVAC project of an overflow hearing room for hearings, which attracts several testifiers and observers. For hearings with a large attendance, we request only testifiers enter the hearing room. We ask that you please limit or limit your handouts. The committee will take up bills in the order posted. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. To better facilitate today's proceeding, I ask you abide by the following procedures. Please turn off your cell phones. The order of testimony, introducer proponents, opponents, neutral, and closing remarks. If you will be testifying, please complete the green form and hand it to a page when you come up to testify. If you have written materials that you would like to distribute to the committee,

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please hand them to the page to distribute. We need 12 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you now. When you begin to testify, please state and spell your name for the record. Please be concise. It is my request to limit your testimony to five minutes. We will use the light system, so you will have four minutes on green, one minute on yellow, and when you hit red you need to wrap up or I will ask you to do so. If there are a lot of people wishing to testify, which I don't think is the case this morning. If-- so we'll skip over that, if your remarks were reflected in previous testimony or if you like your position to be known but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. I would like to introduce committee staff. To my immediate right, is committee counsel, Mary Jane Egr Edson. To my left-- we need to change this, this isn't right. To my left is analyst, Kay Bergquist. And at the far end at my left table-- at the table is committee clerk, Grant Latimer. Now I would like committee members to introduce themselves starting on my far right.

PAHLS: Thank you, Senator. Rich Pahls, representing District 31, southwest Omaha.

BOSTAR: Eliot Bostar, District 29, south central Lincoln.

FRIESEN: Curt Friesen, District 34: Hamilton, Merrick, Nance, and part of Hall County.

BRIESE: Tom Briese, District 41.

ALBRECHT: Joni Albrecht, District 17: Wayne, Thurston, and Dakota Counties in northeast Nebraska.

LINEHAN: Please remember that sena-- oh, excuse me, I forgot them yesterday morning, so I'm not going to. Will the pages please stand up. This is Thomas closest to me, and Turner. They're both at UNL and they're both political science majors. And they'll be helping us today. Please remember that senators may come and go during our hearing as they have bills to introduce in other committees. And that's why I expect Senator Lindstrom is not here. And I know that's why Senator Flood is not here. Hopefully they'll be able to come back

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before we're done. Refrain from applause or other indications of support or opposition. I would also like to remind our committee members to speak directly into the microphones for the-- for our audience. The microphones in the room are not for amplification, but are for recording purposes only. Last, we are electronics-equipped committee. Information is provided electronically as well as in paper form. Therefore, you will see committee, committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and critical to our state government. So we will start today, and I think it's our only bill this morning, right, with LB69. Senator Day. Good morning, Senator.

DAY: Good morning. Good morning, Chairwoman Linehan and members of the Revenue Committee. My name is Jen Day, that's J-e-n D-a-y, and I represent District 49, which is northwestern Sarpy County, and includes the areas of Gretna, southern Millard, and the western portions of Papillion and La Vista. I'm excited to be here this morning because not only is LB39-- or, I'm sorry, LB69, the first bill I'm testifying on in my legislative career, but also because this bill deals with a number of issues our state is currently struggling with. The student debt crisis, our continued shortage of qualified workers, nagging brain-drain issues, and needed support for small businesses. LB69 creates a tax incentive for businesses that provide a student loan repayment as part of the benefit package. Businesses would receive a 50 percent tax credit on these loan repayments, up to \$1,800 per employee. Each business could claim the nonrefundable credit for up to 20 employees per year and 25 percent of all credits would go to small businesses. LB69 is capped at \$1.5 million and companies have to preregister into the program. There is one small amendment which expands the eligible loans to include private student loans. I know that we're currently in a challenging fiscal environment, which is part of the reason we've capped the program at \$1.5 million. However, we also need to think about what kind of investments we're making in our workforce to help mitigate future state economic struggles. In their 2019 report, Blueprint Nebraska stressed that we're struggling to retain our talent. From 2007 to 2017, Nebraska has had a deficit of more than 15,000 workers with bachelor's degrees that have left the state. We're currently losing approximately 3,000 individuals over 25 with a bachelor's degree per year. In short, not only are we losing talented workforce, but we're losing taxpayers to other states. In

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many cases, we're making the expensive investment for youth on the education side and then watching the other states get the benefit. LB69 will not completely solve our brain-drain problem. But if we're going to be a state that continues to grow, we need to start developing ways to keep our highly skilled workforce in Nebraska. There's also reason to believe brain drain could accelerate if we're complacent. In 2016, the Nebraska Department of Economic Development produced their Nebraska's next economy report that mentioned Omaha and Lincoln are losing their cost of living advantage as they grow. This is an economic success story, but also means we're going to have to innovate if we wish to keep Nebraska a great place for business. Additionally, as a small business owner who operates with limited funds, it's difficult to offer employee benefits to help make ourselves more competitive as an employer. Entrepreneurship is often a risky undertaking, but one that can reap great rewards. Most Nebraska small business owners are born and bred Nebraskans who tend to stay in the state once they've established a successful business. I believe LB69 is one of the ways we can keep Nebraska an appealing place to work and live and make Nebraska more entrepreneur friendly. I'd also like to mention that although developing a student loan repayment incentive has the obvious benefit of helping young Nebraskans, it would also greatly benefit retirement age folks in the state. More than 19,000 Nebraskans over 60 years old carry a student loan balance. It's easy to think of the student debt crisis as a problem that exists only for young people, but this is an issue that affects nearly all generations of Nebraskans. Finally, if you talk to young people in our state, they want to work. They want to have a career. And just like the rest of us, they draw self-worth from being a contributing member of society. I think back to two years ago when I spoke to a group of Creighton business students and asked them how many plan to stay in Nebraska after graduation, none of them raised their hands. Further discussion illuminated the main reason why, a lack of competitive employment opportunities. Part of why LB69 is appealing to me is that it keeps skin in the game for everyone involved. We're not doing wholesale student loan forgiveness and we're not giving businesses a 100 percent credit. This is a partnership that gives businesses another tool to recruit and retain employees, make life easier for the employees involved, and supports the pursuit of higher education. I urge your support for LB69. And with that, I'm open for questions.

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LINEHAN: Thank you, Senator Day. Are there questions from the
committee? Senator Albrecht.

ALBRECHT: Thank you, Chairman Linehan. And thank you, you did a great
job on your first--

DAY: Thank you.

ALBRECHT: --awesome. I just have a quick question. So when these
companies have this repayment plan, do the employees have to stay with
them for an extended period of time? Is there anything that is tied
into that or--

DAY: I'm not sure. We currently we have it so that it can be carried
forward, I believe, from employer to employer. Is that correct, Sam?
But I think in order to qualify for the program, it's 480 hours or 12
weeks of full-time employment. So at that point they would then
qualify.

ALBRECHT: But they don't have to stay with that company who helped pay
their note off for any extended period of time?

DAY: Not necessarily, no. There's nothing that's forcing the employee
to stay.

ALBRECHT: OK, thank you.

LINEHAN: Thank you, Senator Albrecht. Are there other questions?
Senator Pahls.

PAHLS: The concept, I can't argue with the concept. But right now, I
hear the Governor bragging about our unemployment rate is extremely
low, one of the lowest in the nation. So who are you going to attract?

DAY: So--

PAHLS: We have jobs that are not being filled now.

DAY: --the-- I think the, the issue is that, yes, unemployment is low
in Nebraska, but it-- but that number itself doesn't accurately
reflect how many people are leaving the state for employment in other
states. Right? So I think that's what this bill is one step towards is
working to try to keep more of the young people who are highly skilled

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and highly qualified in the state from leaving the state for
employment in other places.

PAHLS: Thank you.

LINEHAN: Thank you, Senator Pahls. Are there are other-- excuse me,
other questions from the committee? Seeing none, are you going to stay
to wrap up-- to close?

DAY: Yes.

LINEHAN: OK, thank you very much.

DAY: Thank you.

LINEHAN: Next we will have proponents. They have to clean up the
table. That's OK. Good morning.

TREVA HAUGAARD: Good morning.

LINEHAN: You can go ahead.

TREVA HAUGAARD: So Chair Linehan and members of the Revenue Committee,
hello, my name is Treva Haugaard. It is T-r-e-v-a, and the last name
is H-a-u-g-a-a-r-d. I am the executive director of the Council of
Independent Nebraska Colleges, also known as CINC. Senators, thank you
for your time today and your focus on helping Nebraskans' citizens.
The work that you're undertaking is difficult, but at this time during
the COVID-19 pandemic, your work becomes much more difficult. I
appreciate your focus during this session to create avenues to hear
from your constituents and understand their perspectives on the
important matters before you. The Council of Independent Nebraska
Colleges, or CINC, is very supportive of LB69 and appreciates Senator
Day for introducing this bill that, if passed, would adopt the Student
Loan Repayment Credit Act. CINC represents all 13 of Nebraska's
private colleges and universities. Our campuses are located from Omaha
to Hastings and encompasses the state's largest metropolitan area into
our rural communities. Just as Nebraska is diverse, so too are the
independent campuses across our state. A little background on CINC's
member schools. Collectively, Nebraska independent colleges and
universities educate nearly 35,000 students per year. The same, the
same higher education institutions award 30 percent of the state's
bachelor's degrees, over 45 percent of the business degrees, 30

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percent of education degrees, and over 50 percent of the degrees for health sciences. In addition, on average, the independent colleges and universities recruit over 13,000 students from other states. It is estimated that of those students, 51 percent remain in Nebraska following graduation, thus increasing brain gain for the state's economy. The number of students that are educated in Nebraska and ready for employment is significant to the state, as these graduates are critical to growing our economy. Thus, the need to-- the need is great to create incentives to keep our graduates in Nebraska. The ability to provide incentives for graduates to stay in the state will create a positive impact on our economy and create an overall brain gain effect that is needed in Nebraska today. LB69 provides a fresh new incentive for employers, students, and graduates. LB69 is designed to benefit both the business as well as employee who has graduated or earned a certificate from a postsecondary educational institution and has a financial loan due to this achievement. The U.S. News and World Report reported in September, 2020, that loan debt has been on the rise in the last decade and that currently the average loan debt for students slightly exceeds \$30,000. While students are eligible for a number of scholarships, not all students are eligible for free grants and loans to achieve their academic goals. LB69 is proposing that employers could potentially pay up to \$3,600 per individual qualified for this program per year. I am not a mathematician, I am not a statistical whiz, but if the employer and the employee were both making loan payments of the same amount or \$7,200 per year, the average debt could be paid down over the course of four years. This type of employer incentive allows a recent graduate to have hope that they will not continue to be in debt for the following ten years and they will be able to infuse more financial means into the economy sooner rather than later. Plus, the benefit is not one-sided. The employer also receives 50 percent of these funds invested in the employee's loan via a tax credit to their business. They not only invest in the employee, but they also have a return on investment into the community and Nebraska's economy. It's simple, LB69 will help grow and retain Nebraska's workforce talent well into the future, as well as improve Nebraska's economy in the long run. For these reasons, the Council of Independent Nebraska Colleges strongly supports LB69 and asks you to please advance this bill. Dr. James Hauschildt, president of Clarkson College, joins me today and will share the perspective from one of the Nebraska private colleges and the positive impact that LB69 will create for graduates.

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LINEHAN: Thank you. Your timing was near perfect. Are there questions from the committee? Seeing none, thank you very much for being here.

TREVA HAUGAARD: Thank you.

LINEHAN: Next proponent. Morning.

JAMES HAUSCHILDT: Good morning. Thank you, Chair Linehan and the Revenue Committee for the opportunity to come forth and testify in support and advocate for our students in the higher education system. Thank you, Senator Day, for introducing this bill. My name is James Hauschildt, J-a-m-e-s H-a-u-s-c-h-i-l-d-t. I'm the president of Clarkson College. I started in July of last year. And like to speak just briefly about really two concepts where this touches very close to me personally and professionally. I'm a product of private higher education. I went to school in Iowa. I'm a registered nurse and have continued to practice and maintain my license for almost 25 years now. I've been blessed to be in the higher education system for almost the entirety of that time after I had served in the Air Force as a nurse as well. So I have a, I think, perhaps a unique perspective having gone to school and served within public, private, and government sector education, training, and healthcare. My personal experience of having gone to private education is the small class sizes and the benefit of, you know, being in a STEM career that really afforded amazing career opportunities clinically and professionally in higher ed as well. As a college administrator, I've seen the debt that students bring to us. Many, and most are transfer students coming in and adult, adult learners who have a second degree or second career that are pursuing healthcare as an opportunity to advance their own careers. And then with the longevity and the stability in healthcare careers to advance their, their living and earning potential. Many students come to us with tens of thousands of dollars of debt. And it's been something that I've seen in the last 20 years has been an increasing problem. And I'm sure you have seen that as well. We are trying to do something unique and different at Clarkson College to address this problem because we have a responsibility in higher education to help address this concern as well. So it's things like stabilizing and actually reducing the price of tuition. It is creating, as I think a question was posed earlier, or two questions actually that were posed about, you know, how can we as an institution promote workforce stability and then help graduates pay down or eliminate their debt before they leave the college environment? And as

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to partnership with workforce industry companies that where we've creatively partnered with various hospitals and health systems in our case and through a cooperative, workforce cooperative agreement, the students have the opportunity to work in a paid internship, if you will, that offsets or reduces or perhaps eliminates any taking on of additional debt while they're in our program and affords the employer an extended opportunity to interview and work with that student so they can make hiring decisions if that graduate then becomes, you know, the best graduate or employer for, for that company. So we're proud to support this, this bill and on behalf of the CINC organization as well, appreciate your time and consideration of listening. Be happy to take questions.

LINEHAN: Thank you very much. Are there questions from the committee? Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. You mentioned that there are a lot of students coming to you with a lot of debt already. Do we have a problem with where we're getting colleges that bring people in and get them started down a path where there's no future? Degrees where there's no job at the end?

JAMES HAUSCHILDT: That's a good--

FRIESEN: And then they're changing to-- they finally realize that or what, what's causing that? I guess what's, what's pushing that drift to come, they're coming to you after they've already been in school and they're saying they need to switch?

JAMES HAUSCHILDT: Yeah, so in healthcare, we don't have that problem. In fact, there's much more demand than what we're able to accommodate, especially even with the number of programs. We're all trying to increase our enrollment to meet the demand. As federal, the regulatory environment of the delivery and financing of healthcare has changed. That's driven-- and then I would add the changing demographic of our workforce. So there's a shortage of nurses and that's only going to increase. So in healthcare, we've been insulated from that. We're seeing many more applications than what we can take, even with increasing enrollments. To your question, I think there is some aspect of students transferring into healthcare. One, especially during a pandemic. I think that's happening because people see that there's a need for significant help. And then, you know, we've seen musicians

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and teachers and engineers and project managers and construction supervisors come back to seek a degree in healthcare where, you know, there have been limitations in some of the particular industries in the state where there are shortages. So, you know, healthcare, there's a lot of opportunity right now. And I think people are seeing that running to help.

FRIESEN: So you, you kind of made a comment that, you know, through our rules and regulations, we're driving up the cost of healthcare. And I-- I'll tend to believe that, so I'm-- appreciate that. OK, thank you.

JAMES HAUSCHILDT: Yes, sir.

LINEHAN: Thank you, Senator Friesen. Senator Pahls.

PAHLS: I have-- what is the-- let's say that I would want to be a nurse and I'd be attracted to that field, which I don't think we appreciate how hard some of those people work. What would be the starting salary, I'm just curious, of the nurse?

JAMES HAUSCHILDT: I would say on average, and this is an estimate, but around \$60,000.

PAHLS: How much?

JAMES HAUSCHILDT: Sixty thousand dollars a year.

PAHLS: Seriously, \$60,000? OK. And then if you get a little bit more advanced as you go up, you actually can make a really good living.

JAMES HAUSCHILDT: Yes, sir.

PAHLS: I mean, I'm sort of floored by that amount of money.

JAMES HAUSCHILDT: There's--

PAHLS: I mean, I'm not saying it's not deserved.

JAMES HAUSCHILDT: Yeah. There's such a high demand, such a critical demand for healthcare right now. We talk about the nursing shortage a lot but we don't talk as much about a physician shortage in the rural

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populations of healthcare disparity in Nebraska and in the Midwest,
but around the country as well.

PAHLS: I would assume probably out in the rural areas, having been
there myself, some of those hospitals are probably really almost to
the point of shutting down if they haven't--

JAMES HAUSCHILDT: Yeah.

PAHLS: --because they can't find adequate physicians or nurses.

JAMES HAUSCHILDT: Then you add COVID to that and people not seeking
healthcare or going to major metropolitan centers to get their
healthcare. It really puts, you know, it, it exacerbates the problem
in the rural communities to your point.

PAHLS: Do you have a, do you have a waiting list of people who want to
go--

JAMES HAUSCHILDT: Yeah.

PAHLS: Really?

JAMES HAUSCHILDT: Yeah, we have. And we offer certificates,
associates, bachelor's, master's, and doctoral degrees in a variety of
healthcare related fields, business, education, and then all the
clinical specialties. And then you're seeing what you might already
know. You're seeing an increased demand in the allied health
professions as well. So your home health aides, pharmacy technicians,
phlebotomists, certified and sometimes associate degree level
preparation. As the concept of population health pushes out into the
rural communities, there's not enough care providers to, to provide
care for a catchment, a population of, let's say, a diameter of 100
square miles that a physician is now responsible to provide care for
that population. There's not enough people to go up to the home and
community to make that happen.

PAHLS: I know I'm moving this along, but I-- you have-- you piqued my
interest. OK, let's say if, if I had a doctorate in nursing or-- what,
what would be that sort of salary? Just roughly, I know you don't have
all this.

JAMES HAUSCHILDT: You know, upper 80s, 90s to six figures.

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PAHLS: Really?

JAMES HAUSCHILDT: Um-hum, yep. There's a nurse anesthetists that, that operate at a doctor level that are in the operating room working under the direction or supervision and sometimes independently in the operating room, you know, providing all the anesthesia during an operation.

PAHLS: Yeah.

JAMES HAUSCHILDT: That's a very, you know, high liability.

PAHLS: Oh, true. I'm just gonna make an interesting comparison. I know I did retire a number of years ago, but I retired with a doctorate in education, not much more than that beginning salary as a teacher. I mean, as a nurse. That's fine. That's after almost 35 years in education.

JAMES HAUSCHILDT: Well, I think-- yeah, I think that's a really good example, because then-- and take myself as an example now, 25 years ago was a little bit differently but, and then I had gone directly into the, the military. But the ability to pay off my loans because I had completed a graduate-- or college degree before I went into the service, and even with an earning wage upwards of \$50 to \$60,000 a year, it's still difficult to pay off, you know, \$50, \$75, \$100,000 in, in debt. And I would have appreciated a bill like this that allowed an employer either in partnership with my college as a workforce cooperative to intern and then pay off my loans or eliminate the need for me to actually take a loan in the first place. You know, would have helped then either reduce or eliminate the need for that crippling debt that we're seeing more of.

PAHLS: Well, I thank you for making me a little bit smarter today. Thank you.

JAMES HAUSCHILDT: You're welcome. Thank you.

LINEHAN: Thank you, Senator Pahls. Senator Albrecht.

ALBRECHT: Thank you, Chairman Linehan. And thank you for being here. Thanks for the testimony.

JAMES HAUSCHILDT: Welcome.

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ALBRECHT: Couple quick questions. So do you help place these graduates? Is that part of your program?

JAMES HAUSCHILDT: We do. And, and actually, if I may, too, I think it referred to another question that was raised. In healthcare, we have nearly 100 percent, if not in most programs, 100 percent placement just because of the demand.

ALBRECHT: And would you say they elect to stay in Nebraska or do they leave Nebraska?

JAMES HAUSCHILDT: I'd say for the most part, most of our graduates do. We are in partnership with Nebraska Medicine and the University of Nebraska Medical Center. So a lot of our graduates go, probably half, go to work in our health system. And that's the advantage of being, you know, a healthcare affiliated college specifically, you know, preparing healthcare workforce. The other half probably are-- or let's say, you know, another 20 to 30 percent roughly are within the state of Nebraska or regionally, Iowa, Missouri, Kansas. Other than that, they're spread out all over about 9,000 graduates.

ALBRECHT: OK, good to know. Thank you.

JAMES HAUSCHILDT: You're welcome.

LINEHAN: Other questions from the committee? Thank you, Senator Albrecht. Other questions from the committee? Seeing none, thank you very much for being here.

JAMES HAUSCHILDT: Thank you.

LINEHAN: Appreciate it. Good morning. I'm sorry.

MIKE RIORDAN: Good morning.

LINEHAN: Go ahead.

MIKE RIORDAN: Good morning, Madam Chair and distinguished senators of the Revenue Committee. My name is Mike Riordan, M-i-k-e, Riordan, R-i-o-r-d-a-n. I'm here representing BenefitEd in support of LB69, which creates a student loan repayment tax credit for employers in Nebraska. I helped create BenefitEd as a member of Nelnet's Innovation Hub in 2015 and 2016. We then strategically partnered with the

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Ameritas Group Division, officially making BenefitEd a joint venture between Nelnet and Ameritas in 2017. BenefitEd works with employers to help them offer student loan repayment benefits for their employees. The COVID relief bill, passed by Congress both in March and at the end of last year, allows employers to offer this education assistance benefit tax free at least through the end of 2026. Today, we work with companies all across the country, but specifically in Nebraska, across all industries such as healthcare, financial services, and manufacturing. Student loan benefits provide employers a unique and innovative approach to recruiting and retention. In working with our clients over the last three years, we've gathered data showing a decrease in turnover for our clients in their most important positions. Other studies have shown not only a decrease in turnover but increased speed to hire. Student loan debt also has a disproportionate effect on women and minorities making student loan benefits a great way to diversify a workforce. Like many new opportunities, creating an incentive for employers will allow many Nebraska employers to start offering student loan repayment benefits and making a difference in the financial future of their employees. Even a small monthly benefit, like \$50, can shave years off of, off of student loan repayment and save employees thousands in interest, which can then be used to save for retirement, buy a home, or achieve other financial goals. This proposed tax credit gives Nebraska employers a leg up in recruiting and retaining employees, but specifically allows them to differentiate themselves from employers and other states where, without a tax credit, fewer employers will offer this enticing benefit. I thank you for your time this morning. I am open to questions. Thank you.

LINEHAN: Thank you very much. Are there questions from the committee? Senator Flood.

FLOOD: Thank you for your testimony this morning. Just a question on the, the 2026 deadline. So is it my understanding that an employer can make this contribution to the employee for the purpose of repaying that student debt, or does it have to be paid directly to the student loan lender?

MIKE RIORDAN: Yeah, so I certainly can't speak to the specifics of this bill and what it might say. But federally, Senator.

FLOOD: Yes [INAUDIBLE].

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MIKE RIORDAN: Yeah, so federally, what the CARES Act and then the COVID relief did is it, it does allow an employer to either reimburse an employee through their paycheck and say these are dollars for your student loan. The employer would then have the burden of some sort of certification of the student loan payment from the employee or making the payments directly to the student loan servicer, either themselves or through a third party, like, like BenefitEd, like we do. And--

FLOOD: And that's a nontaxable event for the employee.

MIKE RIORDAN: That's correct. So we've had clients dating back to 2016. It was a taxable event until the CARES Act. And what the CARES Act did is it included student loan benefits in Section 127, which has been around since the 1980s, which has consistently been used by employers for tuition assistance or tuition reimbursement benefits. So employers have been taking advantage of those for 30-plus years. An employer can contribute federally up to \$5,250 a year tax free in education benefits. So that would be the maximum for an employer between both a tuition benefit and a student loan benefit. And we have clients who allow employees to take advantage of both or they have them choose either tuition or student loan repayment.

FLOOD: Then is that student loan payment made on behalf of the employer, like a Section 172 business expense deductible?

MIKE RIORDAN: It is, it is a deductible expense for the, for the employer as well, just like any other, you know, compensation expense might be on-- to do with benefits, excuse me. Yeah.

FLOOD: Is there any state income tax implications? Do we mirror this on the state level?

MIKE RIORDAN: So I, I, I don't know that I can speak to the specifics of, of how it might be treated at a state level, but from a, from a federal level, it's not going to be-- those dollars if they're part of a Section 127 plan are not going to be included in, in W2 gross wages.

FLOOD: Interesting. Thank you.

LINEHAN: Thank you, Senator Flood. Are there other questions? Senator Pahls.

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PAHLS: Just had a question. I'm curious, your clientele, where would you place them on the economic strata? For, you know, people in need, middle class, upper end?

MIKE RIORDAN: Sure.

PAHLS: For the most part where would they--

MIKE RIORDAN: Sure. So, so, Senator, when you, when you kind of use the word my clientele, I think of my clients as employers. Right? And then we serve their employees and, and we do so across lots of different industries. Most of the time, today, while, this is still what I would call kind of a fringe benefit that most employers are not offering, some are, employers are really using it for their most high-need positions today. Right? So where they have a high replacement cost for an employee like healthcare. So of all of the employees that are part of our system today, that we make loan payments for, the vast majority are nurses through health systems, both in Nebraska and then outside of Nebraska. We also-- but we also work in manufacturing where, you know, the, the wage base is probably much lower. So I don't necessarily have a lot of data about the employee that we're making the loan payment for. I can generally speak to their professions and it, it varies fairly wide. But most of the time today, employers are using this to recruit and retain their highest need talent. So healthcare professional services, you know, things where a, a professional certification is needed, lawyers, accountants, you know, engineers, folks like that.

PAHLS: Is it diverse?

MIKE RIORDAN: From-- in, in, in what respect?

PAHLS: The individuals who you're helping. That's what I'm-- not that you're-- I'm trying to see who's actually taking-- getting the advantage. That's-- I'm more concerned about the person probably on the lower-end scale than those on the upper-end scale.

MIKE RIORDAN: Sure. Yeah, so I believe that that's part of what this bill will help create. Right? So by creating an incentive for employers and making it much more financially feasible for them to be able to offer the benefit, they're going to be able to offer it, you know, hopefully all the way down to, you know, to their lowest wage

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workers. Because the ROI on-- you know, the return on the investment of the dollars they're spending comes much quicker with a, with a tax credit like this. So, again, I think it's just going to open the floodgates for, for, for more employers, for smaller employers, because most of the time what we see right now is it's a lot of employers who already have robust benefit packages who want to offer this on top of it. And, and I believe that this will help kind of even that out and, and let more employers offer the benefits.

PAHLS: OK, thank you.

MIKE RIORDAN: Yeah.

LINEHAN: Thank you, Senator Pahls. Are there other questions from the committee? Senator Albrecht.

ALBRECHT: Thank you, Chairman Linehan. And I'm just trying to wrap my head around this, too. So you, you are with a company that actually works with Ameritas Group Division to provide this for employers. So-- and I don't mean to say it the wrong way, but would this be like double-dipping? Like you want the state to do the same thing and insurance companies that are already doing for the employer?

MIKE RIORDAN: So--

ALBRECHT: So they would get the \$5,200 plus whatever the state would offer? The employer would be able to do that for that employee to help them pay down their note.

MIKE RIORDAN: Yeah, so, yes, the federal incentive that, that it was part of the COVID Relief Act does provide certainly some incentive for employers to, to offer a benefit. Right? They can now offer it tax free. You know, before they looked at it as somewhat penalizing. Right? So as an employee, these dollars went straight to my student loan. They didn't go into my paycheck. They went straight to my student loan. But then I pay taxes out of them. So as an employee, the net effect before that was that I saw my take home pay actually go down, even though I'm getting this extra benefit from my employer. So, so I look at the, the federal recognition of this as an educational assistance benefit, as kind of taking away a perceived penalty that employers and employees felt. Right? An employer would say, yeah, I'm offering this benefit and then I've, you know, I've got to pay extra

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taxes on it, etcetera, when employers really aren't used to paying taxes on benefits. Right? Whether it's retirement or other, most benefits have some sort of federal tax advantage to them, which is, which is how they've risen in popularity. So I suppose, you know, certainly from looking at it as that perspective of, OK, we've got nontaxable dollars and then you're also getting a, you know, a state tax credit. I would kind of leave that up to you of how you would view that. But certainly the dollars, you know, you know and, again, not from a legal perspective having looked at this bill or, or understanding any play with, with the, with the federal side.

ALBRECHT: And so is yours just for the COVID period, if you will? But you have it through 2026, so--

MIKE RIORDAN: Yeah.

ALBRECHT: --was this something you offered before COVID ever came around?

MIKE RIORDAN: It was.

ALBRECHT: So other companies were using this well before COVID ever came in?

MIKE RIORDAN: Correct. Yeah, so companies have been-- I would say student loan benefits really started to gain some sort of national attention in about 2015 and that's when we started BenefitEd. To give you some perspective, we have just around 100 clients nationwide today. Most of those are small employers. We serve clients of any size. But the-- so, yes, then the CARES Act initially said these are going to be tax free through the end of 2020. And then the COVID Relief Act at the end of the year said we're going to continue that through the end of 2026. So-- and that's how tuition assistance was. It was kind of extended one year at a time until sometime in the '90s when it was, when it was made a permanent part of the federal statutes.

ALBRECHT: Very good. Thank you.

MIKE RIORDAN: Thank you.

LINEHAN: Thank you, Senator Albrecht. Senator Flood.

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FLOOD: One quick thought and I, I have no idea if this is an issue. Do you ever run into a deal where pay classifications, maybe somebody who's more mature in age says this isn't fair because the student loan borrower who's a younger employee is getting this extra benefit that I'm not getting?

MIKE RIORDAN: Sure.

FLOOD: And is that discrimination a real thing and how you deal with that?

MIKE RIORDAN: Yeah, so a, a couple of thoughts there. Thank you for the question. We have run into that since the beginning of when we started offering the benefits. And so we have a couple of different ways that, that we work with clients. Number one, a client can also say if you don't have a student loan, we'll make the same monthly contribution, but we'll make it to a 529 college savings plan that you decide on. Now because of the federal change, there's a difference in the taxability of those. The 529 contribution is still a fully-- it's fully taxable while the student loan piece is not. The other, the other way that we do it, is specifically in my business, we have a program called Employee Choice. So you'll see that the majority of people who aren't participating in their employer's retirement program, one of the leading reasons for that is student loan debt. And so an employer says, hey, if you are not participating in the retirement program, we will allow those same match dollars as a contribution to your student loan if you decide not to. So some employers have simply said we realize not everyone can take advantage of this. It's important to us to address student loan debt. We're going to do that. Others have said we're going to pair with the 529 or give you an option if you're not taking advantage of retirement.

FLOOD: Thank you.

LINEHAN: Thank you, Senator Flood. Thank you. Other questions from the committee? I have a couple. Isn't there also a federal law if you're working for a nonprofit that you don't have to pay your student loans or there's some forgiveness?

MIKE RIORDAN: So there's a, there's a federal program called Public Service Loan Forgiveness. And generally to kind of speak generally to it, if you work for a nonprofit or a government entity, you have to

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have a specific kind of student loan and you have to be in a specific kind of repayment program with the federal government. And after ten years of on-time payments, the balance of your loan can be forgiven. The-- if you go in and Google Public Service Loan Forgiveness, there will be no shortage of criticisms of that program and the way that it's been administered and the lack of forgiveness, it's actually come through that. I would say-- so that is there, I know that there's proposals by the current administration to make changes to that program as well in addressing potentially student loan forgiveness. My assumption would be specific to this bill that most of those organizations would not be able to take advantage of a state tax credit as a, as a, as a nonprofit. But--

LINEHAN: Right. So there's-- and the federal-- if I remember right, it's been 15 years, but the federal government's been doing this for employees for a long time. Have they not been paying? Federal government has a program if you work for the federal government for a year will pay your student loans for a year or some percentage of them. Right?

MIKE RIORDAN: So I'm not sure if you're talking about something different than the Public Service Loan Forgiveness Program.

LINEHAN: I am, I'm talking about the federal government hires somebody and part of their pay [INAUDIBLE].

MIKE RIORDAN: I know that certain departments of the federal government may have their own sort of loan forgiveness or loan repayment program. Because I'm not involved in those, I work with you, you know, mostly with with private companies and nonprofits, I'm not, I'm not real familiar with those types of programs.

LINEHAN: But this wouldn't help nonprofit because they don't pay taxes.

MIKE RIORDAN: Correct.

LINEHAN: So this is basically for for-profit companies.

MIKE RIORDAN: Again, I don't want to purport to be a tax expert, but my understanding of the bill is it's a nonrefundable tax credit, meaning that if I don't have Nebraska tax due as an entity in

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Nebraska, then I'm not-- I'm likely not going to benefit from the tax
credit.

LINEHAN: Thank you very much.

MIKE RIORDAN: Thank you.

LINEHAN: Any other questions? It was very helpful for you to be here.
Thank you.

MIKE RIORDAN: Thank you.

LINEHAN: Next proponent. Good morning.

MIKE BAUMGARTNER: Good morning, Madam Chairwoman, members of the
Revenue Committee. My name is Mike Baumgartner, M-i-k-e,
B-a-u-m-g-a-r-t-n-e-r, and I'm the executive director of the
Coordinating Commission for Postsecondary Education. I'm here today to
support LB69 to adopt the Student Loan Repayment Tax Credit. Retaining
college graduates to meet workforce needs has been in the minds of the
Nebraska lawmakers for decades. In fact, in LR174, Higher Education
Task Force of 2003, the Task Force identified reducing, eliminating,
and then reversing the net out-migration of Nebraskans with high
levels of education as one of three-key, higher education priorities
and task the Coordinating Commission with tracking out-migration and
reporting annually on that priority. In the annual Nebraska Higher
Education Progress Report, we've included among our recommendations
that the Legislature consider tax incentives for student borrowers
and/or employers who assist them with loan payments for a number of
years now. You're all aware that Nebraska continues to struggle with
out-migration of college graduates, particularly with bachelor's
degrees or higher. The Center for Public Affairs Research at UNO has
estimated that 75 percent of Nebraska's brain drain occurs when
people-- with people just out of college in their 20s is the
Nebraskans who we depend on to fill the great majority of our H3 job
openings that we're going to be seeing, that we see and are going to
be seeing. Around 40 percent of Nebraska undergraduates at public
four-year institutions take out student loans every year, and the
median amount that they owe at graduation is about \$20,000. About 56
percent of students attending nonprofit institutions in Nebraska
borrow annually and about 25 percent of community college students.
Well, what does this look like when they get out into the workforce?

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U.S. Department of Education shows that the aggregate federal student loan figures for Nebraska as of November-- as of September, 2020, were 242,700 Nebraskans owe \$7.7 billion to the federal government. So there is additional in private loans. But in, in federal loans. Breaking that down by age, 55,200 Nebraskans under 24 owed an average of \$13,949; 86,700 Nebraskans, aged 25 to 34, owed \$31,800; 64,200 Nebraskans, aged 35 to 49, owed an average of \$42,368. And that is starting to include PLUS loans at that point for undergraduate students. While student debt is an investment in oneself that typically pays a very good return over lifetime, it is a burden during repayment, which typically occurs when earnings are lower. And it has grown considerably in the terms of the number of students who borrow and the amounts that they borrow over the past 20 years. According to the Federal Reserve, outstanding student loans have more than doubled in real terms in the past decade. According to two Federal Reserve studies published in 2019, the growth in student debt has effects on where students settle. One effect has been reduced homeownership among people in their late 20s and early 30s, which makes them somewhat more disconnected to their communities and jobs. A second is the rural student borrowers are less likely to stay in rural areas, particularly if they are high-balance borrowers, and rural borrowers who move into metro areas have better credit outcomes over their lifetimes. Other studies have found that student loan debt inhibits entrepreneurship and family formation. The tax credit established by LB69 would be a helpful tool for addressing out-migration, in-migration, and migration within the state to urban areas. Nebraskans with student debt, whose employers take advantage of the credit, would have additional incentives to stay in Nebraska. Non Nebraskans with student debt who are weighing competing job options and locations would have further incentive to move to Nebraska and borrowers weighing job options between rural and urban areas within Nebraska might find the opportunities more attractive if their employers in rural areas could offer them this benefit. So I'd be happy to respond to any questions.

LINEHAN: Thank you. I'll see if there are any. Do we have any questions from the committee? The first number you said, the total number of Nebraskans with debt, and then the total amount.

MIKE BAUMGARTNER: Two hundred forty-two thousand seven hundred and \$7.7 billion.

LINEHAN: With a B?

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MIKE BAUMGARTNER: Yeah.

LINEHAN: Seven point seven billion?

MIKE BAUMGARTNER: Yeah. That's a small part of the one and a half trillion dollars owed nationwide. But proportionally, that's about right.

LINEHAN: Thank you. Other questions? Thank you very much. Good morning.

JOEY ADLER: Good morning, Chairperson Linehan and members of the Revenue Committee. My name is Joey Adler, J-o-e-y, A-d-l-e-r, and I'm here on behalf of the Holland Children's Movement, a nonpartisan, non-for-profit organization that strives to fulfill its vision for Nebraska to become the national beacon in economic security and opportunity for all children and families in support of LB69. The Holland Children's Movement supports LB69 in accordance with our belief in expanding access to post high school education. According to the most recent public policy research from the Holland Children's Institute, nearly one-quarter or 23 percent of Nebraskans will have trouble paying bills over the, the next coming months. We believe that LB69 will help incentivize businesses to help their employees by making a payment on their student loans, helping to alleviate one less bill that a Nebraskan must pay in full or in part. Nebraska is facing a growing crisis in retaining talent, which LB69 will also support. According to the February 2017 American Student Assistance Young Workers and Student Debt Survey Report Methodology-- mouthful, 81 percent of those surveyed worried at least sometimes about repaying their student loans, and the number one financial obligation concerning those respondents was repaying their student loan debt. That same survey found that 74 percent reported student loan repayment benefits were not available, and nearly nine in ten of those surveyed said that they would commit to working for their employers for five years in exchange for this type of benefit to be available. LB69 incentivizes businesses to pay their employee student loans, incentivizing Nebraskans to maintain Nebraska residency, and mitigate the state's brain drain. It's for these reasons that we support LB69. I ask the committee to advance the bill, and I'll try and answer any questions you may have.

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LINEHAN: Thank you, Mr. Adler. Are there questions from the committee?
Seeing none, thank you very much.

JOEY ADLER: Thank you.

***BRUCE BOHRER:** Good Morning Chairwoman Linehan and Members of the
Revenue Committee, My name is Bruce Bohrer, I am the registered
lobbyist for the Lincoln Chamber of Commerce. Thank you for the
opportunity to submit written testimony on behalf of the Lincoln
Chamber of Commerce in support of LB69, which would provide a tax
credit for businesses who contribute to their employee's student loan
repayment. The Lincoln Chamber believes this policy would help with
workforce retention and attraction and has the additional benefit of
encouraging employers to assist employees in retiring student loan
debt. Workforce retention and attraction is a crucial objective for
all businesses and for the State of Nebraska. The Chamber believes the
concepts within LB69 would help in this effort. The Lincoln Chamber
urges your support for LB69 as an important tool in both assisting
workforce development as well as providing a favorable benefit to
employees with student loan debt. We appreciate Senator Day
introducing this legislation. Thank you for your consideration.

***BOB HALLSTROM:** Chairman Linehan, members of the Revenue Committee, my
name is Robert J. Hallstrom and I submit my testimony to you as
registered lobbyist for the Nebraska Bankers Association (NBA) in
support of LB69. LB69 establishes a non-refundable tax credit of 50%
of student loan repayments made on behalf of an employee by an
employer and allows an employer to claim a credit of up to \$1,800 per
employee. More and more companies, including banks, are offering
employer student loan repayment programs to assist employees in paying
off their student loans. This benefit enhances the ability of
employers to attract and retain talented workers, while easing the
burden of paying off student debt for employees. The benefits derived
by employees from employer student loan repayment programs have been
enhanced by the consolidated Appropriations Act, 2021 which extends
for five years COVID-19 relief allowing employer provide student loan
repayments as a tax-free benefit to employees under section 127 of the
Internal Revenue Code. Under the new federal law, employers can
continue, through 2025, to make contributions of up to \$5,250 per
employee annually toward eligible expenses, including student loan
assistance, without raising the employee's gross taxable income.

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It is estimated that less than 10 percent of companies offered employer student loan repayment assistance in 2019. The combination of federal tax credits and the state tax credit proposed under LB 69 should serve to accelerate the offering of this valuable and beneficial employee benefit. I have shared an amendment with Senator Day to clarify that banks are eligible to claim the tax credit under Neb.Rev.Stat. Section 77-3806 and would ask the Committee to adopt the proposed amendment prior to advancing the bill. For these reasons, the NBA would respectfully request that LB69 be advanced for consideration by the full Legislature.

***CAMERON COLLIER:** Chairwoman Walz and members of the Revenue Committee, for the record, my name is Cameron Collier. I serve as the University of Nebraska - Lincoln's ASUN Student Government, Government Liaison Committee Chair, and am appearing today representing ASUN and the students of UNL in support of LB69. Attached, is ASUN Government Bill #22, ASUN Support for LB 69. This bill was passed last night in our student government senate body with overwhelming support coming from senators representing numerous colleges within UNL. Before I begin, I would like to thank Senator Day for introducing this bill, to adopt the Student Loan Repayment Tax Credit Act. According to Student Debt Crisis, a non-profit organization that works to reform our student loan policies, there are one trillion, seven hundred thirty-one billion, three hundred seven million, five hundred sixty-nine thousand, seven hundred ninety-six dollars currently held in student loans across the United States. These student loans are so monstrous and are taking a toll on Americans everywhere. The Pew Research Center conducted a study in 2019 and found that one in three Americans under the age of thirty have student loan debt. They also found that recent college graduates between the ages of twenty-five and thirty-nine who have student loan debt are more likely to report they are struggling financially compared to those that do not have student loan debt. Student loans are something everyone takes on differently, for example, my best friend has a minimal amount of student loan debt because his parents are able to pay for his tuition and housing. I, on the other hand, am not so fortunate. My mom is a nurse, my dad, an electrician. Both are hardworking individuals, and I know they would do anything in their power to make sure I am safe and happy. This past week when I informed my mother that I would be staying in Lincoln over the summer, instead of returning home, she called me continuously making sure I had unpacked all of my things,

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arrived safely, and am having fun with my friends. Let me remind you, I am a junior, and have gone through this process numerous times. But even though my parents love me deeply, they just do not have the money to pay for my education. So, at sixteen I got a job, and have worked continuously to help finance my schooling, but that was still not enough, even after receiving a scholarship through UNL to help with out of state tuition. So every summer, I sit down, get on my computer, and spend a couple of weeks scouring through different student loan lenders until I find the one with the cheapest interest rates. And even currently, the amount I owe is astronomical, and I still have another year left in my undergraduate degree, and I plan on attending law school after that as well. LB69 can help ease the burden on recent graduates and current students like myself, across the state of Nebraska and can also incentive them to stay in the state. As a Missourian, I can say wholeheartedly, that in just three short years, I have come to love Nebraska, and I have realized how ideal it is to settle down and raise a family here. LB69 would provide numerous opportunities for recent college graduates who continue to reside in the state of Nebraska or move here following completion of their degree. It is a bill that students across the state would benefit from, no matter where they are located, and would greatly assist in keeping students in-state following graduation from Nebraska colleges. And not only does this bill help incentive students to stay past graduation, but it also assists with their mental health. Student loans weigh on the shoulders of college graduates immensely, and they often carry it around for the greater part of their young adult life, and this can take a massive toll on their state of mind. Once again, I would like to thank Senator Day for introducing LB69 and her support of college students across the state of Nebraska. I urge the Revenue Committee to support and advance this bill to General File.

LINEHAN: Are there other proponents? OK, are there any opponents? Is there anyone wanting to testify in a neutral position? We did have three testimonies delivered this morning, which Bruce Bohrer for Lincoln-- excuse me, these are proponents: Bruce Bohrer, Lincoln Chamber of Commerce; Bob Hallstrom, Nebraska Bankers Association; and Cameron Collier, ASUN Student Government. There were no opponents. So letters for the record, we had three proponents, one opponent, and one neutral. So, Senator Day, would you like to close?

DAY: Thank you, Chairwoman Linehan. And I was just going to address a couple of the questions that Senator Flood had. You had mentioned

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older employees that may-- this program may not benefit, in addition to what the gentleman from BenefitEd had mentioned matching with the 529 or whatever. I did mention in my intro that there are over 19,000 Nebraskans over the age of 60 that do carry a student loan balance. So this is not just a program for young people, obviously. And also your question about where the, the payment towards the loan goes from the employer, it has to go directly to the lender or to the, the service provider, essentially. It can't go to the employee for the purpose of them and paying it. So also to-- I, I really am grateful for all of the testifiers that were here today to support LB69, and a lot of them focused on the benefit to the employee, which I think is a huge part of this program. But I also wanted to mention, again, the, the great benefits to the employer as a student-- or I'm sorry, as a small business owner myself, that's the angle that I have on this bill. And that's the perspective that I come from, especially as I've watched over the years, Nebraska has some really robust corporate tax incentives for, for very large businesses. And I have always wished that we did better as a state to support small businesses, small, locally-created and locally-owned businesses like mine. And I feel like LB69 is one of the ways that we can start working towards doing that. So thank you so much for your time today.

LINEHAN: Let me see. Do we have any questions from the committee for Senator Day? Senator Bostar.

BOSTAR: Thank you, Chair Linehan. And thank you, Senator Day. Is there, is there a way for this incentive, this benefit to also reach nonprofits and, and employees at nonprofits, or is that not really possible?

DAY: You know, I'm not sure if it's possible. I think what we're doing with this program is this is sort of a, a starter program. It's a pilot program to see if it's successful. It does a handful of things. And we-- just because of the, the struggling fiscal environment that we're in as a state right now, we tried to keep the program fairly small. So that's why we're capping it at \$1.5 million, and that's why we targeted at the certain businesses. But in the future, if it's a successful program, I don't see why we couldn't down the road include, include those businesses. But again, it's also a nonrefundable tax credit. Right? So if there's no tax liability, you know, you can't really-- they're not going to receive the benefit anyways, so.

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BOSTAR: Thank you, Senator.

DAY: Yep.

LINEHAN: Thank you, Senator Bostar. Are there any other questions for
Senator Day? OK.

DAY: Thank you.

LINEHAN: Thank you very much. With that-- the gift from yesterday,
more importantly, a gift for this afternoon, we're done.

LINDSTROM: All right. It's 1:30 so we'll go ahead and get started.
Welcome to the Revenue Committee public hearing. My name is Brett
Lindstrom. I'm from Omaha, Nebraska, and represent District 18. I
serve as Vice Chair of this committee. For the safety of our committee
members, staff, pages, and the public, we ask those attending our
hearings to abide by the following procedures. Due to social
distancing requirements, seating in the hearing room is limited. We
ask that you only enter the hearing room when it is necessary for you
to attend the bill hearing in progress. The bills will be taken up in
the order posted outside the hearing room. The list will be updated
after each hearing to identify which bill is currently being heard.
The committee will pause between each bill to allow time for the
public to move in and out of the hearing room. We request that
everyone utilize the identified entrance over here and the exit door
over here to the hearing room. We request that you wear a face mask
covering while in the hearing room. Testifiers may remove their face
mask covering during testimony to assist committee members and
transcribers in clearly hearing and understanding the testimony. Pages
will sanitize the front table and chairs between testifiers. Public
hearings for which attendance reaches seating capacity or near
capacity, the entrance doors will be monitored by Sergeant of Arms,
who will allow people to enter the hearing room based upon seating,
seating, availability. Persons waiting to enter the hearing room are
asked to observe social distancing and wear face masks covering while
waiting in the hallway or outside the building. The Legislature does
not have the ability due to the HVAC project of an overflow hearing
room for hearings which attract several testifiers and observers. For
hearings with large audience, we request that only testifiers enter
the hearing room. We ask that you please limit or eliminate handouts.
The committee will take up the bills in the order posted. Our hearing

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today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. To facilitate today's proceeding, I ask that you abide by the following procedures. Please turn off your cell phones. The order of testimony will go as follows: introducer, proponents, opponents, neutral, and closing remarks by the introducing senator. If you'll be testifying, please complete the green form and hand that to the pages when you come up to testify. If you have written materials that you would like to be distributed to the committee, please hand them to the page to distribute. We will need 12 copies for all committee members and staff. If you need additional copies, please ask the page to make copies for you. And if you're going to do that, please do that now. When you begin to testify, please state and spell your name for the record. We ask that you please be concise. Because of the amount of people testifying today, we will limit the testimony to three minutes. So you'll see the green light at three. When you have a minute left, the yellow will come on. When it's red, we will ask you politely to wrap it up. So we do appreciate that as committee members. If there are a lot of people wishing to testify, we'll again use the three-minute light. If your remarks were reflected in previous testimony or if you would like your position to be known but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. I would like to introduce the committee staff starting at my immediate left is Mary Jane Egr Edson. To my further left is Kay Bergquist. To the-- all the way across the table left is Grant Latimer, our committee clerk. And I will start at the end of the table for the committee members to introduce themselves.

PAHLS: Rich Pahls representing District 31, southwest Omaha.

BOSTAR: Eliot Bostar, District 29, south-central Lincoln.

FRIESEN: Curt Friesen, District 34: Hamilton, Merrick, Nance, and part of Hall County.

FLOOD: Mike Flood, District 19, from Madison County and part of Stanton County.

BRIESE: Tom Briese, District 41.

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ALBRECHT: Joni Albrecht, District 17: Wayne, Thurston, and Dakota
Counties in northeast Nebraska.

LINDSTROM: And the pages today, if you could say your names.

JASON WENDLING: My name is Jason Wendling.

REID PRESTON: I'm Reid Preston, both from UNL.

LINDSTROM: Both from UNL, OK. Thank you, gentlemen. Please remember
that senators may come and go during our hearing as they may have
bills to introduce in other committees. Please refrain from applause
or other indications of support or opposition. I'd also like to remind
our committee members to speak directly in the microphones for our
audience. And the microphones in this room are not for amplification,
but for recording purposes only. Last, we are a electronics equipped
committee. Information is provided electronically as well as in paper
form. Therefore, you may see committee members referencing information
on their electronic devices. Be assured that your presence here today
and your testimony are important to us and is critical to our state
government. And with that, we will open the hearing on LB364
introduced by Chairwoman Linehan.

LINEHAN: Thank you. Good afternoon, Vice Chairman Lindstrom and
members of the committee. My name is Lou Ann Linehan, L-o-u A-n-n
L-i-n-e-h-a-n, and I represent District 39, which is Elkhorn, Valley,
and Waterloo. First today, I want to thank the educators both in
public and private schools for keeping our schools students, excuse
me, for keeping our students in school. We are far more fortunate in
Nebraska than many states across the country with the number of
children that our schools have managed to keep going to school. I'm
going to set aside the reasons this legislation is important to our
future. There are many proponents who will follow me, will address why
we need to pass LB364. What I'm going to do is actually walk through
the bill and tell you what it does and what it does not do. If you
start at line 28, page 2, this is a grant-in-aid to a child to pay
part or all tuition and fees for a qualified school. So who qualifies
to receive an Opportunity Scholarship? Only a child whose family
qualifies for free or reduced lunch. In addition, the child has to be
receiving the scholarship for the first time, which means they would
be entering kindergarten or the ninth grade or they're transferring
from a public school or once the program has started, has previously

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received a scholarship from this program or is a sibling of a child receiving a scholarship under this program. In other words, and this has been a concern, children who are currently in private school will not qualify for this program. What schools will qualify? Elementary or secondary schools. No school that is operated for profit will qualify. The school has to comply with the antidiscrimination provisions of 42 USC. It has to comply with the health and life safety laws and codes of Nebraska. It has to fulfill the applicable accreditation and approval requirements established by the Nebraska State Board of Education. Who's the scholarship organization that would grant these scholarships? They must, to qualify, offer scholarships to more than one qualified school. So, for instance, and I like Creighton Prep, but Creighton Prep could not have a program in Omaha for just Creighton Prep students. It has to be multiple schools. It can also, as I said previously, but it's worth repeating, it can only give scholarships to students whose family income does not exceed 185 percent of the federal poverty level or who are in foster care or out-of-home care. And I think I gave the pages a list of what that-- what the federal poverty level is. So these are not wealthy students. These are not even middle-class students. These are low-income students. The average scholarship granted cannot exceed 75 percent of the statewide general operating expenditures per formula student. So whatever the state average is for what we spend in public school, this average scholarship cannot exceed 75 percent of that amount. What credit is provided to the taxpayer? The credit provided to a taxpayer cannot exceed 50 percent of the taxpayer's income taxes due. For example, if Jim Smith owes \$4,000 in state income taxes, his credit cannot exceed \$2,000. So regardless of what you give, you still have to pay 50 percent of your income taxes. The contribution cannot be claimed as a charitable contribution under the Internal Revenue Code. So if you take advantage of this tax credit, you cannot then also deduct it from your income taxes. So no double dipping. The taxpayer cannot designate all or any part of the contribution for the benefit of any student identified by the taxpayer. So Grandma, Grandpa cannot give money to a scholarship and say they want it to go to their grandchildren. That can't even say they want it to go to a-- any specific child who may need an income tax credit. Finally, and this is very important, nothing in LB364 reduces funding for Nebraska's public schools. Nothing. A robust private school system is advantageous to our public school system. Ten percent of Nebraska school-age children attend private schools. In two counties in which their county seats continue

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to thrive, Columbus and Norfolk, 25 percent of their school-age children attend private schools, 25 percent. I do think we could all agree that an influx of 35,000 students, that's the 10 percent who are now in private schools, into public schools would cost local taxpayers and the state hundreds of millions of dollars. My approximation is about half a billion dollars. It is in Nebraska's and our children's interest to have a thriving private schools. So thank you. With that, I'll take questions.

LINDSTROM: Thank you, Senator. Any questions from the committee? Seeing none, thank you.

LINEHAN: Thank you.

LINDSTROM: We'll take our first proponent. Good afternoon.

CLARICE JACKSON: Good afternoon. I hope that you guys are well. My name is Clarice Jackson. I-- do you need my address again? I haven't done this in a while. Oh, C-l-a-r-i-c-e, last name Jackson, J-a-c-k-s-o-n. I am here in support of this bill. I have been advocating tirelessly for real, authentic choice to come to the state of Nebraska for about ten years now. I am the parent of two children, one who thrived and prospered in our traditional public schools for which I love. I'm a supporter of public school, traditional public schools as well. But I also had and I say had, because unfortunately my daughter was killed January 24, 2015. But she did not thrive. She did not prosper in the traditional public school setting. Matter of fact, at that particular time when I became her mother as I'm not her biological mother, my daughter was in the fourth grade, unable to read simple two and three letter words. And the school system, the traditional public school system, claimed that they were doing the very best for her and her very best was she was illiterate and there was nothing cognitively wrong with her for her to be that way. And as a 19-year-old single parent making all of \$800 a month, my options were limited. You hear people say, well, if the parent is involved, if the parent is working in partnership with the school, they're doing their part at home, then why isn't the traditional school working for them? And I was that parent. I was doing all of those things and beyond, but my daughter had dyslexia and they did not have the services at that school to address it. So if we were to think about what is now still existing, and that was 20-plus years ago, my daughter would be a grown adult who is illiterate. However, I found

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the Phoenix Academy, which is still in operation in Omaha, Nebraska. I sit on their board. It's a wonderful private school that's always willing to take young people who have learning disabilities or challenges or need a smaller classroom in. And this particular scholarship, along with all of the other private schools that can benefit from it for kids such as my daughter or anyone else who is below poverty level, which I was at the time and could not afford to pay for a private school, the opportunity to give their children the gateway out of poverty, which is education and the most appropriate one that works for them. So I ask you guys to highly, highly consider it. Take all the politics and the anti people who will come down here and tell you this is-- you hate traditional public schools if you support this bill, that is a narrative that is false and has been pushed upon this movement forever. And I am here to flat out tell you that is a lie. This is about children and giving them what they need to succeed educationally. Thank you.

LINDSTROM: Thank you, Ms. Jackson. Any questions from the committee? Seeing none, thank you.

CLARICE JACKSON: All right. Thank you guys so much.

LINDSTROM: Next proponent after we spray down the chair. Good afternoon.

SURAYA WAYNE: Good afternoon. My name is Suraya Wayne, spelled S-u-r-a-y-a W-a-y-n-e, and I live in District 11. I'm a voter, but not especially politically involved. And I am here today to do something which is uncomfortable for me because I believe it is necessary for my son and other parents like myself. As senators, you have the ability to help parents like myself break the cycle of poverty and improve the future of many families in our state. LB364 adopts the Opportunity Scholarships Act, which creates a tax credit for taxpayers who make contributions to certain organizations for education scholarships. I assume that the intention of this bill is to increase scholarship funding to make private schools more affordable for families like mine. As a single mother of a six-year-old boy, this is very important to me. I'm a full-time college student at Creighton University and I work part time when I'm not in school. Like every parent, I want the best for my child. But keeping up with the tuition of his current school, in which he has been thriving, is a difficult task. To illustrate why this is so important, I would like to share our story.

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Two years ago, I enrolled my son in Omaha Public Schools for kindergarten. To say his experience was-- there was challenging would be an understatement. He was labeled disruptive at the age of five; and once he obtained this label, it was hard to remedy it. Every day his behavior was graded via a system of green, yellow, and red cards. Each cards were displayed for the entirety of the class to view. Some days it seemed as if this display of individual student's behavior was more important than the actual education. Red days were the worst as I felt the politic-- the public display of shame and humiliation discouraged him from rebounding from his behavior. Once in the red, his entire day was affected and his learning subsequently suffered. It seemed like I only received communication from his teacher when something bad happened. And at the end of the school year, he was behind in his grade level. My breaking point with his school was during the pandemic. When students were sent home, I only received communication from his teacher once or twice. While I completed the provided worksheets with him every day, I felt completely alone. The content was not hard and it did not challenge him at all. Wanting better, I moved him to St. Cecilia Elementary School at the beginning of this school year. Quite naturally, my biggest concern was how to pay for it. Through savings and family help, I have been able to make the payments. However, in the long term, this may not be financially sustainable for me and that is why I am here to testify in support of this bill. Today, my son is no longer behind in math. This gap has closed in less than one school year in the middle of a pandemic. Additionally, he is no longer labeled the trouble student. He has challenges. But St. Cecilia has worked with my son and I in individualized team meetings. One example of the individualized accommodation which was made is a standing desk to help him with his difficulty in sitting still. I have met with his teachers and administrators on a regular basis and he has provided-- and he is provided with individualized instruction. I have seen firsthand a difference in the quality of education provided to my son. These are improvements that can help when a parent has a choice. As I stated when I arrived, I am not a political person, but choice for me is not politics. It's about securing a better education and future for our children. For these reasons, I ask you to support this bill so that I can continue to help my child be the best that he can be.

LINDSTROM: Thank you, Ms. Wayne. Any questions from the committee?
Thank you for your testimony.

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SURAYA WAYNE: Um-hum.

LINDSTROM: Good afternoon.

JACOB IDRA: Good afternoon. Hope you all are doing well. Thank you, Senator Linehan, for allowing me the opportunity to speak today. My name is Jacob Idra. I'm a former student at All Saints Catholic School.

LINDSTROM: Can you spell it for the record, please?

JACOB IDRA: Oh, yes. J-a-c-o-b; last name, I-d-r-a.

LINDSTROM: Thank you.

JACOB IDRA: As I was saying, I'm a former student at All Saints Catholic School. I was rewarded the Children's Scholarship Award at All Saints and also supported by the CUES Foundation to attend my education at All Saints. I graduated at Mt. Michael Benedictine. And I'm currently a student at Creighton University. And I'm here today to speak about this bill because it's-- it's a bill that's close to my heart. You know, I was a student at All Saints, but my family did not have the funds to afford the education at All Saints. But we had people who-- who were generous enough to allow us the opportunity to make our own choice of the school that we decided to go to. And for that reason is why I'm here today. And actually, before I came, I was dropping off a student at a-- at a-- at a public high school. And I'm-- and-- and I have a lot of students that I mentor and tutor at public high schools. And this particular student, their family is a Catholic family and would like him to attend a private school, but do not have the funds. And unfort-- unfortunately, unlike myself, do not have that support. And so this bill would be able to change this for many students in my community. And that's why I'm here today. I'm here for those students that are sitting at All Saints, that those families that want their kids in All Saints, those families that want their kids at the Jesuits, those families that want their kids at Holy Name, those families that want their kids to have a better education for their future. And-- and I hope that you all are considering this bill and to give those families that opportunity to make their own choice. Thank you.

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LINDSTROM: Thank you, Mr. Idra. Just a quick question. You said you're
at Creighton.

JACOB IDRA: That's right.

LINDSTROM: What-- what year and what are you studying?

JACOB IDRA: I'm a junior studying finance, minoring in African
studies.

LINDSTROM: Very good. Any questions? Senator Flood.

FLOOD: Thank you, Jacob, for coming. What-- when did-- what-- how old
were you when you started at All Saints?

JACOB IDRA: Well, my family came from South Sudan and I was five when
I started at All Saints. And so we came here in '04 and I began school
in '05.

FLOOD: So you went kindergarten through eighth grade at All Saints?

JACOB IDRA: That's right.

FLOOD: What would you say about that? Experience was so rewarding. I
mean, when you talk about going to All Saints, like, what did your
parents see, what did you see, that made such a difference for you?

JACOB IDRA: Absolutely. I think the environment, the value of
community that was instilled in us at All Saints to give back to our
community, and-- and-- and also the education, the attention that we
received as students who were coming from an impoverished background.
And so I think that attention, you need that as a student coming from,
you know, the inner city. And-- and that propelled me to, you know,
have the opportunity to attend Mount Michael and receive scholarships
there. So I just-- I just think that that environment is what I would
say propelled me.

FLOOD: Thank you.

LINDSTROM: Thank you. Any other questions from the committee? Seeing
none, thank you.

JACOB IDRA: Thank you.

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LINDSTROM: Good afternoon.

JAYLEESHA COOPER: Good afternoon, ladies and gentlemen of the committee. My name is Jayleesha Cooper, J-a-y-l-e-e-s-h-a C-o-o-p-e-r, and I am currently a senior at Duchesne Academy. Like many of the other people in my family, I started my education out in public schools, but it just wasn't the best fit for me. And my mother worked day and night to try to afford to send me and my brother to private schools. But no matter how hard she worked, her hard work alone was not able to afford to send us to a private school. Through the help of Children's Scholarship Fund and CUES, me and my brother were able to go to Duchesne-- to Holy Name for grade school and the third grade, and going to Holy Name allowed me to skip a grade and thrive at a level that I had never seen before. Following Holy Name, I was awarded a scholarship to attend Duchesne Academy and going to Duchesne, I was able to meet people who grew up differently than me and to experience a different type of lifestyle than everyone else who is in my family or who grew up in houses around me. There are many kids who grew up just like me who did not have these experiences. And a lot of my friends now, who wish that they could have went to a private school, are struggling in school or have become pregnant or have gotten involved in gangs. I, on the other hand, thanks to Duchesne, have been afforded a full-ride scholarship to the University of Chicago in the fall. However, there are kids who work just as hard who could have also gotten a scholarship if they only had the affordability to go to a school that would help them thrive the best. I feel that this bill would allow parents to choose to send their kids to a school that is best for their learning abilities and the environment that they would thrive. Not everyone can live in a big classroom and not everyone can live with people who don't necessarily have the same religious beliefs as them. So maybe kids' religious beliefs are important to how they learn, or they need a smaller class size. A-- a parent can see their kid struggling and work all day and night and try and try and try to send their kid to a private school but can never afford it. Imagine if you were this parent. You saw your kid every night struggling and you worked all day long, but you still knew no matter how hard you work, it would never be enough to send your kid to a better school. That's why I hope that you guys consider this bill and give parents the chance to breathe and see their kids thrive at a level that they have never seen before. Thank you.

LINDSTROM: Thank you, Ms. Cooper, and congratulations.

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JAYLEESHA COOPER: Thank you.

LINDSTROM: Yeah. Senator Albrecht.

ALBRECHT: Thank you, Vice Chair Lindstrom. And thank you, Ms. Cooper,
for being here. I was able to visit with you a little bit. Could you
share what your ACT score was before you left high school?

JAYLEESHA COOPER: I have a 33 on the ACT this year.

ALBRECHT: Good job.

JAYLEESHA COOPER: Thank you.

ALBRECHT: Thanks for coming today. Most people can't come up here
without some paper, so you did well.

JAYLEESHA COOPER: Thanks.

LINDSTROM: Senator Flood.

FLOOD: That's what I was going to say. Did you memorize that all?

JAYLEESHA COOPER: OK, so I wrote it down when I was sitting in Senator
Linehan's room. I said, you know what, I should do some brainstorming.
So I wrote it down, read it a couple times. I said, you know what, I
think I can do it. But I also did a mock trial, so you know how to
prepare to-- to read.

FLOOD: I want you to be my lawyer. That was amazing.

JAYLEESHA COOPER: Thank you.

LINDSTROM: Any other questions? I was just going to say, yeah, you
beat my ACT score by double digits, so [LAUGHTER] I don't know what
that says about me, but, yeah, congratulations.

JAYLEESHA COOPER: Thank you.

LINDSTROM: Fantastic. Thank you. Good afternoon,

ANTONIO CHAVEZ: Good afternoon, ladies and gentlemen of the committee.
My name is Antonio Chavez, A-n-t-o-n-i-o, last name C-h-a-v-e-z. I'm
here today on behalf of a good friend of mine, President Jeff

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Ohnoutka, on behalf of Scotus Central Catholic in Columbus, Nebraska, to help you guys, you know, approve this bill. Me coming in-- into Columbus, Nebraska, my parents had no idea where they wanted to send me. At first, they wanted to send me to a public school in Columbus, Nebraska, named Sunrise Middle School/High School. Due to legal affairs in wherever they were set up at the public school, they were not able to continue my education there because of construction issues and upcoming building constructions due to a power plant called ADM. So I was forced to move to a different school, a public school, Shell Creek or North Park, in Columbus, Nebraska. But my parents felt that that was not the option for me. They decided what was best for me. Since they were raised Catholic in their home country of Peru in South America, they decided that I would-- should be placed in a Catholic school. Well, with them knowing that they've only been in Columbus, Nebraska, for around two to three years since they came in 2000 and 2001, they were not very bright-- "brightful" in trying to decide where they wanted to send me to a Catholic elementary school. They decided to search and search until they found a pretty good Catholic school by the name of St. Bonaventure Elementary School. So looking into it, my mom noticed that it was a pretty pricey Catholic school. We didn't know how we were going to be able to pay it, but we somehow managed. We saved, we scrambled and everything, and we were able to get me into a Catholic school. For them, it was hard just trying to keep paying the tuition; at that time, not a lot of monthly payments, everything. They struggled, they tried and everything. I kept going. I kept working hard. I kept getting scholarships. I earned them. I felt right. I felt pretty good. And towards the end of my elementary career, I got an opportunity to continue my education at Scotus Central Catholic. And then from then on, I've been able to work my tail off and, you know, help my parents know that anything is possible when going to a Catholic school. You know, going to a Catholic education and knowing that you have the opportunity to receive scholarships is very much important because people like me, people of color, and sometimes people of poverty, are not able to afford them and they just send them to a public school. Even though there are parents that were raised Catholic, want the children to be raised Catholic, they know that they cannot afford the-- the amount of tuition that they give. As of right now, I have a sister who is 15 years old and is a-- right now, a freshman there at Scotus Central Catholic and she is working her tail off as well to keep herself, you know, in that state of mind, you know, knowing that she can be able to

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work hard, that she can do and make it all possible for them. Thank
you.

LINDSTROM: Thank you. Mr. Chavez. Any questions from the committee?
Senator Flood.

FLOOD: Are you at Scotus now?

ANTONIO CHAVEZ: Currently, I just graduated last spring. We didn't
have a graduation ceremony due to the pandemic. But as of right now, I
am currently residing here in Lincoln, Nebraska, and studying at the
University of Nebraska in Lincoln.

FLOOD: What do-- what do you want to do?

ANTONIO CHAVEZ: I have decided to major in athletic training and in
hopes to go into physical therapy school.

FLOOD: Good for you.

LINDSTROM: Very good. Any other questions from the committee? Seeing
none, thank you and thank you for coming.

ANTONIO CHAVEZ: Thank you.

LINDSTROM: We'll have our next proponent. Good afternoon.

JESSICA PEARSON: Good afternoon. My name is Jessica Pearson,
J-e-s-s-i-c-a, Pearson, P-e-a-r-s-o-n. Senator-- Senator, committee
members, thank you for letting me be here today. I timed my speech for
four-and-a-half minutes, so I'm going to edit it slightly. I am
originally from Michigan. My dad was a farmhand on a family dairy
farm. My mom has a teaching degree. When I was born, my parents made
the decision that my mom would stay home with us kids. School of
choice and a strong-- strong education were important to my family.
When my brothers and I were little, this meant my mother home-schooled
us. When I was in fourth grade, Hillsdale College, which is 15 minutes
from my rural childhood home, opened the Hillsdale Academy. The
small-cluster classrooms and rigorous academics greatly appealed to my
parents and my brother and I were two of the original students. We
were only able to attend because of tuition scholarships. For this, I
will be forever grateful. After a very solid elementary and middle
school education, I graduated from the Hillsdale Academy in eighth

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grade. After much prayer and discernment, I decided to attend the public high school my father graduated from. This ended up being a wonderful decision. With my strong foundation in academics, I graduated at the top of my class and was able to attend college on a four-year scholarship. I graduated with a degree in English and mathematics and a 7th through 12th grade teaching certification. My own education story is quite eclectic and has instilled in me a love for choices in education. When my husband and I were considering having him apply for a job in Nebraska, I knew some choices would increase in education, such as Catholic high schools that are much more affordable than in Michigan. But I knew, too, that some choices would decrease. Nebraska simply has less legislative support for parents' choice of schools. We decided to move to Nebraska, but the differences were considered. Like my parents, my husband works and I stay home with our children. But unlike my parents, who would have qualified for this, we do not qualify for tuition assistance from LB364. We will, however, benefit. If this bill passes, we will be able to afford to donate to a scholarship fund that will help all parents get to make the choice we have, what school is best for their children, despite the cost. We know what parents sacrifice. We do not drive new cars. We happily exchange hand-me-downs. We garden and shop at yard sales and consignment shops for clothes and toys. We work at all the school fundraisers and make sure we raise our requested amount every year. We pay our school bills on time and donate to our parish too. School of choice is what lets parents do what is best for their children. For some, it's a faith-based education. For some, it's smaller class sizes. For some, it's all the resources that the state has to offer. For all parents, brought into stark relief with COVID-19, education should be what's best for their children and their families. Thank you for your time.

LINDSTROM: Thank you, Ms. Pearson. Any questions from the committee? Seeing none, thank you.

JESSICA PEARSON: Thank you.

DOUG KAGAN: Good afternoon. Doug Kagan, representing Nebraska Taxpayers for Freedom. Our research shows that opportunity scholarships was-- actually save tax dollars and cost in several places. Monopolistic public schools would lose students, offering relief from variable costs and, therefore, savings for local resident property taxpayers. School officials then would have more room in

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their budgets to allocate resources for educating students that remain in those schools. Since these programs launched nationwide in 1997, ten programs in one study generated a cumulative net savings of up to \$3.4 billion in education costs, growing each year. The Illinois Policy Institute this year related that a \$4,000 per child education tax credit will actually save up to \$3.48 billion over ten years. That's in public schools. For an example, in 2014, 95-- 9,532 students in Iowa who received these scholarships to enroll in private schools originally came from the public schools. Savings that year totaled about \$73 million, millions then available for direction to classrooms for the remaining 503,000. Another source maintains that tax credit scholarships nationwide save public schools between \$3 and \$5 billion by reducing public school classroom sizes, savings of four to six--- \$4,000 to \$6,800 per scholarship. This research proves that savings realized by school districts more than offset tax credits issued by a state treasury because districts still retain all of the property taxes, plus state and federal revenue. Granted, by issuing this tax credit, the state is forgoing tax revenue it has collected; however, that lost revenue, countered by savings realized from transferring students from publicly funded schools to private. The challenge for legislators and fiscal analysts is to determine not only how much revenue will be lost, but also the number of students who actually will transfer. One way to control cost of a scholarship tax credit program is to impose a statewide cap on the total amount of tax credits awarded. Therefore, policymakers know the maximum amount of state revenue lost. In 2015-2016, there existed 20 tax credit scholarships in 17 states, educating more than 233,000 students, 75 of them means-tested. These programs not only help the most disadvantaged students succeed academically, but save taxpayer money. A study by Florida's Office of Program Policy Analysis and Government Accountability determined that such programs save taxpayers \$1.49 for every tax-- for every dollar lost to states. Another study from the Heartland Institute found that private school-choice programs save taxpayers billions. Savings to public schools represented from \$16,000-\$53,000 per scholarship student. Lastly, a 2014 survey by the Friedman Foundation for Educational Choice found that scholarship tax credits were the most preferred form of educational choice among parents. Thank you.

LINDSTROM: Thank you, Mr. Kagan. Any questions from the committee? Oh, Senator Briese.

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BRIESE: Thank you, Senator Lindstrom.

DOUG KAGAN: Yes, Senator.

BRIESE: And thank you for your testimony here today, Mr. Kagan. You indicated, your last sentence there, that scholarship tax credits are the most preferred method of school-- of school choice, as per parents. From a tax saving standpoint, is it also [INAUDIBLE]

DOUG KAGAN: What that means is there's-- there's different kinds of school choice. There's charter schools; there's vouchers. And they did a survey and found that, you know, if-- if-- if parent's given the survey, what would your first choice be, and the first choice was tax credits, so.

BRIESE: My question for you is you're-- you're accomplished in tax policy, and scholarship tax credits, they are the most preferred means of achieving tax savings, correct?

DOUG KAGAN: Yes.

BRIESE: OK, thank you.

LINDSTROM: Thank you. Any other questions? Seeing none, thank you.

DENNIS SCHLEIS: Thank you for your time. I'm Dennis Schleis; that's D-e-n-n-i-s S-c-h-l-e-i-s. I'm from Omaha. And as a citizen of the state of Nebraska, I am in support of LB364. The scholarships would be a blessing to the student who wants a better education and to the parents who want to give their children an education at a school of their choice. With a scholarship program, a family who cannot afford to send their child to a school of their choice, they now have a venue, a plan, and more hope to better their child's education. We, as a family, paid out of our pocket our children's education in the past and sure have-- could have took advantage of a scholar-- of this scholarship program proposed in LB364. Thank you.

LINDSTROM: Thank you, Mr. Schleis. Any questions from the committee? Seeing none, thank you for coming.

DENNIS SCHLEIS: You're welcome.

LINDSTROM: Next proponent.

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ANGEL HILL: Good afternoon. My name-- my name is Angel Hill, A-n-g-e-l
H-i-l-l, and I am here to share my story. So I currently attend
Creighton University, but Chicago is-- is where I call home. So
growing up there, I was a great student. However, when it came to
going to high school, I spoke to my parents and I told them that if I
were to attend the public school there, I would drop out, join a gang,
or have kids. Obviously, my parents were not thrilled to-- to hear
that. And so we moved to a better town where I failed most of my
classes the first year, and I was stunned because I had As growing--
growing up in grade school, and I learned that-- and I learned that
there is a huge dis-- disparity in ed-- in ed-- in education. So I'm
here to talk about-- in support of this bill. Thank you.

LINDSTROM: Thank you, Ms. Hill. Any questions from the committee?

ANGEL HILL: Hi.

FLOOD: Where are you at now?

ANGEL HILL: I'm at Creigh-- I'm at Creigh-- Creighton University.

FLOOD: And where did you go to-- where did you finish high school at?

ANGEL HILL: I went to Harry D. Jacobs in Chicago.

FLOOD: Are you happy to be in Nebraska?

ANGEL HILL: I love it here.

FLOOD: Why is that?

ANGEL HILL: I love the people here and Creighton is a great school.
Professors are great. I love the city and I love the food.

FLOOD: What are you-- what are you studying to be?

ANGEL HILL: I am studying social work in the hopes to work in Child
Protective Services.

FLOOD: Thank you.

ANGEL HILL: Thank you.

LINDSTROM: Thank you very much. Good afternoon.

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RACHEL TERRY: My name is Rachel Terry; it's R-a-c-h-e-e-l T-e-r-r-y, and I-- I founded a grassroots parents' organization called School Choice Nebraska about almost seven years ago after struggling to find affordable education options for my kids, and ended up kind of putting together a patchwork of public school and home school and some online courses to get them what they needed. And my youngest just went to college just this last semester, and so I was kind of looking forward to just letting this all go. But then I-- with Coronavirus, I started getting lots of calls from parents who just either the-- the remote working-- the remote learning wasn't working for their children or they just felt like their kids needed something else. And so I've been working with a lot of families, trying to help them find what they-- what they need for their kids. A lot of kids have developed gaps in their learning because of the shutdowns and things like that. And so I'm still here doing this, even though my kids are at college now. But I think this bill brings a ray of hope. And I consider it not just a win-win, but a win-win-win. And the three wins being, the first one, the most important one, I think, is for kids, low-- low-income kids, especially, and for their families. But I think it's also a win for taxpayers, and I think it's also a win for public schools, which are the schools that my kids went to. My kids haven't been to private schools. So, I mean, obviously, the-- the low-income kids who can now reach a school that might work better for them, it's a huge win for them and it-- it can really change the course of kids' lives. For taxpayers, I think it's a great win because the contributions to these scholarships are voluntary, so people who can afford to give to them, will give to them. It's-- you know, we-- we often hear about how the schools, our K-12 system needs more money. This is a way to do it without doing a big blanket tax. We have a lot of families who are struggling financially right now, and so raising taxes on a general level would probably be very disruptive to a lot of people. But this is a win for taxpayers. We get more money in the system without a blanket tax. And I think it's a win for the public schools. I went to an LPS school board meeting recently and I was shocked at how many teachers got up and talked about how difficult things have been for them, especially through Coronavirus, as they are trying to manage some in-person learning and some remote learning. And so if some of the kids who need the most help are able to go to a different school, then class sizes could be a little bit smaller in the public schools, helping them to meet the needs of the kids who are there in the public schools. So this win-win-win makes a lot of sense to me. And I-- I

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hope we can expand options a little bit. You know, I-- I do keep hearing from a lot of moms and dads who just are struggling to-- to find something that works for their kids and to fill the gaps that have happened because of-- of Coronavirus. Thank you.

LINDSTROM: Thank you, Ms. Terry. Any questions from the committee? Seeing none, thank you for your testimony.

RACHEL TERRY: Thank you.

LINDSTROM: Our next proponent.

RICK BETTGER: Good afternoon, Senators. How are we doing today? My name is Rick Bettger, spelled R-i-c-k B-e-t-t-g-e-r. I am speaking in support of LB364 as a representative of CUES, which thankfully you heard from a few of our students today already who are shining examples of-- of what this bill could do. I'm a past board chair and current member of the CUES Fund board of directors, and I also sit on the CUES school system board of governors. Three years ago, CUES went from an organization that donated money to three K-8 inner-city private schools to one now that completely manages and funds those same schools. What we do is very unique. Our-- we have a private organization that is leading and governing three Catholic schools with the blessing of the Omaha Archdiocese, which is a very unique governance system in the Catholic school world. And we do it because we believe we have built a school system that better serves our students, 92 percent of which qualify for free or reduced lunch, and to support their families. Now our system, as opposed to a traditional Catholic school system that's run by a pastor, our schools are run by a board of educational experts who are very familiar with the challenges that exist for our students. And they have selected a-- they've selected curriculum and-- and teaching methods that have proven to work for children in poverty. Our board demands data to measure the effectiveness of our programs, and that board provides guidance to the principals of our three schools, which in turn those principals have created a culture where our students and families feel supported, encouraged, and loved. Now, in our three schools, we have 527 students, and as I said, 92 percent of them qualify for free or reduced lunch; 94 percent qualify for tuition assistance; 42 percent of our students are African American and 20-- an additional 23 percent are of direct African descent; 23 percent are Latino and 7 percent are Caucasian. But the most telling statistic that we have is that 92

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percent of our recent eighth grade graduates have graduated from high school. To do this, it takes about \$5 million a year. We charge a tuition rate of \$2,800 per student, very few of which our families can afford. As our cost to educate is over \$9,000, we must find private funding to keep those schools open. In the last fiscal year, we collected about \$175,000 in direct tuition from all of our families, which is less than 4 percent of our budget. Now we're blessed with generous donors, including Children's Scholarship Fund that gives us about a half a million dollars a year. But our long-term survival is not set in stone. If our families could bring in scholarship money with them, we could secure our future and increase our capacity to allow more students. This bill is about giving families the opportunity to place their children in a school that they feel gives their child a better chance at success. Families of means have always had that ability. In CUES we've built a system that specializes in educating inner-city children that is clearly successful. Their only financial-- their only barrier is financial and we have a chance now to remove that barrier. Thank you, everyone.

LINDSTROM: Thank you, Mr. Bettger. Any questions from the committee? Is it-- Senator Pahls.

PAHLS: I have a question. I'm intrigued because said that you have-- your board is education specialists. And I'm intrigued by this because this does sound like you have some good results here. What reading program that-- that you guys adhere to, or math program, that helps, because it's apparently-- curriculum is a significant factor for your success. What-- just-- just give me an example of some of the reading programs, not a lot of detail, and math programs that would be different than is happening in public school.

RICK BETTGER: Right. Well, I know we use the Connexus system. I think some of the-- the intricacies of it come around how do we establish the teaching methods to the curriculum? We have a system called blended learning, which combines technology and in-person groups and smaller learning groups, that we can individualize the progress of each student. Instead of them getting left behind, we can actually cater the software and learning programs specifically to that child's level. And then those people, those kids break up into separate groups and the teacher can then manage those groups individually so that the kids who are doing well don't have to wait and the kids who are

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struggling get more attention. And we use various reading and math
programs to do that.

PAHLS: OK. Do you think anything like that happens in the public
schools?

RICK BETTGER: I'm sure it does.

PAHLS: OK. I mean I-- your-- the data here is pretty significant.

RICK BETTGER: When we established these, we "seeked" out methods that
have been proven to work for children who have challenges, economic
challenges.

PAHLS: OK, so you're saying economic challenge is also learning
challenges?

RICK BETTGER: Generally those two go hand in hand--

PAHLS: Right.

RICK BETTGER: --because they have, you know, different circumstances
at home that-- that don't allow them to progress as well.

PAHLS: OK. So do you seek that type of individual out to help that? Is
that your premise is to look for those individuals for your school,
those who are low-income and have learning?

RICK BETTGER: It's not a-- it's not a requirement.

PAHLS: No, no, no. But I'm-- I'm assuming you're saying a lot of those
are.

RICK BETTGER: Yeah, our kids are-- our kids are all--

PAHLS: OK. OK, thank you.

RICK BETTGER: As I said, 92 percent of them are-- are qualified for
free and reduced lunch.

PAHLS: Yeah. OK, thank you.

LINDSTROM: Senator Bostar.

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BOSTAR: Thank you, Senator Lindstrom. Thank you, sir, for-- for coming
today and your testimony.

RICK BETTGER: Sure.

BOSTAR: You mentioned that there are 527 students enrolled in your--
And that's-- that's over the three schools?

RICK BETTGER: Correct.

BOSTAR: What's the-- what's the capacity for your-- for your education
system, your-- your-- your school system?

RICK BETTGER: We have two schools, Sacred Heart and All Saints, where
we only have the capacity for one section per-- per grade, so truly
one classroom per grade. Holy Name has a larger capacity. It used to
be a high school in Omaha, so it's a much larger building, and we are
currently filling that building up with two sections per grade. And we
started that project about seven years ago, six years ago, where we
started with two in kindergarten, and then we've been moving all the
way up so now we have two sections all the way up to seventh grade.

BOSTAR: And so--

RICK BETTGER: And that capacity--

BOSTAR: Yeah.

RICK BETTGER: --actually could be-- we could hold probably close to
four hundred students in that building, and we have 235 now.

BOSTAR: OK. Do you-- obviously, it's hard to predict the future, but
the difference in your enrollment, with LB364 enacted and without it,
do you think you're going to fill your building if this bill doesn't
pass versus if it does? I mean, how do you-- how do you see that? Or
is that just helpful? I'm trying to gauge it--

RICK BETTGER: It's both.

BOSTAR: --what that enrollment would be.

RICK BETTGER: It's both. It's both to-- to solidify our financial
future and also to increase the enrollment in those schools. There's

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still capacity in the other two buildings. Probably at least 25 to 40
kids could go more in each of the-- the two smaller buildings. But I
would see it-- if it was possible, we could fill Holy Name with 400.

BOSTAR: Right. It sounds like you've built an impressive operation.
Thank you.

RICK BETTGER: Thank you.

LINDSTROM: Any other questions from the committee? Seeing none, thank
you.

RICK BETTGER: Thank you.

LINDSTROM: Good afternoon.

DAVE KORTH: Good afternoon, ladies and gentlemen. My name is Father
Dave Korth, F-r, period, D-a-v-e, last name K-o-r-t-h. I'm the
president of the CUES school system. The guy that was just talking to
you, he's under me, so just as long you get that clear. I've been in
this position four-and-a-half years and I was very blessed to be able
to, you know, be a part of all this-- this expansion and the growth.
And I've got another answer if you have that same question for me
later. You've already heard from a couple of our esteemed graduates,
which we're very proud of all of our graduates, very proud of all of
our kids. Another graduate that we're very proud of just took a desk
in the White House this last week. Symone Sanders is an esteemed
graduate of Sacred Heart grade school. She's now the spokesperson for
the Vice President of the United States. I don't care what your
politics are. Hello. That's pretty impressive, right? So her mother
attests to us the fact that our mentorship program and our small--
smaller class size greatly contributed to her success academically
that set her up then to go on to where she is today. It's a great role
model that we can tell our kids that those, the same desks that you're
sitting in today, because they are the same desks that she sat in, is
now a person who sits at a desk at the White House. So we love being
able to have these kind of success stories, as well as Jacob and
Jayleesha that you heard from. I've got four stories for you today
of-- from parents. I want to give you that perspective, OK? First, a
Latino family brought their son to All Saints mid-fall of 2018. Dad
expressed that the public school did not want his son to attend
anymore because of his-- he was a behavior problem. That could not be

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further from the truth. His son has autism and the public school saw him as a behavior problem. Since coming to All Saints, we have secured special education services for-- let's just-- I won't use any of the correct names, OK-- Christopher. He's now an eighth grader. Mr. Swanson, our director of student and family services, has connected the family to programs at Roncalli and would-- that would meet his needs. He took the entrance exam and has been accepted independently Friday of last week. He has made significant growth in math and reading. Every time we see that father, he says thank you in a most sincere way. The second-- by the way, I wanted to point out that securing the-- the resources that we need, we work with the public schools, OK? We work with OPS. We have a great relationship. We-- I am not anti-OPS, just want to make that very clear. We have a very good working relationship with them. They help us provide the resources for our special-needs kids. The second story is "L" in fifth grade. Just yesterday, L's Mom told a staff member that transferring her daughter to Sacred Heart School in second grade was the best decision she has ever made. She said that her daughter has had a complete turnaround with her behavior because of Sacred Heart and that has-- that she appreciated the environment that Sacred Heart provides kids to learn in. Her behavior has not been perfect at Sacred Heart, but she has improved a great deal. L's mother is now the president of our parent activity committee, so the parents, we're seeing increased participation, which is hugely important for their child's education. So instead of just dropping them off, they are getting more and more involved with their child's education. The third story, in the fall of 2019, we enrolled two students whose stepfather had just been released from prison. Their stepfather approached Sacred Heart and asked to enroll the students at our school. He said that at the previous public school setting, the classroom setting was disruptive all the time and that both of his children had witnessed fighting in the classroom often. He wanted them to attend Sacred Heart school, but he then stopped the enrollment process when he learned what the tuition cost would be. Our principal called the parent and asked him to meet before he made a decision. The stepfather agreed and told the principal that it was an issue of him not being able to afford tuition, but that he really wanted his kids to be in our school. The principal asked him if he could afford-- if he was-- if he would be able to afford our free and reduced lunch price of \$60 per month with the support of CUES. He looked at the principal with shock and disbelief and said he could do that. He enrolled his students and walked away with tears in his eyes.

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He's now one of our most involved parents. The kids participate in every school event and program, and he has consistently made tuition payments. In the fall of 2017, Sacred Heart School enrolled a young lady from the public school system. She was recently placed in-- she was recently placed in foster care with an aunt and uncle. She had witnessed many things in her life and she struggled with behavior and good decision making. But she had everything she needed in her to be great. Each year we saw improvement. Her aunt and uncle were amazed, and her aunt served as a past activity-- parent activities council committee as well. As she completed her seventh grade, we were notified that her sister that she grew up with had been murdered. She was only 16 years old. We did everything we could to support and work with the student, and she tried to work through this terrible trauma. We learned a lot from this young lady as she progressed through our school. And at the end of her eighth grade year, she attended an event to honor one of her friends and classmates who was receiving a scholarship to a Catholic high school. The scholarship donor was so impressed with this young lady's character and the social skills that she had developed that she decided to award that young lady a scholarship, as well, to an Omaha Catholic high school. I saw her high school principal a few days-- her high school principal a few days ago and was told that she is doing very well. If I could add one more thing that's not in this written testimony, I do believe that what we are doing, what we all saw this summer, we've been once again reminded that there is social injustice, right, that exists. There is systemic problems that exists in our-- in our society today. I argue that what we are doing and what you can do with this bill is to help make some of those injustices just by giving these parents, who have been redlined, who out of no choices of their own have been put into the poverty that they still exist in today, with this bill, you can help change that future. Thank you very much.

LINDSTROM: Thank you, Father. I gave Father a little bit of leeway. I don't want to get in trouble with God, so we're just going to give-- give you a little bit more time. Any questions? Senator Pahls.

PAHLS: Thank you. You said you could add on to some of the comments that the previous individual had said when I asked about the different programs?

DAVE KORTH: Yeah, yeah. So one of the-- one of the things that makes the difference in our-- is the-- the smaller class size. So we don't--

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the-- the-- the programs that we are providing with the wraparound services makes a huge difference as well in making sure that our parents connect with us. We have 100 percent participation, in fact, in our parents with parent-teacher conferences. Now you can go ahead and ask OPS what their percentages are. I can almost guarantee you they won't be 100 percent. That is-- that is what we're experiencing. Our parents are getting involved. So it's-- it's more the wraparound. It's what we're doing with the families. And that director of family-- student and family services, we're helping the entire family make good choices, OK? And that's what we can do with this choice, with this option that these parents have. OK? But as he said, financially, it's-- we're not on stable ground yet. What this would provide, and you asked about capacity, we would then-- if this got passed, we would then look at building a bigger school at Sacred Heart, for sure, because the building has got-- has-- has got a time frame that's running out. So we're going to have to look at-- right now, I wouldn't want to take the risk of building a building that could do two or three classes per grade level. But if-- with this in place, I believe, with the kind of financial support that we have already garnered, we could potentially increase our capacity even more. OK, so that's in response to that. There is something else that he was-- Rick was saying that--

PAHLS: Well, he described the-- the-- the teachers' strategies that they used, but--

DAVE KORTH: Right, it-- the recruitment of school-- recruitment of students, so I wanted-- that's what I wanted to touch on. It's where we're located. OK, we don't go out and purposefully look for poor kids.

PAHLS: Right. [INAUDIBLE]

DAVE KORTH: It's where we're located. It's where we're located.

PAHLS: I know-- I know the area.

DAVE KORTH: So, yeah, so we don't-- we don't have to look for them. They just exist there.

PAHLS: OK.

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DAVE KORTH: And we would be dumping them into the-- into the OPS system and putting, you know, the-- the one gentleman already testified to the amount of money that just our school system is-- is saving taxpayers.

PAHLS: Well, this is the part that intrigues me, because I know there are a number of students who basically are removed from the OPS school system for various reasons. It seems to me that you would be a logical group to handle these kids that they can't handle.

DAVE KORTH: That's--

PAHLS: I'm serious--

DAVE KORTH: I agree with you, yeah.

PAHLS: --because they have special schools--

DAVE KORTH: Sure.

PAHLS: --as Millard does. There's a special school for those children who do not, quote, fit into the regular system. And I'm-- I'm surprised, though, that you do have a working relationship with-- with OPS.

DAVE KORTH: Sure.

PAHLS: That's-- that would encourage me to vote for this, because if we can handle those children, because apparently you have something that's working that's not happening in the regular school system, not blaming anybody but you-- that-- if somehow we can get that aligned, you'd have a lot of support from this person.

DAVE KORTH: Yeah. Yeah, I-- because I wear this, probably, but I-- I do believe the faith, being able to talk about faith, and we don't push faith on any-- 92 percent of the kids at Sacred Heart are not Catholic and none of them become Catholic. And I don't want-- you know, we're not looking to convert.

PAHLS: Yeah, I--

DAVE KORTH: We're not looking to proselytize anyone. We want them to have a relationship with God that their family wants them to have. And

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their family loves the faith component that we are able to provide.
And then that does make a difference. That does make a difference in a
classroom, being able to say why, because God said so. You know,
that's-- that's another incentive for kids to do the right-- make the
right choices.

PAHLS: So you're telling me, when I have some discussion of some of my
fellow senators, I should say God tells me?

DAVE KORTH: Try it. Give it a try.

PAHLS: I'll try it.

DAVE KORTH: You want to borrow this?

PAHLS: Yeah, I do. [LAUGHTER]

DAVE KORTH: [INAUDIBLE]

PAHLS: Yeah, when I was a young kid, my family had predicted I would
be a priest. I-- I did disappoint them. Thank you. I really-- I-- I--
there's something here that I-- I could agree with.

LINDSTROM: Thank you. Any other questions from the committee? Senator
Albrecht.

ALBRECHT: Thank you, Vice Chair Lindstrom. Thank you for being here
and sharing these stories. You talked about the child with autism.
Some of the opponents would say that you discriminate and you don't
take people with disabilities. Do you have a-- I mean, what would your
response be?

DAVE KORTH: We obviously do. We obviously do, yes, but-- but we've
been--

ALBRECHT: But you also say you work with OPS.

DAVE KORTH: Yeah, yeah.

ALBRECHT: So do they have schools if you have to take somebody
somewhere else?

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DAVE KORTH: Actually, because the number of kids that need services,
they bring somebody to our-- our school building. We did the same
thing in Winnebago.

ALBRECHT: OK.

DAVE KORTH: Winnebago public provided-- so I was in Winnebago for 13
years running the mission school there, K-8 grade school, but we did
the same thing there. They-- they-- since we would have so many kids
that would learn so much or so-- miss so much opportunity for special
services that the public school is forced to provide, they just-- we
gave them the space. And so they would come and work with our kids so
that we didn't have to lose all that time working with a kid--

ALBRECHT: Right.

DAVE KORTH: --by having them go to the school and then coming back to
our school--

ALBRECHT: Or transporting them.

DAVE KORTH: --transporting them. So we have wonderful working
relationships.

ALBRECHT: Good to know.

DAVE KORTH: Yeah.

ALBRECHT: Thank you.

DAVE KORTH: Yeah.

LINDSTROM: Any other questions from the committee? Seeing none, thank
you.

DAVE KORTH: Thank you.

LINDSTROM: Good afternoon.

RICH HERINK: Good afternoon, Vice Chairman Lindstrom and members of
the Revenue Committee. My name is Rich Herink, R-i-c-h H-e-r-i-n-k.
I'm a lifelong Nebraskan. I retired two years ago after a 45-year
community banking career. Twenty-six of those years I lived in Norfolk
and 19 in Lincoln. I have been involved, and I'm still involved, in a

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number of organizations in Lincoln and throughout the state, but I'm here today just as a Nebraska citizen, a citizen who is very proud of how we handle things in Nebraska. And I've always been proud of the emphasis that we put on education. I'm here today to ask you to support LB364, the Opportunity Scholarship bill. As you know, this legislation would simply provide a tax credit for those who donate to an approved nonprofit organization that would then provide scholarships to the same children who qualify for the free and reduced lunch program. This legislation is not-- is not about which type of school is superior, public or private. I graduated from the public school in Leigh, Nebraska, 50 years ago. I have served on the Lincoln Public Schools Foundation Board. I believe in strong public schools, that they are essential, and I never questioned my support for them. But I also know that not every school is right for every child. We all know that every child is unique and every child responds to the environment they are in, in different ways. Allowing parents to have a choice of which school they are in is critically important. This should be true of all families, not just for those with household incomes that can afford to make a choice, but also those families who need assistance to afford the school of their choice. There are many different reasons why parents may choose a school other than a public school. It may be for faith reasons, but often it's due to a poor learning environment or being bullied. When a child attends a school that meets his or her needs, they are much more likely to thrive academically. We would-- we should embrace policies that support the best academic outcomes for each child, policies that can help all families, including those with limited household income. This is socially and morally prudent and also an economic imperative. I've served on many business organizations. I'm a past board chair of the Norfolk, Nebraska, Chamber of Commerce, the Lincoln Chamber of Commerce and the Nebraska Chamber of Commerce. And over those years, the number-one issue with all of our business members was workforce. And we know that over 65 percent of jobs today, and that number is going up, require postsecondary education or training. We absolutely cannot allow any student to go through any of our school systems and not be prepared for-- to be productive and successful in life. No one policy or bill can fix every problem, but LB364 is one of the tools that will help families with limited resources. As was said today, Nebraska is only one of three states without a school choice program. We've heard from young people today who-- who testified how having a school option changed the trajectory of their lives. I hope you will

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ponder on their stories as you consider LB364. How can our state that values education deny opportunities to any student and especially to those of limited family income? Over the years, I have exhibited firsthand the success of having school options for students as I have watched and financially supported Sacred Heart School in north Omaha, that Father Dave Korth just spoke about, and also St. Augustine School in Winnebago that he mentioned. The results of these schools are amazing. LB364 is a tool that will encourage more of Nebraska's citizens to support students who need to be in the right school for them. Thank you for allowing me to testify, and I thank you for your service to our state.

LINDSTROM: Thank you. Mr. Herink. Any questions from the committee? Senator Bostar.

BOSTAR: Thank you, Senator Lindstrom. Thank you, sir, for your testimony today. I understand-- I understand that you're here today in a private capacity, but you-- you've talked about the workforce development aspect of this proposed legislation. Do you know if the-- the-- the chamber supports that? And maybe-- and maybe at some point we're going to hear from them. But are you aware of--

RICH HERINK: Just from my own experience, typically the chambers would not take a position on this. But I'm not on-- I'm not involved in a leadership role in those-- in those organizations any longer, but I doubt-- I doubt that they'll be here as a proponent or opponent. It would-- they would probably be neutral.

BOSTAR: All right. Thank you, sir.

RICH HERINK: But-- but at the same time, I can tell you that many of the members in communities all across the state, Norfolk, Columbus. are-- would readily agree that they need all of the educational opportunities for all of their children in-- in as many ways as possible. We've-- we've heard-- we've just heard that throughout the years.

BOSTAR: Thank you. Very good.

LINDSTROM: Thank you. Any other questions? Seeing none, thank you for your testimony.

RICH HERINK: Thank you.

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LINDSTROM: Next proponent.

BRITT THEDINGER: Senator Lindstrom, I want you to know I'm very good friends with Father Korth-- a little leeway if possible.

LINDSTROM: It might get you an extra 30 seconds. We'll see.

BRITT THEDINGER: Perfect. Senators, good afternoon. I'm Britt Thedinger, B-r-i-t-t, Thedinger, T-h-e-d-i-n-g-e-r. I'm an ear physician and surgeon in Omaha and I'm here speaking in behalf and in support of LB364. Our country has experienced a reality where wealth creates educational opportunity. Minority and poor students experience greater academic achievement gaps than their white and wealthier peers. And we are one of three states who has not responded to this injustice by having a school choice program. Over the years, many states have expanded their school choice programs because of the benefits, and no state has ever eliminated a program. We all know that education is the great equalizer and a way out of poverty. We need great public and private schools, and school choice gives low-income students an education tailored to their needs. So my following comments are based on numerous studies and referenced sources, which you've all been provided, by the-- by Jeremy Ekeler at the Nebraska Co-- Catholic Conference and are not my personal opinions. But school choice improves academic outcomes. Compare ACT scores. It makes schools more accountable and saves taxpayers money. It reduces racial segregation and benefits the poor. It's good for student safety. School choice increases the quality of public schools. This competition, like anything else, leads to superior results and a better product. School choice leads to higher graduation rates and higher graduation rates means less people requiring future tax dollars. We have a wonderful historic tax credit program in Nebraska, but no real opposition from the teachers or teachers' unions for that tax credit or any of the other 29 tax credits in our state. When people say we already have school choice, how many low-income students, high school students from North, Benson, or Bryan can really go to Elkhorn, Westside, or a Millard high school? Nationally, at the state level, polling indicates 65 to 75 percent approval of school choice. Locally, I refer you to the outstanding outcomes of the children who are the beneficiaries of the Children's Scholarship Fund in Omaha. They actually had to turn away over 500 students this year. In a short period of time, you're going to hear the same old, tired, false arguments from the opponents of LB364, so let's be very, very

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clear. Only students who qualify for free and reduced lunch would qualify for scholarships. This bill does not privatize education. It does not close public schools. It does not establish vouchers, and it doesn't chart-- establish charter schools. These private schools are all accredited by the state and are held accountable with oversight. They follow the federal guidelines regarding discrimination. It is constitutional. Please ignore the forthcoming arguments as we've heard in the past. This tax credit bill will severely cripple public schools. These programs will drain critical dollars, will decimate, will destroy public education. I ask you to stand with Senator Linehan in supporting children who need our help. This program will establish and enable more low-income students to achieve more than they could in conventional public schools at a lower cost to taxpayers. It's hard to understand how anyone could deny poor children and their families this opportunity and could oppose a marketplace in education. Thank you.

LINDSTROM: Thank you, Doctor. You have 30 seconds if you'd like to continue.

BRITT THEDINGER: Oh, I've got the Susan La Flesche hospital project in Walthill.

LINDSTROM: Any questions from the committee? Senator Albrecht.

ALBRECHT: Thank you, Vice Chair Lindstrom, and thank you for being here, Dr. Thedinger. I know you're a busy man. What school district are you living in?

BRITT THEDINGER: I live in Westside.

ALBRECHT: OK, do they have like open enrollment or--

BRITT THEDINGER: Do they have open enrollment? Here's my experience with school choice when we talk to the public educators that would-- they can go anywhere they want. So I have friends who live in OPS. They make a few phone calls. The next thing you know, their kids are all going to Westside. They-- those people have school choice. But if you're living at 24th and Lake and you are in that school district down at Central, you're not going to Elkhorn. That's just not going to happen. So school choice is-- is somewhat there, but it's-- it's there for people who can make a few phone calls and the right connections and get their children in, has been my experience.

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ALBRECHT: OK. I just hear that people have trouble finding a school for their child if they are the ones that can't sit still or-- I had a cousin that had a child with disabilities and it's difficult for parents to try to place those children.

BRITT THEDINGER: Right.

ALBRECHT: So it's good to know that they don't discriminate and they can have more choices.

BRITT THEDINGER: Now, remember, we do have Madonna school in Omaha which takes care of special-needs kids from all over the community. We have many of our regular Catholic grade schools are now incorporating bringing autistic kids or other kids with special needs into their-- into their classrooms, like at St. Roberts.

ALBRECHT: That's great. Good to hear it. Thanks.

LINDSTROM: Senator Flood.

ANGEL HILL: Thank you for your testimony. I'm-- I want to unpack something. If-- if I am a resident of OPS's district at 24th and Lake, I can't opt into Elkhorn Public Schools?

BRITT THEDINGER: You could, you could try, but will they have a seat for you? Will you have space? Probably not.

ANGEL HILL: So they would deny your option enrollment into Elkhorn?

BRITT THEDINGER: Yes.

ANGEL HILL: But your argument is that if you made a few calls--

BRITT THEDINGER: You can-- you-- yes.

ANGEL HILL: --you can get your kid in. Would you suggest that's being done on a racial basis?

BRITT THEDINGER: Not on a racial basis. I think it's more economic.

ANGEL HILL: How does it work if you want to get your student into Westside?

BRITT THEDINGER: You live in the district.

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ANGEL HILL: You can't opt in?

BRITT THEDINGER: Well, there are some probably children that live outside the Westside border that-- that attend Westside.

ANGEL HILL: And they have to opt in with the permission of the Westside Public Schools?

BRITT THEDINGER: Yes.

ANGEL HILL: One of the things I think is important to understand is that I come from a town that's much more rural. You have 11 school districts in one county that's a very small county geographically. I think that the opponents of this are going to want to weigh in on some of those questions. I-- you know, my understanding was, on option enrollment, the whole point of the-- of the common levy and the whole point of the learning community was to make those educational opportunities available to somebody at 24th and Lake, anywhere they wanted to go, and-- and obviously that was my last visit here at the Legislature. Is that not what--

BRITT THEDINGER: That-- that might be a handful of students, but I can't give you those exact numbers.

ANGEL HILL: Yeah.

BRITT THEDINGER: I'm just a simple country ear doctor, so I'm--

ANGEL HILL: Well, what you said is, you know, if that's actually the case, that's something that-- that we have to unpack, I think. I don't-- I'm not convinced that is the case. I can't imagine it would be in Nebraska. So I think what you shared with the committee is something that we're going to have to get some answers to.

BRITT THEDINGER: Be nice to know those numbers of really how many children from an OPS district can really go to Elkhorn or Millard High School?

ANGEL HILL: Yeah, it would surprise me if that's actually the way it works, but we'll find out.

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BRITT THEDINGER: We're-- we're talking about free and reduced lunch students, those-- those children that-- that we're speaking about that would benefit from the scholarship organization.

ANGEL HILL: Oh, and I totally agree on that front. It's just the mechanics of what you described that seem to be incendiary.

LINDSTROM: Senator Pahls.

PAHLS: Yeah, I-- I have to respond a little bit because I have the-- I have the experience. The reason why a child may not be able to get into a school, if they are overcrowded. If-- for example, if you want to go to a particular school, there's no room for that, they-- they-- they can't accept you. But I'm going to give you from personal experience my last school, and I-- you can look it up, Beth Streeter Aldrich on 162nd and Dodge, I had more kids-- a Millard school. I had more kids opt in to that from OPS than I actually had my own kids. Was amaze-- I-- because the school was a new school and they had plenty of room. So it does happen, but you probably wouldn't be all the way down 24th and Lake, want to come back, because of the transportation. That's the issue is the transportation, because the kids there--

BRITT THEDINGER: And how many single mothers can actually find a way to get their child--

PAHLS: Right--

BRITT THEDINGER: --out to an Elkhorn school, a Millard high school or a Millard grade school? [INAUDIBLE]

PAHLS: Yeah, I think, yeah, there's-- that's the issue. That's why this has some benefits that the system right now doesn't provide, but kids-- I know Westside has a lot of kids who opt in. I know that, a fact. I-- I just know that they do.

LINDSTROM: Any other questions from the committee? Senator Bostar.

BOSTAR: Thank you, Senator Lindstrom. Thank you, sir, for your testimony. You mentioned briefly in your remarks-- you related to the effects on the General Fund. And-- and perhaps this isn't the right question for you, and tell me if it isn't. Where do you see this tax credit leveling off at some point with regard to the state

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expenditure? So, you know, ten years from now, what-- what dollar
amount would you imagine we're spending on-- on-- on this tax credit?

BRITT THEDINGER: That's a good question. It all depends upon the
success and really getting the tab and say, hey, is this really saving
tax-- taxpayers money? Is it really promoting and helping these poor,
minority, free- and reduced-lunch children succeeding? And right now
what you see is if you go to Jesuit Academy or Sacred Heart or CUES
school, these children are graduating from high school, they're going
to college, and the majority are graduating from college. So the
outcomes are there. We just need to allow more of these children to
have this opportunity.

BOSTAR: All right. Thank you.

BRITT THEDINGER: So whether it be \$10 million or \$20 million, \$15
million, I think we need to start somewhere and I think \$10 million is
a great number. And you look at all the other tax credit things that
we have in the state, and there's probably 30 of them that we're
benefiting other people, why not help the free- and reduced-lunch
child whose family needs an educational, you know, foot up? So--

BOSTAR: Thank you, sir.

LINDSTROM: Any other questions from the committee? Seeing none, thank
you.

BRITT THEDINGER: Thank you.

LINDSTROM: Next proponent.

KIM SCHROLL: Good afternoon, Senators. I'm here in support of LB364.
And first of all, I want to thank you all for your efforts in
providing a quality education for each student in Nebraska. I'm going
to give you a little bit different perspective.

LINDSTROM: Could you say again--

KIM SCHROLL: I'm from North Platte. Excuse me,

LINDSTROM: --and spell it, please.

KIM SCHROLL: K-i-m S-c-h-r-o-l-l.

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LINDSTROM: Thank you.

KIM SCHROLL: Thank you. I'm from the western part of the state in North Platte and I'm in the 42nd District. I work for NebraskaLand National Bank, and I'm-- I just recently completed a term on the school board for the North Platte Catholic Schools. Traveling with me today, but they were unable to be in the room, I have two high school seniors with me, and thank you to Senator Linehan, who are allowing them to watch the hearing in their office. But if you allow me just to mention their names, Genna Blakely is a senior. She's number one in-- in class. She's an outstanding academic student. And then also with me is Samuel Dekleva, who scored a perfect score on his ACT, and he's a semifinalist for the National Merit Scholarship. So although they couldn't be in the room, thank you for allowing me to recognize their presence in the building. So I also want to just give you a little background about my-- myself. My children are fourth-generation students of the Catholic schools, and I'm very grateful for the sacrifices that my parents, my grandparents made so that I could attend the Catholic schools. However, some families are still unable to afford the education they want for their children despite the many sacrifices that they make. Every parent deserves the right to choose where their children are educated, regardless of zip code or income level. Studies show that when children are in a school of their choice, their educational outcomes and opportunities for success increase. LB364 allows parents to make the best educational choice for their family, regardless of their financial means. In North Platte, families are offered excellent choices to educate their students. The North Platte Public Schools has over 3,900 students in school. Then North Platte Catholic schools has 301 students. But we lose 522 students this school year to outlying communities. For example, 189 students from North Platte are attending school at Maxwell Schools, which is a 28-mile round-trip drive. LB364 would have the financial benefit as well. The cost to educate a student in the Maxwell Public Schools is over \$17,000. The tuition at North Platte Catholic Schools is \$4,200, so there would be the financial benefit of LB364, as well as serving parents and families with the educational choice that they deserve. The benefit of empowering parents to choose where their child is educated is the financial benefit of Nebraska taxpayers. But it's also the opportunity to change thousands of lives in Nebraska. So you've heard from the eastern part of the state, but I can tell you, you will impact the western part of the state, as well as many other

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communities in the state of Nebraska. I appreciate the opportunity to share my support. I'm sorry that I went over. I just saw the red light. Thank you for your service to the Legislature and the Nebraska citizens.

LINDSTROM: Thank you very much. I was starting to feel better about myself and then the perfect ACT score came up and I can't win. And I have Senator Briese looking at me and kind of giving me the nod. Any questions from the committee? Thank-- seeing none, thank you.

KIM SCHROLL: Thank you.

LINDSTROM: And tell the two students, well done.

KIM SCHROLL: Thank you.

ALBRECHT: Yes.

LINDSTROM: Thank you. Thanks. Good afternoon.

MARIA BENES: Good afternoon, Senators. Thank you for your time today and letting me share. Oh, he's leaving, but I was going to introduce myself to Senator Bostar. I'm actually one of your constituents.

BOSTAR: Sorry. [INAUDIBLE]

MARIA BENES: That's all right. Nice to meet you.

_____ : He's out of here.

MARIA BENES: Oh.

_____ : [INAUDIBLE]

MARIA BENES: All right. Anyways, I am a Ph.D. candidate in political science at the University of Nebraska-Lincoln. I specialize in human rights and humanitarian affairs and teach a lot of human rights, international law, public policy. I think you're actually one of my former students, aren't you?

GRANT LATIMER: Um-hum.

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MARIA BENES: Grant, right? I was like, I-- with a mask, it's hard to tell, but I thought so. Anyways, I wanted to talk a little bit about my--

LINDSTROM: Oh, could you spell your name real quick?

MARIA BENES: Oh, yeah, sure. Maria Benes, B-e-n-e-s.

LINDSTROM: Thank you.

MARIA BENES: I wanted to talk a little bit about my family's experience with the program to combat dyslexia at Cathedral School in Lincoln. So the first time I ever heard my husband read out loud something that wasn't a toddler book, I noticed right away there was something not quite the-- usual about the way he read. He was skipping words and was not reading in complete sentences. Sometimes he couldn't figure out where the sentences ended. And so I asked him after, because unfortunately this was in a public setting where he was asked to read something and I-- and I could tell it was a very embarrassing experience for him, and we had already been married for a year and a half, so I asked him afterwards if he had ever been diagnosed with a learning disability and he said, no, but I kind of always have wondered if I have one. And so this affected his whole life. He actually almost failed out of college at one point. And fortunately now, like, he's in a graphic design field where his talents really shine. But from the beginning, I wanted to make sure that our kids loved reading and that nothing like that happened to them. And as soon as my daughter was in preschool and into kindergarten, I noticed that things were not normal with the way that she would read. We read the book *Go, Dog, Go!* every night basically in kindergarten, and the word "dog" is at least once on every page, if not more times. And every time she would read the word "dog," she would say a different word, like "day," or she would read it backwards and say "God," or she'd say, "do." It was-- it was a different word every time. It was inconsistent. And I also noticed some other things. She was in dance class and a lot of times she would be on the wrong foot, even though she had been taking dance for years at that point, since age two. So I know I'm almost out of time, but we then put her in Cathedral School, where they have a special program for dyslexia, where the parents or family members or other friends do the tutoring of another kid and then someone tutors your kid. And Gemma has made-- my daughter has made immense progress since being in this program. She's now-- she's

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not up to grade level, but she's way ahead of where she was. Another thing I love about Cathedral School is they really emphasize the strengths, because I'm starting to see dyslexia not as a disability, but as just a learning difference. Right? And some of the things she's really good at are she's in the chess club and she beats all the kids her age. She actually gets-- plays against fifth graders because she's so good at visualizing because of the way her brain works. She and my husband can build LEGO, like huge things in a matter of hours, when I'm like still stuck on the first one. So I know I'm out of time, but I wanted to thank you for your time today, sharing my experience.

LINDSTROM: Thank you. Yeah, yeah, there was a few distractions there, so if you have--

MARIA BENES: Oh, OK.

LINDSTROM: --a few things that you'd like to finish.

MARIA BENES: The other thing I want to just say is that the importance of these specialized programs more broadly, I, at the university, work with a lot of students that have disabilities, and a lot of times I'm sometimes the first professor that is willing to read them their tests. And it's amazing when you take the time to work with these kids that their-- their grades go up. A student I had last year who had a similar, not dyslexia but a similar word processing disorder, and so reading his tests, and he made immense progress.

LINDSTROM: Thank you. Thank you for your testimony. Any questions from the committee? Seeing none, thank you.

MARIA BENES: All right. Thank you.

LINDSTROM: Good afternoon.

RACHELLE ENGEN: Good afternoon, Mr. Vice Chair and members of the committee. My name is Rachelle Engen, R-a-c-h-e-l-l-e, and I'm educational choice fellow at the Institute for Justice, the nation's leading legal advocate for private educational choice programs. I respectfully ask you to support LB364 for four main reasons. Number one, research shows that families using tax credit scholarship programs are extraordinarily happy with them. The Arizona tax credit scholarship program, founded in 1997, serves thousands of children every year. Participating families are happy with the program, with

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more than two-thirds reporting being satisfied. Moreover, recent research on a tax credit scholarship program in Florida that serves over 100,000 students found 92 percent of families using scholarships under the program are satisfied. Number two, research shows that educational choice programs benefit everyone: the students who participate in them, public school students, and taxpayers. First, evidence overwhelmingly demonstrates that educational choice programs improve academic, educational, and life outcomes for those who participate in them. Additionally, there have been 34 studies on the effects of educational choice programs on traditional public schools. The overwhelming majority, 32, found those programs to have a positive effect on such schools, while one found no effect and only one found a negative effect. Last, but not least, as of 2016, there were 28 studies on the fiscal effects of educational choice programs on taxpayers and public schools. Twenty-five of those studies found the programs saved the state money, and three found that they were revenue neutral. Number three, the United States Supreme Court, four state supreme courts, and four state appellate courts have ruled that tax credit scholarship programs are constitutional. In its decision in *Arizona Christian School Tuition Organization v. Winn*, the Supreme Court rejected a constitutional challenge to tax credit scholarship programs because donations given in exchange for tax credits do not constitute public funds. And number four, the *Es-- Espinoza v. Montana Department of Revenue* decision reinforces the state's existing jurisprudence prohibiting the state from excluding religious options for families in generally available scholarship programs. Nebraska's Blaine Amendment prohibits appropriations to sectarian schools. This program would make appropriations to families, not schools. Either way, the Supreme Court held in *Espinoza* that it would be unconstitutional not to include religious schools in an otherwise available educational choice program. The Supreme Court's ruling in *Espinoza* confirms that Nebraska's Blaine Amendment may not be used to invalidate-- invalidate a tax credit scholarship program, or any educational choice program, for that matter. IJ strongly believes all parents, regardless of means, should enjoy the freedom to choose where and how their children are educated. Just like educational choice programs do in 29 other states, D.C., and Puerto Rico, a tax credit scholarship program in Nebraska would grant students the ability to pursue the education that will best serve their academic needs. I ask you to ask-- or excuse me, I ask you to grant Nebraska students the same opportunity as all those students

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LINDSTROM: Thank you, Ms. Engen. Any questions from the committee?
Senator Briese.

BRIESE: Thank you, Vice Chair Lindstrom, and thank you for your
testimony here today. You started out with a couple of main points,
but on the second main point and then the second smaller point there,
could you expand on that? When you said it's been-- these private
schools have been shown to benefit public school students, can you
expand on that briefly?

RACHELLE ENGEN: Yeah. So when students participate in private school
choice programs, essentially it's a competition. And, you know, like
almost everything else in our society-- society, there's, you know,
competition and we prohibit monopolies except for in the education
space. And so it prompts the public schools to step up, if you will,
because for the first time the schools have to answer to parents and,
you know, they have the threat that their kids are going to leave. And
there is significant research and it shows that, you know, researchers
that are much smarter than myself have proven that that actually does
happen and the public schools do improve.

BRIESE: OK, very good. Thank you.

RACHELLE ENGEN: Yeah.

LINDSTROM: Thank you. Senator Albrecht.

ALBRECHT: Thank you, Vice Chair Lindstrom. And thank you for being
here today. You said 29 states have some sort [INAUDIBLE] like this,
or are they all pretty much kind of in lockstep, the same, or how are
they?

RACHELLE ENGEN: So--

ALBRECHT: Do you follow them around the country?

RACHELLE ENGEN: Yeah. So, 29 states, D.C., and Puerto Rico have a
private school choice program. And when we talk about private school
choice programs, we're talking about mainly four types of programs:
tax credit scholarship programs like the one you all are considering;
publicly funded scholarship programs, or vouchers, as they're often
called; education savings account programs, which can be funded either
publicly or privately, that are essentially like an HSA account, if

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you will, but for education, you get to-- an education debit card or something of the like that you can spend on a variety of things like tuition, tutoring. It-- they're very popular with special-needs kids because you can get therapies with it. And then the fourth type of program is an individual tax credit or deduction program, so that would be if-- if you all gave individual taxpayers a refundable tax credit for the cost of tuition.

ALBRECHT: OK, thank you very much.

LINDSTROM: Thank you. Any other questions from the committee? Seeing none, thank you.

RACHELLE ENGEN: Thank you.

LINDSTROM: Good afternoon.

JEREMY EKELER: Thank you. Thanks for having me today. My name is Jeremy Ekeler, J-e-r-e-m-y; Ekeler is E-k-e-l-e-r, and I'm the associate director of education policy for the Nebraska Catholic Conference. Nebraska-- Nebraska Catholic Conference advocates for the public policy interests of the Catholic Church and advances the gospel of life through engaging, educating, and empowering public officials, Catholic laity, and the general public. I'm here today on behalf of the Nebraska Catholic Conference in support of LB364. I have worked in Catholic schools for 18 years. The past six years I served as a principal of a pre-K through 8 grade school with 400 children here in Lincoln. As a matter of fact, the program that Maria was talking about, the dyslexia program, was the one that I helped to build. The focus of my testimony will be something that is pretty boring, but it has bothered me for years, and it is the falsehoods around the accountability of Nebraska nonpublic schools. As I've listened to arguments, for and against, a parent's inherent right to choose the best school for their child, I am bewildered by claims that our private schools are somehow inferior, lacking accountability, or not receiving proper oversight. For years, I've heard these false claims from people who have spent little to no time in our schools. I've spent almost two decades in them, like to talk about it. So it's not exciting testimony, but it is necessary. There's two types of schools that we're talking about here. One is approved. An approved school meets the requirements for operation according to the NDE's Rule 14. Approval is a way to respect autonomy and unique nature of a nonpublic

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school while still providing oversight. Accredited schools are those meeting additional requirements according to the standards of NDE Rule 10, so though approval status is the right fit for some Catholic schools in Nebraska, in general, our schools are fully accredited by the NDE. As a matter of fact, the Archdiocese of Omaha is the state's third-largest education system. All of its schools are accredited. In short, with 110 Nebraska Catholic schools, focus on local control, with the help of supporting central office, the difference between approval and accreditation is about type, not quality. I'd love to direct you to the second packet, and it has a map, and it can show you where all these schools are located, so you can kind of check your district and your schools. I'd also direct you to these checklists. These are the checklists of standards from the NDE that we focus on in our schools. This-- you can look at that now or you can use it to get to sleep later tonight with some reading. But the point is, we've got a load of regulations that we work through. And actually, if you turn to page 3 of the package you're on now, we could talk about mandatory teacher certification, administration certificates. We could do buses, guidance counselors, norm referencing, criteria reference testing. If I had five minutes-- if I had five hours, I could walk you through all of these. But the point is, our schools are absolutely quality approved and accredited, and I-- it's one of the things I want you to hear, one of the last things I want you to hear, as a matter of fact. All this accountability is accountability to state standards, both public and nonpublic schools. That's important, but it's not as important as the type of accountability that comes from families and serving families and children. That's the type of accountability we're talking about. With nearly 40,000 students in nonpublic schools in Nebraska, we know there are more people hoping for this opportunity because our schools answer the call. So I just-- I see my light went off, so just wanted you to-- to consider LB364. I wanted to address some of the falsehoods that I've heard the last few years about accreditation and approval. So thank you for your-- for your time here.

LINDSTROM: Thank you. Thank you, Mr. Ekeler.

JEREMY EKELER: Yeah.

LINDSTROM: Any questions from the committee? You did a good job.

JEREMY EKELER: Well, guess I gave you some homework. All right.

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LINDSTROM: Thank you for your testimony.

JEREMY EKELER: You all have a great evening.

***KAREN BOWLING:** Senator Linehan and members of the Revenue Committee, I am Karen Bowling, Executive Director at Nebraska Family Alliance (NFA) submitting written testimony in support of LB364 on behalf of NFA and ask that it be included in the public record and on the Committee statement. Nebraska Family Alliance is a non-profit policy research and education organization comprised of thousands of individuals, families, and faith leaders who support school choice. A child's zip-code should not be the sole determining factor for where they are educated. Just as different kids have different needs, different students perform better in different learning environments. We believe parents, not the government, know what is best for students' educational and individual needs. Opportunity Scholarships are a critical means of helping low-income families secure the best education for their children, narrow the achievement gap, and provide an equal playing field regardless of socio-economic status. LB364 does not divert any public money away from public schools. Rather, it incentivizes private dollars to be turned into private donations for school scholarships. Tax credit scholarship programs have been successful in many states and at least 18 states provide students with the opportunity to attend schools other than their nearest public school. Our neighbors: Kansas, Iowa, and South Dakota who implemented Opportunity Scholarships have saved \$1.7 to \$3.4 billion to date. • In Iowa, Opportunity Scholarships have saved at least \$280 million since their enactment in 2006. • A nonpartisan analysis from the Florida Legislature's Office of Program Policy Analysis and Government Accountability found that for every \$1 in education tax credits offered, taxpayers saved \$1.49 in education costs. • A review of Arizona's Department of Revenue figures showed that Opportunity Scholarships are saving public schools over \$240 million a year. School choice programs put power back in the hands of parents, where it belongs. LB364 will empower more families to best meet the educational needs of their children and achieve the educational outcomes they desire. These programs are popular because they are effective. Research on these programs reveal they offer families improved access to high-quality schools and improve participant test scores and attainment outcomes. Similar programs have helped schools become more racially and ethnically diverse and improve the civic values and practices of participating students according to a 2019

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research analysis done by Ed Choice. We respectfully ask the Revenue Committee to advance LB364 and give every Nebraska child a chance to learn in the environment which best gives them the opportunity to thrive.

***ROBERT ZIEGLER:** Madame Chair Linehan and Members of the Revenue Committee, Due to the weather this week my schedule has changed, and I will not be able to come and testify before the committee in person. Please submit this letter as my testimony. Thank you for your service to the State and for the opportunity as a citizen to participate in the democratic process with the work of the legislative branch. In my district, the LCMS Nebraska District we have: • Number of Lutheran Schools: Early Childhood Centers 34, Elementary Schools 32, High Schools 4, Total 70 • Students Enrolled: Early Childhood Centers 3058, Grades K-8 3048, Grades 9-12 644, Total 6750 • Number of Teachers: Early Childhood 142, Elementary 233, High School 74, Total 449 I am the Superintendent for the non-public Lutheran (LCMS NE District) schools and the President of the District Richard Snow who is a Pastor. "We believe God created the family unit and the parents are the primary educators of their children. The parents should be free to choose the school entity they feel best meets the needs of their unique family and children." "Prior to returning to Nebraska, for 16 years, I was a Principal at one of our Lutheran Schools in Florida. In that state we were able to serve many children and families who struggled with poverty to have a choice and through the tax credit scholarship program enroll them in our Lutheran school." "The Lutheran Schools in Nebraska could serve those children and families who struggle with poverty in greater numbers in Nebraska if this bill was passed. The Florida legislation has stood the test of time. It has stood through implementation and the judicial system review process." "Tax credit programs are one form of school choice options. We believe that tax credit scholarship programs give choice to corporations to save the state money because annual tuition at a parochial school is typically less than the per-pupil cost at public schools. This is shown through a nonpartisan analysis of the Florida Tax Credit Scholarship Program. By the Office of Program Policy Analysis & Government Accountability an office of the Florida Legislature Report #08-68. It reported that for every \$1 spent on the tax credit program, Florida taxpayers saved an estimated \$1.49." School Choice Week website noted that, "As research shows, empowered parents who choose the educational environment they believe work best for their kids are

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more likely to see their children succeed and furthermore, graduate from high school. Every child is unique, and students thrive when they're matched with learning environments that meet their individual needs." On behalf of the 240 LCMS Congregations and 70 schools I respectfully urge your support of this legislation. Thank you for your time and consideration of our position.

***ADAM WEINBERG:** Dear Chair Linehan, Members of the Revenue Committee, and Committee Staff: Please accept this letter of SUPPORT for LB364 with our thanks for your continued consideration of an Opportunity Scholarships program in Nebraska. The COVID-19 pandemic has underscored the need for Nebraska families to have the necessary assistance to provide their children with an education that meets their individual learning needs, regardless of income or area of residence. Over the years, legislative debates about education choice have often been divisive. But if we removed the labels and assumptions about each side, it's clear the Legislature is capable of a compromise including Opportunity Scholarships. Last year's adoption of LB1107 is instructive. The fiscal impact of these programs is many times greater than the Opportunity Scholarships Act, and yet senators put aside their differences to reach final passage. Just as those programs may aid businesses, taxpayers, and Nebraska's health system, LB364 can be equally transformational for students receiving a scholarship. According to the Florida Department of Education, more than 111,000 low-income students were enrolled in that state's tax-credit scholarship program in the 2019-2020 school year, 67% of whom are reported to be Hispanic or African American. A randomized survey of 808 parents whose children participated in this program expressed a 97% satisfaction rate. A tax-credit scholarship program is one way Nebraska can compete with faster-growing and more diverse states, providing economic empowerment and quality of life amenities for the very families we must attract and retain to prosper in the 21st century. We thank you for your efforts.

LINDSTROM: Any other proponents? Seeing none, I do have some written testimony that was dropped off for proponents. That is Adam Weinberg with the Platte Institute; Robert Ziegler with Nebraska District Lutheran Schools; and Karen Bowling with Nebraska Family Alliance. We'll give people just a second. We're going to move to opponents of LB364.

ALBRECHT: We should take a break.

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_____ : Mr. Chairman--

ALBRECHT: I think we should take five.

_____ : We take a five?

LINDSTROM: Take a five? OK, been a request from the committee to take
a-- just a quick five-minute break, so get comfortable. We'll be right
back. So we'll start back at 3:25.

[BREAK]

LINDSTROM: OK, Grant, are you ready?

GRANT LATIMER: Yep.

LINDSTROM: OK, we'll resume the hearing here. And we've now moved on
to opponents, so whenever you're ready, we'll begin.

RENEE FRY: Great. All right, thank you. Good afternoon, members of the
Revenue Committee. My name is Renee Fry, R-e-n-e-e F-r-y, and I'm the
executive director of OpenSky Policy Institute. I'm here to testify in
opposition to LB364 for several reasons. First, scholarship tax
credits enhance a tax benefit of donating to scholarship-granting
organizations, as opposed to tax deductions for other types of
charitable purposes. So if a couple, for example, makes a \$10,000
donation to Holy Name in Omaha, their tax benefit will be \$684
dollars, the amount of their donation multiplied by their tax rate,
assuming that they are taxed at the top rate of 6.84 percent. However,
under LB364, the couples' tax benefit for donating to a
scholarship-granting organization would be \$10,000, or 14.5 times
greater than it would be for donating to Holy Name. Since there aren't
any limits in donation amounts, as long as there are enough credits
available, a corporation with income tax liability of a million
dollars could make a donation to a private scholarship-granting
organization of \$500,000 and receive a \$500,000 tax credit.
Additionally, LB364's tax credit would be unusually generous compared
to other programs of its kind. While 18 states currently have
scholarship tax credit programs, only one other state, Louisiana-- in
Louisiana, could the couple in the previous example receive a \$10,000
tax benefit for their \$10,000 donation. You heard some information
about how LB364 would result in savings to the state. A report from
Florida, I know, was mentioned earlier. I would just cut to the chase

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and say that they assume that 90 percent of recipients switch because of the program from private school-- or from public school to private school, which would be really unlikely. And they admit that in their appendix, that they actually have no basis in which to estimate how many students actually switch. And they also admit that the program breaks even at 60 percent and costs the state money at 50 percent and below. This is important because if the scholarships are going to kids that would have gone to private school anyway, the state won't be able to reduce any public school expenses. The credit can only result in savings if a significant number of public school kids transfer to private schools in a way that would reduce public school expenses. There is also a report in 2016 from Arizona that found private school tax credits claimed grew far faster than state revenues or the state economy. We would see that in Nebraska, as well, as this credit is designed to grow by 25 percent per year, potentially costing the state more than \$90 million annually by 2032 and over \$1 billion by 2043, assuming that it's fully utilized, Florida's tax credit scholarship program uses the same guidelines and percentage to grow its credit, which is increased to a cap of \$873 million for the FY '20-21 fiscal year. In contrast, this program grows by 25 percent a year. We had a lot of conversation in the committee yesterday about keeping costs low for political subdivisions. The state, over the last five years and with the next-- upcoming two-year biennial, we are projected to grow TEEOSA by an average of 1.34 percent, in contrast to 25 percent under this bill. With that, I'd be happy to take any questions.

LINDSTROM: Thank you. Any questions? Senator Pahls.

PAHLS: I have a question, because you're throwing an awful lot of information at me and I--

RENEE FRY: Yeah.

PAHLS: --have to digest it all, to be honest with you. Could you support this if the dollar amounts were different?

RENEE FRY: So fundamentally, we have an issue with tax credits. There's--

PAHLS: All tax credits or just this tax credit?

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RENEE FRY: Pretty much all tax credits. We-- we submitted a letter of opposition to LB69 this morning, for example. The reason we generally have an opposition, and I won't say with 100 percent that we would oppose all tax credits, but there is a lack of transparency with tax credits. They're not run through the appropriations process like other spending bills, so it's very difficult. There isn't the same analysis and debate going into whether we should continue to fund that program because there's no required look to see, OK, what is happening, what's the ROI. There isn't a hearing every two years to look at the program. And so we would have-- we would have a different conversation. I think we'd still have concerns about this if it were an appropriation, but fewer concerns. If it were a direct appropriation to low-income students, that would be a different conversation. In this case, this is a really gen-- very generous tax benefit for wealthy benefactors. And again, it's not transparent, and-- and those are some of our concerns, but they're pretty multifaceted.

PAHLS: Yeah, right, and I understand. But I heard you say that if we gave money to the low-income individuals, you'd be--

RENEE FRY: It dep-- it would depend on the entire program. But, look, I mean, we support and want to make sure that low-income children in this state are thriving. Honestly, if we really want to help low-income kids, I would recommend that we be spending more in our public schools to help those 325,000 students and really spend more in where there's concentrated poverty. I mean, I think you heard a lot of great stories about what the Catholic schools are doing, but they're able to do that because of small class sizes. The public schools don't have that same luxury. They don't-- you know, they have limited funding. We had a lot of conversation about that yesterday. And so those stories we heard, while very compelling, were-- were comparing apples to oranges. So we'd rather see, if we're going to spend \$100 million, let's actually invest it in our public schools, where you have high levels of con-- high levels of poverty, and see what they're able to do and reach a lot more students doing that.

PAHLS: OK, so you're telling me that-- you say class size is the re-- one of the reasons why they're successful. I was impressed with one of the-- the schools that came in front of us today. But you're-- you're attributing a lot of that to class size.

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RENEE FRY: I mean, they talked about how they have smaller classes,
they have wraparound services. They're also able to contract with OPS
to provide special education needs, which are taxpayer funded, right?

PAHLS: Well, that's a federally required, I think.

RENEE FRY: But-- but it's still at a taxpayer expense, right? So
that's not-- that's something that OPS is still providing to those
students, so--

PAHLS: Do you know the class size of OPS? Do you have any idea of
the-- of the--

RENEE FRY: No, I think there's someone from OPS here that can speak to
that.

PAHLS: OK, I would like to know in those-- in those areas of O-- of
Omaha that have a high concentration, if they have large class sizes
or small class, I mean--

RENEE FRY: Yeah.

PAHLS: --if that's what you say is the major thing.

RENEE FRY: I-- it's a contributing factor. There are several factors,
and my biggest concern is that you-- you are-- and when I went-- went
back and read the transcript from a couple of years ago on this, I
thought that there was-- there was someone who came and testified in
opposition who came from another state where they had these tax
credits. And it was really compelling testimony that she brought
because she talked about how-- how those students who could pull-- you
know, students [SIC] will pull their kids out, and the kids who are
left in their public schools in that commun-- in that particular
community were the ones that, you know, may not have had the parental
support, may not have had the transportation, and actually really
harmed the public schools and the quality of education for those
students that were left, which is, again, why, if we really want to
reach low-income students in our state, let's in-- make investments,
particularly in areas of high concentrated poverty in our public
schools, and start there.

PAHLS: And we're not doing that now?

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RENEE FRY: Well, again, so TEEOSA is growing an average 1.34 percent over that seven-year period, the last five years, and then the upcoming biennium.

PAHLS: OK.

RENEE FRY: And so-- and we had a lot of conversations. There's a lot of scrutiny about-- about spending in our public schools, a lot of conversation about that yesterday, right? So--

PAHLS: OK.

RENEE FRY: --you know--

PAHLS: Thank you.

LINDSTROM: Senator Briese.

BRIESE: Thank you, Vice Chair Lindstrom. And I was going to ask the very same question that Senator Pahls started out with, you know, if the numbers were changed, if the formula was changed, if you would support it. Doesn't sound like you would. You said go straight to-- straight to students with it. So would you support a voucher system for private schools?

RENEE FRY: No, I'm not very familiar with vouchers. That's not an area that we've really looked at. We focus-- you know, this is on our radar because it's a tax credit, right?

BRIESE: OK.

RENEE FRY: And again, it has-- there are a lot of issues with it, though, in terms of, again, it's very lucrative in terms of being 100 percent credit, a dollar for dollar.

BRIESE: OK.

RENEE FRY: And so, you know, again, what we see and what our concern is that this-- the folks that came here earlier and testified, very compelling, but they're already funded, right? Those programs are funded. And so we're skeptical that this is actually going to support-- you know, we know that a lot of kids who are already accessing private education, that this is going to-- this is going to

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pay for-- use public dollars to pay for what's being done privately
now, so that's a big concern for us, right? Because again, you know
that our budget is not finite, right?

BRIESE: OK.

RENEE FRY: And so we have to make these tough choices and these
tradeoffs. And so we're concerned about-- about funding a separate, a
second school system, right? Especially if we're neglecting it, the
public school system that we have now.

BRIESE: So your objection is more than just--

RENEE FRY: Yeah, it's--

BRIESE: --a natural reluctance to look at tax credits.

RENEE FRY: It's-- it's more than that.

BRIESE: OK.

RENEE FRY: It's how it's structured. It's the--

BRIESE: What-- what do we spend on public education, K-12 education in
Nebraska per year?

RENEE FRY: Oh, gosh, that is a great question.

BRIESE: Four-- \$4 billion, \$4 billion-plus?

RENEE FRY: I don't know the--

BRIESE: Probably \$4 billion.

RENEE FRY: I'm sure Connie [PHONETIC] would know off the top of her
head.

BRIESE: Yeah.

RENEE FRY: I don't know. It's quite a bit,

BRIESE: Yeah, and this \$10 million we're talking about now would be,
what, a quarter of 1 percent?

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RENEE FRY: It would grow to-- grow to close to \$100 million in ten
years. And so-- but--

BRIESE: If it wouldn't--

RENEE FRY: Yeah.

BRIESE: If it wouldn't grow so fast, would you be more comfortable
with it?

RENEE FRY: It's still going to take resources from other areas of the
budget, right?

BRIESE: Yeah.

RENEE FRY: Unless we're willing to raise taxes somewhere, it's funding
that we can't use for our public schools or for other services. And so
we have concerns, again, about using taxpayer dollars to subsidize a
second, you know, a second school system.

BRIESE: OK, thank you.

LINDSTROM: Senator Albrecht.

ALBRECHT: Thank you, Vice Chair Lindstrom. Thank you for your
testimony. I'll have to look at all the numbers. Those are really hard
and fast, and I'm a new kid on the block. But when you talk about
TEEOSA not growing enough, when you come from a rural area where I
come from and one school gets the big TEEOSA funding and the rest
don't--

RENEE FRY: Sure.

ALBRECHT: --that's an issue for me. But it's also an issue for me when
you talk-- we're just talking about kids with free and reduced lunches
that are going to get this opportunity. And what do you say to the
parents that are looking for more of a faith-based school upbringing
or if their child's been bullied in the public schools or if they have
learning disabilities and they don't seem to be-- they're-- they're
kind of stuck in one school system and they can't get what they need.
This is what this is about. So to me, you know, when you-- you can run
through all the numbers that you want, but I'm here to tell you, I'm
going to look at all of this and I want to hear from everyone. But--

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but just because TEEOSA funding is-- is the-- there's a lot of
different avenues of income that schools get. And I'm anxious to-- to
learn today about what's going on, but we have a lot of other things
that we also have to take a look at in situations like this. So thanks
for your testimony.

RENEE FRY: Sure. So-- so we have looked and there are a lot of--

ALBRECHT: I didn't ask you any questions. That's all right.

LINDSTROM: OK, we'll just stop there. Senator Friesen.

FRIESEN: Thank you, Ms. Fry. So there's been a lot of discussion on
how this is going to save public schools money down the road. Could
you expound on that a little bit, what you've--

RENEE FRY: Yes.

FRIESEN: --said in that report?

RENEE FRY: Sure. So-- so these reports, it's true. Florida, there's a
report from Florida that's cited pretty regularly. There's a report
from Iowa that's cited pretty regularly. And they have been criticized
by some academic scholars who aren't part of the sort of ed choice
network or their pro-school-choice network. And the fundamental
problem is that they're estimating, because, again, to save the state
money, you have to have enough kids who are switching from public
school to private school, right, in order to save the state money
because the schools have fixed costs, right? And so in these reports,
they estimated that 90 percent of students in the Florida report
switched, but they said that the program would actually break even at
50 percent. And so what happens, if you think about your public
school, right, in order to save money, the school has fixed costs,
right? You still have to have a teacher in the classroom. You still
have to have a roof over the-- you know, over the school building. You
have these costs that you can't change, right? And so in order to
reduce your fixed costs, like teachers, you would have to have enough
students leave one school building to be able to reduce a teacher from
that-- you know, a teacher from that building. And unless you're able
to have enough kids from-- from the same school building who leave
that you can reduce your fixed costs, you're not going to be saving
any money. And so there-- so these-- these studies are flawed because

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they're estimating a very, very high percentage. They're assuming that all of, you know, 90 percent of students are leaving the public school or getting these scholarships and wouldn't have gotten them otherwise, but in reality, you would have to have a huge number of students who would have to leave from a single school building, go to the private school, to actually save taxpayer dollars.

FRIESEN: So are there-- are there a lot of empty seats in the private school? I'd-- anybody-- OK, because they--

RENEE FRY: I-- I-- I don't know the answer to that. It--

FRIESEN: --unless there's empty seats, somebody's going to have to spend a lot of money.

RENEE FRY: Right, and you heard today, I think, from one of the-- one of the proponents who was talking about they might build another building, right?

FRIESEN: OK.

RENEE FRY: So--

FRIESEN: OK, thank you.

LINDSTROM: Any other questions? Senator Bostar.

BOSTAR: Thank you, Senator Lindstrom. Thank you for your testimony. I just-- just to follow up on Senator Friesen's question, you-- you mentioned that some of the flaws in these other studies are related to assumptions that were made in the compilation of their research. How-- I'm-- I'm trying to understand why it would be necessary to make assumptions, so, you know, say Florida or Arizona or-- or any of these states that have-- that have taken this step, can't you-- isn't it-- isn't it apparent what their school budgets are, how much they're spending on what? I mean, does it-- do we-- does it have to be an assumption or can we look at what a-- what a school district in Florida was spending before something like this happened and after and-- and dig down? I mean, is that-- and I don't know. Maybe-- maybe what I'm trying to-- to find here is a fantasy, but tell me if I'm wrong.

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RENEE FRY: No, you're absolutely right. Like in Iowa, in the-- there was a report finding that Iowa saved money, and there was an assumption when the bill was passed that enrollment in public schools would go down and that would save the state dollars. They actually didn't see that. And part-- part of the challenge-- I mean, I think you're right that you could look at the before and after and-- and do some basic math. Right? But there's been really poor data collection from these scholarship-granting organizations. So, for example, again, in Iowa, they had really incomplete data when they did this analysis, and so they had to make a lot of assumptions because they didn't have the data. And you see that like in the Arizona program. So, again, to Senator Albrecht's point, you know, there was so much fraud that took place in the Arizona program, that was true in the Georgia program, where they actually didn't see that low-income kids were being helped. Even though the statute actually required these scholarships to go to low-income kids, they actually found that they were going-- there was a-- like a four-part series that a newspaper dug into and found lots and lots of fraud and malfeasance. And these scholarship-granting organizations weren't keeping the data. They did find that scholarships were going to high-income students. There were things like-- you can't designate under the bill, right, that money go to a particular kid, but so they were recommending it to get around it. And so-- so the-- the data hasn't been very good, it hasn't been collected, it isn't consistent, so it's been difficult. They're making assumptions. I think it's a fair point that you could look at the before and after and-- and do some basic math. And I know that, again, in Iowa, that was-- they had indicated in the fiscal note and the legislature said, we're going to see savings because the public school enrollment is going to go down, and it didn't.

BOSTAR: So that-- the basic public school enrollment numbers exist in the public for these other states. Thank you.

RENEE FRY: You're welcome.

LINDSTROM: Any other questions from the committee? One quick question.

RENEE FRY: Sure.

LINDSTROM: We heard today from the proponents that we're one of three states that don't have something like this. Why do you think that is?

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I mean, 47 other states have it. We don't. What do you attribute that
to?

RENEE FRY: You know, I-- I-- I don't know the answer. I can tell you
that people really are proud of their public schools in Nebraska and
when we've done polling and that sort of thing and you talk about-- I
mentioned this yesterday-- polling of people and you-- you ask them,
would you be willing to pay more in taxes if it goes to K-12
education, and a majority say yes. So people are really proud of their
public schools. I think people feel like they get a really
high-quality education in their public schools. I know when I've
talked to people at the chambers, they-- it is a selling point. When
they're trying to recruit a business here, they say, look, you can put
your kids in public school here. When I was-- worked at the Med
Center, I would talk to researchers who came here from other states
and they felt like they won the lottery because all of a sudden, they
aren't spending \$30,000 to put their kid in a, you know, a middle
school or a private middle school or high school. But they-- we have
these great, great, fantastic public schools and they-- and again, I
was-- had this conversation with this researcher who came from
California and he had two kids in Westside and he couldn't be more
thrilled, and then they went to the University of Nebraska, and he
just felt like, you know, that Nebraska is the greatest place on earth
because you put your kids in public schools and get a high-quality
education. And I think that's probably one of the reasons we don't
have these other-- these other programs that would take money away
from the public schools.

LINDSTROM: Any other questions from the committee? Seeing none, thank
you.

RENEE FRY: Thank you.

LINDSTROM: Good afternoon.

JACK MOLES: Good afternoon. Good afternoon, Senator Lindstrom and
members of the Revenue Committee. My name is Jack Moles; that's
J-a-c-k M-o-l-e-s. I'm the executive director of Nebraska Rural
Community Schools Association, also known as NRCSA. And for those of
you who don't know, NRCSA is a group made up of 213 entities; 197 of
them are rural public schools. We have 13 educational service units,
and then 3 colleges have joined us, and we represent almost 83,000

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rural school students. So not only am I speaking on behalf of NRCSA today, I'm also speaking on behalf of the Nebraska Council of School Administrators and Schools Taking Action for Nebraska Children's Education, also known as STANCE. Now, on behalf of these organizations, I would like to speak in opposition to LB364 and want to base this on-- a couple of years ago when we were talking about LB670, it was suggested to me that \$10 million is not that much money in the scheme of things. At the time, we were talking about a multi-multimillion dollar property tax relief and public school funding bill, and so the \$10 million wasn't that much. And as I look at it, though, if you take the mechanism that allows it to grow annually, the \$10 million, all of a sudden, at the end of ten years, is over \$330 million that the Unicameral would not have accessed in-- in funding or income taxes. That's-- that's a big number. OK. When 160 of our public schools don't receive any equalization aid, we don't-- we do believe-- or do not believe that reducing potential state funds in order to support this program is the best revenue choice that you could make. The Unicameral has programs that need to be addressed, such as property tax relief, public school funding, the prison system, and the effects of COVID, and all those need funds at a time in which more is needed, not less. And in spite of those issues, our biggest concern is the philosophy of using state revenues to support private schools. And private schools have a role in our state, but we don't believe they should be paid for by our state or supported financially by the state. I see my light's on, so I-- I'm going to stop there and answer any questions you may have.

LINDSTROM: OK. Thank you, Mr. Moles. Any questions from the committee? Senator Briese.

BRIESE: Thank you. Thank you, Vice Chairman Lindstrom. And thank you for your testimony, Mr. Moles. But you talk about the growth of \$10 million escalating to X amount of dollars. If that growth was slowed down or if we were talking about less money, would you be more comfortable with this?

JACK MOLES: In philosophy, no.

BRIESE: OK.

JACK MOLES: And our philosophy is that public schools should be supported by the public funds.

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BRIESE: OK.

JACK MOLES: But, yeah, I see what you're asking, and philosophywise,
no.

BRIESE: Yeah, and I-- and I understand principles of equity and
fairness oftentimes don't get much traction in this body. But, you
know, these parents that choose to send their children to private
schools, they're paying property taxes and income taxes, sales taxes.
They're contributing to the tax base, I know, and-- and we're talking
about \$10 million relative to \$4 billion. Again, a quarter of 1
percent, that's very problematic in your mind.

JACK MOLES: Well, \$10 million the first year.

BRIESE: Yeah, and that's why I say, if we'd slow that down--

JACK MOLES: Well, but as you get-- get out there further, you know,
it's-- I-- I can't remember what year I came up with-- 11 or 12, it's
over \$100 million.

BRIESE: Sure. OK, thank-- thank you.

JACK MOLES: Yep.

LINDSTROM: Any other questions? Senator Friesen.

FRIESEN: Thank you, Chairman Lindstrom. So you have mostly rural
schools, which more would-- I would be at. So are there private
schools alongside all those public schools in the rural areas?

JACK MOLES: No, and that-- that would-- you know, as you look at-- you
know, Senator, you've talked about having access to the-- to the
private schools. There's a lot of places would not have access to the
private schools, especially as you get further west.

FRIESEN: So do-- do any of the public schools that you know of furnish
SpEd needs of those private schools?

JACK MOLES: Yes, they do.

FRIESEN: So do you furnish all of that or how do you-- how does that
programming--

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JACK MOLES: No, I-- in fact, I believe and I-- I don't know this factually, but I'm pretty sure that some schools have started their own special ed programs because they had enough kids to do that with.

FRIESEN: But do-- do these private schools approach the public schools in order to get the SpEd funding because you're required to provide it?

JACK MOLES: Um-hum. I believe that's what happens. I know in the situation I was in, we had a-- had a private school and worked together with them on-- on the title programs and on special ed, if-- if it was requested.

FRIESEN: OK. Thank you.

LINDSTROM: Thank you. Any other questions from the committee? Senator Pahls.

PAHLS: Yes, thank you. I'm-- I'm thinking about it for the west. Are the ESUs involved with some of those services? Because, I mean, I know that they need psychologists at times. Are the private schools-- do they have access to those?

JACK MOLES: Yes. In fact, most of the-- well, I think all the private schools usually are invited to take part in the sessions at the ESU and talk about, you know, how you would access the-- the services [INAUDIBLE]

PAHLS: But if I need a speech therapist on someone and the ESU happens to have one, would-- would my children have access if I were a principal in one of those other schools, private schools?

JACK MOLES: I know the ESU I was in, yes, that was what--

PAHLS: OK.

JACK MOLES: --that was available. I-- I think that's probably the case for all of them--

PAHLS: OK.

JACK MOLES: --but I-- I don't know that for sure.

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PAHLS: Thank you.

LINDSTROM: Any other questions? Seeing none, thank you.

JACK MOLES: Thank you.

LINDSTROM: Good afternoon.

SHAVONNA HOLMAN: Hello, good afternoon. Vice Chair Lindstrom and members of the Revenue Committee, my name is Dr. Shavonna Holman, spelled S-h-a-v-o-n-n-a H-o-l-m-a-n, and I am the president of the Omaha Public Schools Board of Education and also a parent of a child attending OPS. I am appearing before you today on behalf of Omaha Public Schools and on behalf of the Nebraska Association of School Boards in opposition of LB364. Omaha Public Schools is the largest district in Nebraska, serving a diverse population of more than 52,000 students who speak 119 different languages. The community we serve and the staff who deliver each and every day illustrate the incredible opportunities and vital importance of public schools across our state. We oppose LB364, which authorizes the creation of Opportunity Scholarships for students who attend private schools in Nebraska. Beginning in 2022, LB364 would annually divert \$10 million dollars from General Fund by granting tax credits to those who attend private schools. This bill also lays out a structure for additional funds to be diverted after 2022, depending on participation in the tax credit program. This is one of a number of proposals before the Legislature that would make resources scarcer for our future's most important asset, the students and children with whom we serve. I understand that the Governor has also proposed to fund scholarships for low-income students to attend private schools at \$2 million annually in his biennial budget. These are clearly proposals to use public taxpayer dollars for private school education. Whether a student arrives at our public schools ready for enriched learning opportunities or needs additional supports to first learn English-- the English language, we meet all students where they are and partner for success. This year we are launching our strategic plan of action to guide the next five years of our collective work. A key component of that is our foundational commitment to literacy. From professional development to staff to direct support to students of families, literacy unlocks the opportunities to learn across every subject. We are excited to see how that focus fosters greater success for our young people. To best prepare every student, through our strategic plan of action, we have

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developed a turnaround model to deliver intensive supports for our school communities and the biggest opportunities for growth. Public schools have an exceptional opportunity to cultivate a strong future for Nebraska, with a skilled workforce, engaged citizens, and thoughtful community leaders. That requires a strong foundation in core skills, like literacy, with opportunities to pursue their individual interests and explore career opportunities before graduation. Our dedicated staff is making that happen for 52,000 young people. It shows that public schools are the best investment to reach the largest number of students. For these reasons, the Omaha Public Schools and our colleagues at the Nebraska Association of School Boards remain opposed to LB364. Thank you so much for your time and I'll take any questions.

LINDSTROM: Thank you, Dr. Holman. Any questions from the committee?
Senator Albrecht.

ALBRECHT: Thank you, Chairman Lindstrom. And thank you for being here.

SHAVONNA HOLMAN: Yes.

ALBRECHT: Appreciate the comments. But I guess, do you feel like even the parents that enroll their children in private school and they're not low-income, they're not free and reduced lunch-type folks, do you believe that they also pay taxes, in addition to sending their children and paying the full tuition? You realize they pay taxes, too, so that's where I-- I'm kind of missing why we are thinking that those funds-- you know, if the Governor is pulling \$2 million out, I mean, those are the same people that are also paying taxes, regardless of whether their child attends a public school or a private school. So that is something that I don't think a lot of people think about with this, but thank you for--

SHAVONNA HOLMAN: You're welcome.

ALBRECHT: --your comments.

LINDSTROM: Senator Pahls.

PAHLS: Thank you. And if you can't answer, because I'm not trying to trap you here, but earlier we had the people who were proponents and one of the examples was the CUES school system, are you familiar with that at all, C-U-E-S?

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SHAVONNA HOLMAN: NO, I heard a little-- I watched the testimony a
little bit earlier today, so just from what I heard earlier.

PAHLS: OK, so you're like me. You-- I learned about it today. Again,
I'm not-- I'm trying to-- I'm really trying to-- I was impressed with
what they had to say. I know that you said you have over 50,000
students--

SHAVONNA HOLMAN: Yes.

PAHLS: --and they have over 500, so there is a difference there.

SHAVONNA HOLMAN: Absolutely.

PAHLS: But I also heard that there were a number of students who are
dissatisfied with the public schools, and Omaha being one of those,
but any-- any of the public schools. Do you-- do you see how you could
work with them for those students who-- that do not feel successful in
the public schools, If you could work with CUES? Because there are
some kids you want out, and for various reasons. To me, this would
seem like this could be a good tie-in with the Omaha Public Schools. I
don't know if I'm, you know, just talking to myself now, but I-- I
just-- I just think there's-- there's something if they have a good
program going and we have students who cannot for some reason make it
into public schools, if there could be a togetherness there, you know,
I would wish, if nothing else, that you-- when you go back, you talk
to the administration and see, hey, because maybe they are doing much
more than-- than you or I know. But I do see value in what they were
telling us. And I do-- I thank you for coming here today.

SHAVONNA HOLMAN: Thank you for your comments.

LINDSTROM: Thank you. Any other questions? Senator Flood.

FLOOD: Thank you, Dr. Holman, for coming, and thank you for your
service on the school board.

SHAVONNA HOLMAN: Thank you.

FLOOD: One of the questions I have, and isn't maybe even related to
this bill, but you're the president of the Omaha Public School Board?

SHAVONNA HOLMAN: Correct.

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FLOOD: OK. I can't imagine what it would be like to be the president of a school board with 52,000 students. How do you, as an elected official, and this is not any kind of-- this is not a trap or anything. How do you, as an elected official-- what-- how do you-- obviously, you represent your district, but are-- you have districtwide elections?

SHAVONNA HOLMAN: Yes.

FLOOD: So you don't have a subdivision?

SHAVONNA HOLMAN: I have a subdivision, yes.

FLOOD: Oh, you do? What's it like to-- to be in your role, especially as president of the school board, and try and have the future educational opportunities of that many students, you know, on your back? What's that like and what drives you?

SHAVONNA HOLMAN: You know, so I am very new at the presidency--

FLOOD: Yeah.

SHAVONNA HOLMAN: --was just elected here in January.

FLOOD: Congratulations.

SHAVONNA HOLMAN: But I have been on the board here for almost four years, and I have worked in education my whole entire life. I am a former educator for the Omaha Public Schools. I am a parent, like I've already stated, for a child in Omaha Public Schools. And I prepare future leaders that a lot of them go to work at the Omaha Public Schools or any of our other public school entities. And in my role as a president, I don't really feel it as being pressure because I'm doing what I love and I know that I have to make the decisions that are best for the children that we serve in our school district. Yes, we do have subdistricts that we each individually represent, but as a whole, we represent all students of our students-- excuse me, all students of our-- our district. So what's it like? It's a big job, but it's a great job. Can it be challenging at some times? Absolutely. But it's definitely worth every single challenge, every single day, in order to teach and reach every single one of our students.

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FLOOD: I appreciate that. One of the things Senator Pahls asked you, and I think this kind of goes to the same point, we heard from folks this-- this-- earlier this afternoon that they had working relationships with Omaha Public Schools and that they work back and forth. In the spirit of that, do you think there-- you think there's value in maybe more dialog on that front? It seems like everybody that testified, most of them were clear to say, I have respect for the Omaha Public Schools, I respect what they're doing, we work in-- hand-in-glove with the administrators. Your community is so much bigger than my community. It seems like a Rubik's Cube to try and figure it out. And this debate has been going on a lot longer than I've been back in the Legislature. But are there those dialogues between the public and private schools? Is there any formalized council that meets? Is there--

SHAVONNA HOLMAN: I can't say for certain that there is, but I can say that when students do transfer between, you know, there has to be some sort of dialogue just to get that next school prepared to-- you know, with regard to the student that it's going to be going to the-- to the school that the-- of the transition. And so I don't know for certain if there is dialogue on a daily basis or on a consistent basis, but that is something I can find out for you and provide that information for you at a different time, end of the week, if that will work.

FLOOD: No-- no rush. Thank you.

SHAVONNA HOLMAN: OK.

LINDSTROM: Thank you. Any other questions? Seeing none, thank you for your testimony.

SHAVONNA HOLMAN: Great, thank you so much.

LINDSTROM: Maybe we can have somebody else come up in the meantime. Thank you. Good afternoon.

SANDY WOLFE: Good afternoon, Senators. My name is Sandy Wolfe, and I'm the president of Norfolk Public Schools Board of Education. I'm in my-- I just was elected to my third four-year term. We don't have any term limits. And so I'm here to oppose LB364. Nebraska public schools serves nine of every ten students in our state, and they serve all students no matter their income, race, religion, or special needs.

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LINDSTROM: Sorry to interrupt. Could you please spell your name? I'm
sorry.

SANDY WOLFE: Oh, I'm sorry.

LINDSTROM: No, you're fine.

SANDY WOLFE: S-a-n-d-y W-o-l-f-e.

LINDSTROM: Thank you.

SANDY WOLFE: Do you want me to start over or am I good?

LINDSTROM: You're good.

SANDY WOLFE: Keep cruising? OK. There is no other type of charitable
giving in our state that receives the kind of favorable treatment that
LB364 is talking about. And as we all know, I'm a pretty simple person
and there's this much money, and so that money is going to have to
come from somewhere. So where is that money coming from? In my
parallel life to school board, I'm also realtor. I am-- I own a real
estate company in Norfolk with my daughter. I'm the broker. So when I
show homes, one of the first questions that anybody will ask us is,
how is the public schools here? And I'm so pleased to say it's
outstanding. In fact, I went so far as to look it up and in U.S. News,
Nebraska's public education is in the top ten, which is outstanding,
especially when you know that we are supported 49th in the nation by
state dollars. I'm a graduate of Norfolk Public Schools, but I did
choose to send my children to Sacred Heart. We have great choice in
Norfolk. Not only do we have a great public school, we have great
Catholic schools and great Lutheran schools. But I made that choice to
send my kids to the school, and I paid for it, and I didn't expect it
to come from public school funds. I expected that I would pay for
that. And then when they got to an age, because my husband and I are
both graduates, we decided to send them back to public, and that's
what we wanted to do. We do partner with the parochial schools in
Norfolk very well. We do that by serving any of the students that they
have. And, yes, they are taxpayers, but, yes, we pay for all the
services, the special ed services and the Title I, at no cost to them.
And, yes, some of this money is federal and state grant money, but
it's money that we have used at the public schools with our personnel
to obtain these state and federal grants. This isn't just free money

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out there. You have to apply for it. I am so proud of Norfolk Public Schools and Nebraska public schools, and I pretty much think that you all agree with that sentiment, so please think carefully before you support LB364 because that money is probably going to come from our public schools.

LINEHAN: Thank you for your--

SANDY WOLFE: Questions?

LINDSTROM: Thank you for your testimony. Any questions from the committee?

FLOOD: Thank you.

SANDY WOLFE: Thank you.

LINDSTROM: Seeing none, thank you. Good afternoon.

ZACH BLACK: Hello and thank you. Members of the Revenue Committee, thank you for considering my testimony here today. My name is Zach Black. Today I come to you as a private citizen and a parent of our--

LINDSTROM: Could you spell your name for the record, please?

ZACH BLACK: --Lincoln Public Schools. Yes, my name is Zach Black, Z-a-c-h B-l-a-c-k, no relation to Jack Black. I-- I'm here to rave, as our last testimonial gave. We are thrilled with Lincoln Public Schools. My son Corbin [PHONETIC] who is in first grade, they are laying foundations for algebra, and that's not something I learned until fifth grade. That is tremendous to me. They have really harnessed the science for teaching reading, writing, math, and beyond-- first grade, first grade. I'm here to voice my concern and oppose LB364. I have serious concerns at the impact that it will have on our public education. As I mentioned, our public schools do a great job. Attendance is continually going up, costs are growing, and we are looking at funding another education entity with this bill. I assert that the \$10 million or more a year for this bill could be better spent in other ways to enhance our public education that exists in our state, rather than funneling it into other private, unregulated institutions. And I would say that we need more than just words that those are indeed regulated. There need to be a written assurance that those standards are applied to those same institutions. I have

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concerns about sending our tax dollars out of public oversight. I have no issue with other parents choosing to send their children to a private school if they choose. Even though they are taxpayers, they have that choice to go where they would-- where they would like to. But I do have a concern of subsidizing that tuition. LB364 does not include adequate protections for children, especially those with special needs. Under the law, private schools could deny admission to students based on any number of reasons or nonreasons. Private schools would be allowed to receive these dollars while being able to discriminate in their enrollment practices against students based on religion, gender, sex, identity, sexual orientation, or any other characteristics. Our experiences in public schools have shown us that they do wonderful work. It's important to me that tax dollars go to support that continued effort and serve all children. I oppose LB364 for this reason and I urge you not to advance it from committee. Thank you.

LINDSTROM: Thank you, Mr. Black. Any questions from the committee? Seeing none, thank you for your testimony.

ZACH BLACK: Thank you.

LINDSTROM: Good afternoon.

DAVE WELSCH: Good afternoon. Yes, good afternoon, Senators. My name is Dave Welsch, D-a-v-e W-e-l-s-c-h. I am a farmer, a 22-year member of the Milford School Board, currently serving as president. I'm here to testify in opposition to LB364 due to the simple fact that it would single out a very specific class of charitable donations and elevate them from being a tax deduction to being a tax credit. Let me explain the difference. This might be a little repetitive from other testimony, but I want to share it again. If I owe \$20,000 in state income tax and I make a \$10,000 charitable donation to a scholarship-granting organization, as proposed in LB364, then this \$10,000 donation is eligible to be a tax credit. So instead of paying \$20,000 to the state, I would only be paying \$10,000. In essence, the state is making the \$10,000 donation to the scholarship fund. On the other hand, if I make a \$10,000 charitable donation to the Milford Schools Foundation, which provides scholarships to college-bound seniors, then my donation is considered a tax deduction. Assuming an effective tax rate of 6 percent, my state income tax will be lowered by \$600, so I will pay \$19,400. This is a \$9,400 difference when a

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charitable donation is considered a tax credit versus a tax deduction. This is a major tax policy change for Nebraska. If you pass this bill, then we can all assume that every charitable organization in Nebraska will be lined up in the next few years, demanding that their donors also receive an income tax credit rather than a simple deduction. This will be very similar to when the state began collecting sales taxes back in 1967. Very few sales tax exemptions were granted in the early years of the state sales tax. But as time went by, more and more exemptions were granted. Due to these exemptions, the state is losing hundreds of millions of dollars in sales tax revenue. By passing LB364, you're setting the state up for the same type of erosion of future tax revenue. Do you want your legacy as a state senator to be the one who began a tax policy which escalated into hundreds of millions of dollars in lost state revenue? I would hope not. Several of you have been working to reduce or eliminate many of the sales tax exemptions, and you know how hard it is to reverse these exemptions. Do you want to create a new tax policy today that future senators will need to try and reverse? I would hope not. Thank you, and I would be happy to take any questions.

LINDSTROM: Thank you, Mr. Welsch. Any questions? Senator Friesen.

FRIESEN: Thank you, Chairman Lindstrom. So it's kind of an interesting look at what you're saying here. Let's-- for instance, if I'm in a public school where I don't have access to a private school, so if I could fund my school by making a large contribution to my school and getting a tax credit, I would be better off than funding it with property taxes. That right?

DAVE WELSCH: To make a donation to your local public school?

FRIESEN: It would lower my property taxes, still fund the public school. Suddenly, I get a large tax credit. Can we make these scholarships available to public schools?

DAVE WELSCH: I don't think our coffers are large enough to be able to do that.

FRIESEN: Well, it just seems like a better way to fund them. I think-- I think I come out ahead.

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DAVE WELSCH: I would-- I would say when my property taxes doubled from \$10,000 to \$20,000 between 2010 and 2015, I certainly would have considered the same approach.

FRIESEN: Thank you.

LINDSTROM: Thank you. Any other questions? Senator Pahls.

PAHLS: Yeah, I'd just like to add a correction to your statement.

DAVE WELSCH: OK.

PAHLS: Of the millions of dollars of tax deduction, think in the term of billions. There's several billion that we have tax exemptions right now. You have millions. I'm just trying to say it's larger than millions.

DAVE WELSCH: I appreciate if you'd escalate it even further. That would make my point better, so--

PAHLS: Yes.

DAVE WELSCH: I think it depends on if you count the-- the cost of the goods and the sales tax being applied to that, or if you're talking about the actual sales tax revenue that we're losing, but--

PAHLS: I'm talking about sales tax exemptions.

DAVE WELSCH: Right. I appreciate that. Thank you.

LINDSTROM: Any other questions from the committee? Seeing none, thank you. Thank you for being here.

DAVE WELSCH: Thank you.

MEGAN STOCK: Hello.

LINDSTROM: Good afternoon.

MEGAN STOCK: My name is Megan Stock, and it's M-e-g-a-n S-t-o-c-k, and I'm here in opposition to LB364. I'm a public school teacher here in Lincoln, but I also have ties to western Nebraska from when I started my career. And I grew up in northeast Nebraska, where I attended Scribner-Snyder Public Schools. So when I wrote this, I really kind of

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tried to write it in terms of like money and voters, rather than sort of the education side of it, since this isn't the Education Committee. So I-- I guess what I'd really like to talk about here right now first is I've heard many of you guys talk about or even introducing legislation that's going to promise property tax relief, or you've given a sympathetic ear, and so I-- I think it's important that-- that we understand that there's no such thing as like free money. And so when we're taking a slice out of the ever-shrinking state aid pie and then giving it to private individuals, it really is at the expense of students, teachers, small communities, and taxpayers. And so, like what one of the previous speakers said, is there's-- think he said 160 communities that don't get any state aid at all right now. So, I mean, it's a bit insulting that we're talking about giving money to an entire another school system when they are still not getting any help and they are struggling. Some of these communities are struggling to find the resources to keep one school open and they're struggling to avoid consolidation, the following like local economic depression that happens when you consolidate a school and when a community loses its school. So-- and I just really-- I'm trying to kind of speak for the very disorganized public. We had a really organized pro-tax credit group here today. But the reality is, is nine in ten of our kids are-- are educated by public schools. They have ties to public schools. They have really good feelings there. And-- and public schools really are flexible. Like I said Scribner-Snyder earlier, when I was a senior in high school, I needed a third year of Spanish because of the college that I wanted to go to and they just figured it out, like we made it happen. When I was out in Wallace, Nebraska, we were very flexible all the time, creating classes that kids might need and figuring out how to build that curriculum around what they needed. And we do it here even now in Lincoln, too, in a big district. I'm hired as an art teacher, but I-- I also do 25 minutes of fourth-grade math because I had that extra time. So we are being very efficient with the resources that we have. So I'm hoping that you guys will not support giving some of those resources and starting this quagmire of opening up a whole nother funding source for-- for another school entity.

LINDSTROM: Thank you, Ms. Stock.

MEGAN STOCK: OK. Any questions?

LINDSTROM: Any questions from the committee? Senator Albrecht.

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MEGAN STOCK: Yeah.

ALBRECHT: Thank you, appreciate it, Mr.-- Senator-- Vice Chair--
sorry-- Lindstrom. It's late. It is late. I appreciate your comments
and what you brought up about the schools that are out there that
aren't even funded.

MEGAN STOCK: Yeah.

ALBRECHT: I'm happy to be sitting on Revenue so I can learn a little
bit more about other avenues of income that-- you know, different
sources that we have. But that's our problem. We have such an
antiquated system right now. And, you know, you can-- I love public
schools. I went, sent my kids there, so I-- I'm not anti, by any
means, but I'm also for the people that need to have other options.
And if the funding has to be changed around, that's for us to decide,
not for others to-- to get upset about when we want to go and go down
a different road. I don't know that the TEEOSA funding is the right
answer for our state, because when you talk about you've been in three
different parts of the state and you had to have seen it in the rural
areas, it's not conducive to keeping all the schools open that need to
be. You know, if-- if-- I mean, people talk about consolidation
because they just don't have enough kids, they don't have enough teams
to even put together, so we really do have a problem that's going on.
And everything that you just talked about points to the fact that we
have a lot of work to do to change up what we currently have going.
You can have a \$4 billion budget, but if it's not working for
everyone, we need to take a look at things, so I think this is an
option, so-- but I appreciate your testimony.

LINDSTROM: Any questions from the committee? Seeing none, thank you
for your testimony. Good afternoon.

JOEY ADLER: Good afternoon again, Vice Chair Lindstrom and members of
the Revenue Committee. My name is Joey Adler, J-o-e-y A-d-l-e-r, and I
am here on behalf of the Holland Children's Movement, a nonpartisan,
not-for-profit organization that strives to fulfill its vision for
Nebraska to become the national beacon in economic security and
opportunity for all children and family-- families, in opposition to
LB364. I have a lot of the same information that I've given you
before, but I have one new piece of information that I'd like to give
you real quick, and then I'd be happy to take any questions you may

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have, which is the Holland Children's Institute's most recent public policy research found that 47 percent of Nebraskans oppose and 42 percent support allowing parents to establish something like LB364's program. Especially when we start talking about potentially taking money away from public schools, the opposition starts to become higher and higher. So I'd be happy to go over more in depth with that. I thought I'd keep it brief for you this afternoon. Thank you.

LINDSTROM: Thank you, Mr. Adler. Any questions from the committee?

JOEY ADLER: Thank you.

LINDSTROM: Seeing none, thank you. Next opponent after we give it a spray-down. Good afternoon.

CONNIE DUNCAN: Good afternoon, distinguished members of the Revenue Committee. My name is Connie Duncan, C-o-n-n-i-e D-u-n-c-a-n. I am a member of the Lincoln Public Schools Board of Education. I am offering testimony in opposition to LB364. To begin, I think it is important to discuss one of the premises of this bill. It states that individuals who pay for private school are paying for education twice. Citizens of Nebraska pay for public education through property, sales, and income taxes. They do so whether they ever have children or not, whether they have children in public schools or not, and whether their child requires hundreds and thousands of dollars in special ed services or never takes part in anything other than the general course of study. Saying private school parents are paying twice is like implying that those who do not have children in school should not have to pay taxes to support public education at all, or those parents whose students have special needs aren't paying their fair share. The reason the state provides public education is grander than each parent paying a certain amount of taxes to cover the cost of their children. The commitment of the state to our children's education is about the future success of all of our children because, in reality, that is how we will measure the success of this state, this great state of Nebraska. Beyond this concern, I would like to limit my testimony to just two of the many areas of concern with this bill. First, LB364 makes these funds available to private schools while allowing them to apply discriminatory enrollment practice, such as denying enrollment to students based on their disability, sex, or religion. This means that these scholarships are not meant to be available to all Nebraska students. Second, the bill does not identify any financial or academic

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accountability measures to ensure the use of funds meet the intent of the bill. This is in stark contrast to the transparent financial and academic accountability systems required of public schools. As a general policy, state-provided funding usually includes requirements for equitable access and accountability, especially when the intent is serving children. LB364 appears to lack even minimal levels of financial and academic oversight and guarantees for equitable access. I'll stop there, as I see-- oh, I have a yellow. I can go a little longer. For these reasons, I ask the Revenue Committee to indefinitely postpone LB364 and to continue their ongoing practice of supporting public education in ways that embrace equitable access and transparency. Do you have any questions? I'm still on yellow.

LINDSTROM: That's pretty good.

CONNIE DUNCAN: Bring it on. Let's go.

LINDSTROM: [INAUDIBLE] appreciate it. Thank you.

CONNIE DUNCAN: You're welcome.

LINDSTROM: Any questions from the committee? Seeing none--

CONNIE DUNCAN: I was so looking forward to it. Thank you.

LINDSTROM: Thank you. There'll be-- there'll be more opportunities this year.

CONNIE DUNCAN: Oh, I'm sure.

LINDSTROM: Good afternoon.

JARED WAGENKNECHT: Hi, good afternoon, Chair and members of the Revenue Committee. For the record, I'm Jared Wagenknecht, J-a-r-e-d W-a-g-e-n-k-n-e-c-h-t. That ate off a lot of the time on my clock, so sorry about that. I'm a high school social studies teacher speaking in opposition to LB364. When I ask my students to analyze texts, we try to identify words or themes that are repeated over and over and consider what the words mean and why the author would have used them. We've heard a lot about choice today, and so I'm going to ask the committee to think with me about the word "choice." If this bill is really about providing choice, then we must ask, who is it really intended to provide choice for? If we really want to provide more

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scholarships for low-income students in Nebraska, money's already out there. There are plenty of wealthy people in this state who have the means to provide for anyone who wants tuition assistance right now, and they can even get a charitable donation for doing that, yet with this proposal we're being told that the current deduction isn't enough, and this brings us to what the real choice that this bill intends to offer. The primary purpose of this bill is not about providing scholarships to those in need. Nebraskans are already free to do this. The real choice being provided here is for the wealthy to have more choices about how they can avoid paying taxes for essential public services that they don't intend on using and simply shift the tax burden to other taxpayers. Is this to be the new model for taxation in Nebraska, simply lobby for a tax credit for any public service that you don't intend on using? If we extrapolate that, then how many public services will we eventually have left? The answer to that question and the consequences that it would have on the quality of the good life is one that I hope this committee will take seriously enough to prevent this bill from advancing. We also need to recognize that using the word "choice" here is just a slick PR trick designed to hide the dereliction of duty that this body has in terms of funding public schools. Instead of committing to ensure that there's a well-funded, high-quality public school in every child's neighborhood, we're telling families that they're on their own and they're going to have to go shopping. It's like the grocery store that labels the self-checkout kiosks as being for your convenience, rather than the truth, which is that they can save money by cutting staff and offering you fewer services. But, hey, sending people shopping for opportunities is a good thing, right? As long as you have your own transportation to make it to the place, that's the best fit, as long as your child qualifies for a scholarship, as long as your child doesn't identify as LGBT or have special education needs or any other characteristic that a school might deem as a disqualifier for enrollment, and last, but certainly not least, as long as you don't mind that Nebraska ranks 49th in the nation when it comes to state funding for education. If we don't have enough revenue to fund our public school system, then why would we divert potential revenue to support a second school system? Unless that's the point. This proposal is an attempt to justify starving resources from our Nebraska public schools and other services that some folks don't intend to use. So the last thing I'd like to say is the real choice that I want you to consider is the one that's before this committee. Are you committed to

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ensuring that there is a adequately funded, high-quality public school in every child's neighborhood or supporting bills like this that prioritize tax breaks for the narrow interests of the few? With that, I'd be open for questions.

LINDSTROM: Thank you for your testimony. Any questions from the committee? Senator Pahls.

PAHLS: I just have one. I heard you say the LGBT.

JARED WAGENKNECHT: Yes.

PAHLS: You're saying Catholic schools do not allow--

JARED WAGENKNECHT: I'm saying that one doesn't have to look very far to find instances of students who are either disciplined, not allowed to express their sexual orientation or gender identity as they want to, in a number of parochial schools in this state and across the country, which could actually invo-- could actually involve something like not going by your preferred name, you've got to go by whatever your name is-- is the one given by birth, or different things like that. Those are actual policies that exist, as to my understanding, with folks that I know who are involved in those school systems in this state right now.

PAHLS: In the state right now?

JARED WAGENKNECHT: Correct. That is my understanding.

PAHLS: Because, to me, we're throwing words around that we ought to be very careful, I mean, in my estimation, because if-- that sets a different perspective on this. If we're going to say certain people cannot go to schools, then I'm-- you're slightly on the other side, because I know in public schools they cannot discriminate on that issue.

JARED WAGENKNECHT: That-- that is correct.

PAHLS: OK. Thank you.

JARED WAGENKNECHT: And I think it's something that the committee should take very seriously about whether or not that is something that a student can be asked to hide or not identify as in-- in a school

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like this, particularly if the state is going to start subsidizing
donations towards them.

PAHLS: OK, thank you.

LINDSTROM: Thank you. Any other questions from the committee? Seeing
none, thank you for your testimony.

JARED WAGENKNECHT: Thank you all for your time.

LINDSTROM: Good afternoon.

JESS PARKER: Hello. Thank you to the Chairwoman and members of the
Revenue Committee for considering my testimony today. My name is Jess
Parker, J-e-s-s P-a-r-k-e-r. I am a resident of Lincoln and I oppose
LB364. I have three kids who attend a Nebraska public school. They are
in grades preschool, fifth and seventh. Public schools have the tools
to pave a path of success for all students. For example, my
preschool-age son has an individualized education plan, or an IEP for
short. He receives weekly speech therapy through the school district.
He is currently a remote learner, so his speech therapy looks a little
bit different this year. I'm thankful he can still receive services as
a remote student. If you ask any of my kids how school was at the end
of the day, you will never hear the answer "boring." In my opinion,
the curriculum used at our schools is data driven, challenging, and
holds the interest of my kids. My fifth and seventh graders have even
begun showing interest in a focus program and the career academy
offered through our district for high schoolers. Teachers in our
public school district are dedicated and care about their students
greatly. They go above and beyond in many ways. One reason why I think
funding should remain solely with-- within the public school system is
that teachers are using money out of their own pockets to purchase
additional supplies that will enhance the curriculum and enhance the
class-- classroom atmosphere. There is still a lot of work to do
within the public school system. Reducing the funding at any cost
would be detrimental to the nonbiased educational opportunity that
public schools provide. But my overall concern with this bill is that
it would grant the ability for private schools to discriminate against
students while receiving state funding. The thought of my son being
rejected admission or treated differently in a private school system
due to the sole fact of him simply having an IEP is extremely
disheartening and unacceptable. Over time, the millions of dollars

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that LB364 would allow to be moved from the public system and placed into the private system could be used to vastly improve and strengthen our public education system. If funding is removed from the public school system, I'm worried that some of those programs my kids are looking forward to won't be around by the time that they even reach high school. I am proud to say that my children attend a Nebraska public school. It is important to me that my tax dollars continue to support the public education system. I oppose LB364 for these reasons and urge you not to advance it from this committee. Thank you for your time.

LINDSTROM: Thank you for your testimony. Any questions from the committee? Seeing none, thank you for coming.

JESS PARKER: Thank you.

LINDSTROM: Next opponent.

ANN HUNTER-PIRTLE: Good afternoon, members of the Revenue Committee. My name is Ann Hunter-Pirtle, A-n-n H-u-n-t-e-r, hyphen, P-i-r-t-l-e. I'm the executive director of Stand for Schools, which is a nonprofit that works to advance public education in Nebraska. We're here strongly opposed to LB364, and I want to point out just a couple of things because some of the earlier pieces of my testimony have been covered. This tax credit grows based on the number of donors who want the credit, not based on the number of students who want a scholarship, not the student's academic performance, not the results of the tax credit. There's no mechanism in this bill to even measure any of that. It simply grows based on whether the full value of the tax credit gets used in a given year or not. In other states that have programs like this, notably Georgia and Arizona as a couple of examples, the entire value of the tax credit gets used up like that on January 1 because it is the most generous way for donors to get a tax break. We don't favor any other type of charitable giving in our state in the way that this bill envisions. We don't do it for churches. We don't do it for cancer research. We don't do it for food banks. And so I think the committee should have some serious questions about why we're treating this one type of charitable giving so differently. I also want to point out that LB364 will impact public school funding in ways that its fiscal note does not capture. As you know, the bill as written costs \$10 million in its first year, grows at 125 percent every year-- per year every year with no ultimate cap. And so within

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ten years, the bill is going to cost nearly \$100 million a year and keep growing. By 2032, LB364 will have cost the state more than \$332 million out of the General Fund, adding that money year over year, and it'll continue to grow exponentially at that point. So I don't think anyone can seriously suggest that that amount of money will not impact public school funding and the other-- or the funding of other state priorities like higher education, healthcare, and public safety. We all know that that money has to come from somewhere when it comes to our General Fund. We also oppose LB364 because private schools are not required to serve all students. Page 3, lines 21 to 22 of the bill, Senator Pahls, states that private schools under LB364 must comply with 42 U.S. Code 1981, which only prohibits intentional discrimination based on race. That means students would not be protected from discrimination based on religion, national origin, special education needs, English language learner status, refugee status, sex, gender identity, sexual orientation, pregnancy, or disability. And in fact, the Huffington Post did a study in 2017 and found that one in seven schools, private and parochial schools in the United States that receive vouchers or scholarship tax credits, have anti-LGBTQ discrimination language in their-- their school policy handbooks. I'll wrap it up here, but want to point out, as well, that tax credit scholarships do not work as claimed. In at least three states, Louisiana, Indiana, and Florida, students who receive tax credit scholarships fared worse than their public school peers. So for these reasons, we strongly oppose LB364. I'm happy to take any questions.

LINDSTROM: Thank you. Any questions from the committee? Senator Bostar.

BOSTAR: Thank you, Senator Lindstrom. Thank you for your testimony. You brought up something that I-- maybe I don't have a complete understanding yet. When you talked about the growth is tied not to scholarships but to the demand for the tax credit, so what happens if more money is given to a school than there is a need for?

ANN HUNTER-PIRTLE: In other words, if a scholarship-granting organization-- well, OK, so the-- the way that the bill is written, the average cost of these scholarships has to be 75 percent, no more than 75 percent of the average cost that it takes to fund a public school student. Public schools students are approximately, and this is-- this is really rough, but about \$12,000 a year, so back of the

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envelope, let's say it's \$9,000 a year on average for a scholarship under this program. Now a lot of private parochial schools cost a lot more than \$9,000 a year. Most of the existing schools in our state do, or many of them do, particularly high schools, elementary middle schools, it-- or, you know, it's often more-- more affordable. But so I think in answer to your question, the state starts funding more scholarships for more expensive private schools, but it also has to balance those with cheaper private schools, right, because the average has to stay at about \$9,000. So what's happened in a lot of states that have these kinds of programs is that cheaper, lower-quality private schools pop up overnight to take advantage of the money that's suddenly available from the state. When you think about, you know, we have some great private parochial schools in Nebraska. Think about Creighton Prep and Marian and-- and a number of other great schools. In many states, what happens is that the value of the tax credit isn't enough to fund tuition at those existing high-quality private options, and so those-- those cheaper-end schools pop up to take advantage of the money. And that's why in many cases students who attend private schools on a tax credit scholarship or a voucher actually do worse than their public school peers, because they end up going to a school that's trying to do it on the cheap.

BOSTAR: All right, thank you.

ANN HUNTER-PIRTLE: Happy to talk it through more.

BOSTAR: Appreciate it.

LINDSTROM: Any other questions from the committee?

PAHLS: Senator.

LINDSTROM: Senator Pahls.

PAHLS: I--

ALBRECHT: Go ahead.

PAHLS: Well, I just-- because you caught my attention on-- when you're talking about 42 USC 19 [SIC] or--

ANN HUNTER-PIRTLE: Um-hum.

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PAHLS: That's-- that's-- because I can't recall, that's in the bill?

ANN HUNTER-PIRTLE: It is. It's on-- I believe it's on page 3, lines 21
and 22.

PAHLS: Yeah, so I-- you have that on line 20--

ANN HUNTER-PIRTLE: Um-hum.

PAHLS: Do you think that was placed in intentionally or that was
intentionally placed in the bill so we would have the potential of
discrimination?

ANN HUNTER-PIRTLE: I can't speak for-- I--

PAHLS: Could there have been other language that would have put in
there? I mean, there's--

ANN HUNTER-PIRTLE: I wasn't involved in drafting the bill, so I can't
speak to the intent there. But what I can say is that a number of
private and parochial schools who would benefit from this program, not
all, but some do have discriminatory language, particularly when it
comes to LGBTQ issues, not only of students but of their family
members, like their parents. And if a student doesn't comply with, you
know, the school handbook, then they don't have to-- just because--
and the bill says this in black and white. I believe it's on page 12,
though I would have to take a look back-- or, excuse me, I believe,
Section 12 of the bill, I think, says in black and white that just
because a student is eligible for a scholarship, does not mean a
private or parochial school has to take them, number one; and two,
that nothing in the bill will be construed as granting the state of
Nebraska any additional authority over private parochial schools who
might take scholarship tax credit students. So the-- the state doesn't
gain any ability to regulate schools in that way under this program,
even if they're receiving taxpayer dollars. Does that make sense?

PAHLS: Yes. So we-- right now, we're holding the public schools to
higher standards than we are-- and I would normally think it would be
the other way around, because I do respect private schools, but I-- I
will say that in earlier discussion, I mean, I-- I know they take--
probably-- at least one school, at least, takes people with special
needs and--

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ANN HUNTER-PIRTLE: Um-hum, sure.

PAHLS: --you know, so I-- I-- I-- that's why we have to be very
careful what we say. But this is-- this does disturb me if this limits
that, unless there could be another statute that I-- I'm not aware of.
So I would ask whoever is taking a look at this, take a-- take a look
at lines 21 and 22, because I think on the floor, if the bill gets
there, that will be a big topic of conversation. Thank--

ANN HUNTER-PIRTLE: I would hope so.

PAHLS: Thank you.

LINDSTROM: Senator Albrecht.

ALBRECHT: Thank you, Vice Chair Lindstrom. Ann, I appreciate your
testimony. Something that you said toward the end is that you don't
see any standardized test scores or other metrics that make the
private schools any better than, or are you saying that they have--

ANN HUNTER-PIRTLE: No, the--

ALBRECHT: --lower scores overall?

ANN HUNTER-PIRTLE: So LB364 doesn't require any reporting by private
schools who take students on a tax credit scholarship on their
academic performance, so there's no way that the Legislature has of
comparing students who might move from public school to a private or
parochial school on this type of scholarship, no way of comparing how
well they do. And I think what you might have been getting at was in
other states.

ALBRECHT: Well--

ANN HUNTER-PIRTLE: But I'm not-- I want to make sure I'm answering
your question, Senator.

ALBRECHT: --I mean, you-- this-- this paragraph, the second to the
last before-- that you-- of your-- you say that in state after state,
researchers are unable to find any meaningful gains in standardized
test scores other than metrics and academic success. So what we heard,
and I don't know if you were listening or not, but, I mean, they've--

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ANN HUNTER-PIRTLE: I was out in the hallway, but I was doing my best.

ALBRECHT: Right. But, I mean, they were talking about this-- how many
graduate, you know, from their-- their programs, what their academic
success scores are. I mean--

ANN HUNTER-PIRTLE: Absolutely.

ALBRECHT: --the ACTs over-- so here's a question I have. So when
they-- when they decide ACT scores for the state of Nebraska, do they
only include the-- the public schools or do they-- everybody, public
and private? Does-- is it-- is it a combination score or is it just
public schools?

ANN HUNTER-PIRTLE: So when you're-- when you're looking at an average
ACT score for the state, that's what you're asking about?

ALBRECHT: Um-hum.

ANN HUNTER-PIRTLE: My understanding is that is just public schools.
But let me-- let me say this. Only public schools are required to
report that information to the state.

ALBRECHT: OK.

ANN HUNTER-PIRTLE: Private and parochial schools may elect to, they
may not, but--

ALBRECHT: OK, because it's my understanding it's both, so, again, we
have to fact check.

ANN HUNTER-PIRTLE: Happy-- happy to take a look at that and get back
to you.

ALBRECHT: Yeah, and I'd-- I'd like to look at it because, I mean, they
had given me some information on ACT scores for African American
students in the Nebraska public schools. Public schools are at 15.9.
African Americans in private schools is 19.7, so somebody has to have
the data to be able to-- to share with us. And I can only hope that
it's true what they're-- I mean, again, we always go back and check.
And then it talks about public schools with a combined math and
reading proficiency rate less than 40 percent. We have 20 schools in
our state. How could that possibly happen, you know, or how could that

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possibly be? So if-- if I have my children at that school and they're not getting the kind of help they need, I think that's why we're talking about this, because they have to have options. They have to have the ability to know that if-- if they don't have the means to do it but somebody can step in and-- and pay for that-- and, you know, it takes a lot of money. The public schools know how much money it takes. You have-- you have thousands and thousands of people to educate. I mean, we're talking 574. Even if it went to 1,200, they still have to have a building that's worth putting your child in and doesn't have asbestos and mold and everything else to worry about. So I think we have to kind of look at the big picture and not just think about, you know, that's the amount of money that goes into education. And it's so important, I think, that all of our children-- you know, I-- I've got 12 grands and one on the way over the weekend.

ANN HUNTER-PIRTLE: Congratulations.

ALBRECHT: It's so important to me to-- to make sure that-- that we have the ability to take care of them, all of them, you know, and all of our teachers and all-- but our public. I mean, the buck stops here. When people are upset about something, guess who gets to--

ANN HUNTER-PIRTLE: Right.

ALBRECHT: You know, here-- here we are at the state level and we have to figure something out that's going to work for the common good of all. So I appreciate both sides of the story here, and I appreciate you being probably one of the last. But-- but we need to hear this so that we can make an intelligent decision for-- for the greater good of our state. I can't believe when I see this-- all these different schools. I mean, we have-- we have a huge public school system, but there are a lot of schools out there and they're popping up all over the place. Why? You know, we have to look at that, too, and say, why? Why-- what is it that we are-- we're missing here? So, again, we have a lot to talk about. I'm sure we'll be seeing each other a lot more this year because there's a lot of bills that we're going to be talking about. But thank you for your testimony. I appreciate it.

ANN HUNTER-PIRTLE: Thank you, Senator.

LINDSTROM: Thank you. Any other questions? Seeing none, thank you.

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ANN HUNTER-PIRTLE: Thank you.

***BARBARA HOPPE:** I am opposed to LB364. I believe in public schools. Our country was founded on the right of every student to have an education through high school. In designing our townships in our state, a section was set aside for the school in each. Right now, we are having trouble funding these schools and are asking too much of the rural communities in taxes. To me, it would seem contrary to the best interests of students and to the rural Nebraska to have individuals and corporations build another set of schools to serve a few. Students in private schools are allowed to have special services from public schools and want to have the right to use the sports outlets in public schools. This selective pick and choose attitude towards public school and then allowing a SGO that could result in defunding them seems very inappropriate. As legislators, I hope you will choose to support our public schools and not vote for these SGO's. With covid and other viruses in the future, we need to keep our focus on improving the public schools, maintaining the technology to give remote learning, and concentrate on attracting good teachers to the teaching career. Perhaps we need TSO, Teacher Scholarship Organizations to encourage talented young students to take the education classes at college to enter the field. Many experienced teachers in Nebraska had to retire early with health issues. Our public Schools are not being fully funded at the level that they should be. We need to assure they are funded and work for ways to cut the taxes on some Nebraskans in rural areas who are being taxed too highly to support them as they exist. Thank you.

***CINDY RYMAN YOST:** Thank you, Chairwoman Linehan and members of the Revenue Committee, for considering my testimony today. My name is Cindy Ryman Yost, I grew up in the Sandhills and now live in Lincoln. I oppose LB364. As a public school graduate and parent of three public school students, I am thankful that everyone in our family had the opportunity to receive a high quality public education in Nebraska. Our oldest daughter is now in college, studying to be a high school English teacher. Education is highly valued in our family. I have serious concerns about the impact LB364 will have on public education in our state. Our schools are doing a great job, but the student population is growing, costs are increasing, and the \$10 million (or more) each year for this bill could be better utilized to enhance public education in our state. There are many communities across Nebraska that do not even have private schools within driving

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distance. This bill will cost taxpayers and children across the state to benefit donors primarily in Omaha and Lincoln. Children will lose access to the quality education that attracts so many families to return to their hometowns to raise their kids. I also have serious concerns about spending my tax dollars on schools that are not required to serve all children. Other parents may choose to send their children to a private school, but I object to being asked to subsidize tuition for schools that are not required to accept all students. I have three incredible kids and each of them could be denied enrollment in private schools because of a disability requiring accommodations or because of their personal characteristics. In the public schools, they were provided with services and support that allowed them to flourish academically and socially, giving back to their schools and community through their unique contributions. LB364 does not include adequate protections for children, especially those with disabilities. Private schools would be allowed to receive these dollars while being able to discriminate in their enrollment practices against students based on religion, gender identity, sexual orientation, disability, or other characteristics. Finally, the true winners in LB364 are wealthy donors. Generous benefactors who support private or religious schools already receive state and federal income tax deductions for their contributions. Why should these kinds of donations receive a tax credit and not donations to a homeless shelter or a food bank? Stable housing and adequate food are vital to children being able to learn. Nothing is stopping anyone from making donations to private school scholarships today. This bill is unnecessary and has the potential for harm. It is important to me that my tax dollars support schools that serve all children. I oppose LB364 and urge you not to advance it from committee. Thank you.

***ROB McENTARFFER:** To Senator Linehan and the Revenue Committee: We are writing to urge you to oppose LB364. This bill would result in less funding for Nebraska's excellent public schools, and would reduce the ability of many parents to choose the most appropriate school for our state's most vulnerable young people. LB364 argues for "opportunity scholarships" in the form of tax credits. This radical change in Nebraska's tax law would result in dramatic and unpredictable changes to school funding. Public schools educate all students: all means all religions, sexual orientations, home languages, and physical and cognitive disabilities. Religious schools cannot (and should not) be required to include all these kinds of students, and therefore they

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should not receive public funds. Nebraska's schools are, by any national measure, more successful than most school systems across the country at helping students learn. All national achievement tests indicate that students from Nebraska's public schools score higher than national averages, even though the per-pupil cost in our state is far lower than the cost in most other states. Nebraskans know that our strong public schools are a tremendous resource to our state. Please vote against LB364, because this bill would cause unpredictable impacts to school funding. No one can reliably predict how this bill would impact public school funding. Evidence from other states indicate that the most likely outcome would be a reduction in funding for public schools, which would be especially damaging to schools who have already spent significant portions of their budgets on the pandemic protocols necessary to stay open during the pandemic. Supporters of LB364 argue that this public-school-funding-reduction in disguise will increase school choice for families. The long term effects of this bill would in fact produce the opposite: currently Nebraska parents enjoy more true educational choice than parents in other states. Families can choose to send students to a strong, effective public school or choose a religious or private school that matches their belief system. Reducing funding to public schools through this tax credit would harm public schools, resulting in a weakened public school system, which limits all parents' ability to find an effective school for their children. This reduction in school funding would reduce the educational choices for most families in our state. Please oppose LB364.

***ANICA BROWN:** I oppose LB364. Our United States Constitution guarantees that ALL children have the right to a free Public Education regardless of race, ethnic background, religion, sex, rich or poor, citizen or non-citizen. We must keep this right for ALL Children. We can only provide the best Public Education when we pay our fair share of taxes, which improve the possibilities for Public School students. Paying our fair share of taxes should keep the level of funds for Public Education at the forefront of what we do for our children. We should not give an organization or individual tax credits on a donation which lessens the funds from the general budget and in turn diminishes the available funds for our Public Schools! Our state budget should not work this way if we want the very best in Public Education for our children across this state. Being a Public School educator for 29 years, I have seen funding for public education being

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cut in recent years which impacts classroom size, the support for students with individual needs, and the lack of many other activities and elective subjects not being offered. When the state budget is discussed at the Legislative level, cuts to public education have occurred, causing a strain on the funds public education needs to serve our students and staff. Our Governor says public education is fully funded, but the cuts in the budget to each year tell a different story, one where these cuts affect our free public education for All children. Our Public Schools are not being fully funded at the level that they should be! With LB364, as an individual or an organization, I could donate \$15,000 to a scholarship granting organization and I would get a \$15,000 tax credit. The taxes on that \$15,000 would not exist and never be added to Nebraska's revenue amount, which provide tax dollars for Public Education. This is not beneficial to our Public School system, and certainly not to the children we serve. Plus, there is no limit as to how much money someone or an organization could donate. This means that Nebraska could lose more revenue from taxes over many years, thus cutting more funds to Public School Education as well. This attempt to find a way to subvert funds away from Public Education needs to stop. We should never compromise on the Public Education we provide for free for our children. Giving tax credits will not provide the best in our public education, while it does provide for private education. We must always provide the best FREE Public School Education for All Children All the Time! That means we pay our fair share of taxes so that Public Education will always be fully funded at a higher level. not cut to diminish what our Public Schools need to provide for our students. Let's stop finding ways to divert funding for Public School Education that takes away possibilities for ALL children. Let's come together for our students, stop tax credits from being implemented, and bring back solid funding that promotes Public Education and provides more for the future of our students. I would ask you to vote No on LB364 and Stand Up for Public School Education! Thank you.

***MIKE PATE:** Dear Chairwoman Linehan, and members of the Revenue Committee: My name is Mike (M-I-K-E) Pate (P-A-T-E). I am testifying on behalf of the Millard Public Schools Board of Education. I am here today in opposition to Legislative Bill 364. LB364 would create a new tax credit equal to the amount a taxpayer contributed to an organization that helps pay for eligible students to attend a qualified, nonprofit, private elementary or secondary school. Before

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you even consider the likely effects on public education, this Bill has likely implications that are poor tax policy. Ultimately, this could cause significant revenue loss for other charitable organizations. If I am a wealthy donor looking to pay less in taxes, why would I give to other worthy charities (e.g. those supporting cancer research) where I get a partial tax benefit based on a potential deduction in my income multiplied by my effective tax rate? Instead, that same wealthy taxpayer could reduce his/her taxes dollar for dollar by giving to private schools. With regard to public education more specifically, we respectfully submit that this is the worst possible time for LB364. This Bill is projected to significantly drop state revenues in a time where state revenues are needed to fund public education available to all students, not just those students that private schools choose to allow to attend. All students in Nebraska are likely suffering a learning gap due to remote learning (or partial remote learning) caused by the pandemic. A pandemic is nobody's fault, but the loss of learning despite the heroic efforts of our public-school educators, is a fact that will need public funds to help for years to come. We cannot afford a lost generation of public-school children who were never given the resources to catch up in their education. This is a time where the priority should be property tax relief in combination with adequately funding public education. In the great majority of years, the State has fallen short of its obligation under TEEOSA, often amending the factors downward to provide less money and then 'fully funding' those lesser factors. We respectfully submit that changing the definition of funding education downward and then 'fully funding' those lesser amounts, is not 'fully funding' state aid to public schools. In order to meet the goal of true property tax relief, the State of Nebraska should: first fully fund TEEOSA without adjusting factors downward; and second provide additional money to all schools to help offset property tax burdens. Until those goals are accomplished, voluntarily reducing State revenues is not advisable. Public schools, available for all, must be the first priority. Nebraska has some of the finest public schools in the nation, and we could do even more with better funding. The millions of dollars in lost revenue from LB364 could be better allocated to areas of higher need. We respectfully request that the Committee not advance LB364. Thank you for your consideration of this letter. We would welcome the opportunity to continue our discussions with you regarding Legislative Bill 364 and school funding.

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***JENNI BENSON:** Good afternoon, Senator Linehan and members of the Revenue Committee. For the record, I am Jenni Benson, President of the Nebraska State Education Association. NSEA opposes LB364. LB364 is expensive. Specifically, the proposed expenditure begins at \$10 million in tax credits annually, with the ability for that amount to grow based upon utilization. This amount will likely quickly balloon to nearly \$100 million annually within ten years. These dollar-for-dollar tax cuts will primarily benefit only wealthy corporate and individual donors and will clearly further shift the burden of funding the cost of critical infrastructure, public programs and services to Nebraska's less affluent taxpayers. Supporters allege that the state will see a savings as students leave public schools, but this has not been realized in other states where the number of transfers are too minimal to have an actual effect on school expenses. Other states with such private school tax credit programs saw costs of the programs balloon year after year, yet they still have not realized any savings or improved academic outcomes, in part because the majority of scholarship recipients were students who were already attending (or planning to attend) a private school without state aid. We also know that LB364 would not benefit students in most of our rural communities and, in fact, further erosion of state support for those rural school students is more likely due to the cost of the proposal. Despite its stated intent, tax credits to benefit private school students do not promote equal educational opportunities. Unlike public schools, whose doors are open to all, LB364 allows private schools to discriminate against students based on religion, sex, gender, identity, sexual orientation, disability and other characteristics. The NSEA, on behalf of our 28,000 members across the state, asks you to indefinitely postpone this bill. Thank you.

***JOHN SKRETTA:** Chair Linehan and Members of the Revenue Committee: Schools Taking Action for Nebraska Children's Education (STANCE) is comprised of 19 mid-sized school districts, free of lobbyists, that represents over 25,000 school children. STANCE is unique in the fact we have districts representing the entire state from Chadron to Blair, levies that range from \$1.05 to \$0.60, and enrollments ranging from 863 to 3,928. We are representative of Nebraska education, and we don't take that lightly in our positions with the legislature. We submit this testimony in opposition of LB364 proposed by Senator Linehan under the premise that public dollars should be used as a tax credit for private education. The following are some of the reasons we

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fundamentally object to LB 364: • The State is already dealing with a massive revenue shortfall, and this would further restrict available funds for essential public services. • This is a voucher program by any other name. Voucher programs in other states have shown a lack of student achievement gains and have created a pathway for questionable and in some cases fraudulent use of tax dollars. • Public schools must meet all standards of accountability in achievement and fiscal transparency; private schools do not. • This bill endorses the concept of use of state funds to support a school maintained by religious denomination, fraying the fundamentally important separation of church and state. • Parents choosing to send their children to private schools assume the financial burden. • This bill would create a tax credit for private scholarships, while a donation to your local public school foundation would only be a tax deduction. Public schools embrace competition and comparative analysis. We insist that if state tax dollars are nixed and used instead to pay for private school tuition payments, then the schools benefiting from such tax breaks must be compelled to serve all students regardless of socioeconomic status or disability - as our inclusive public schools do. Furthermore, if receiving the kind of support LB364 proposes, then private schools should logically submit to all accountability, transparency and reporting requirements which the state and federal governments impose on our public schools. Such criteria would fall under the "common" school definition denoted in our great state's constitution. LB364 would send Nebraska down a slippery slope of diminishing educational returns and declining services to public school students. We urge you to oppose LB364.

LINDSTROM: Any other opponents? Seeing none, I do have written testimony in opposition from Barbara Hoppe, self; Cindy Ryman Yost, self; Rob McEntarffer-- I probably butchered that, I apologize-- self; Anica Brown, self; Mike Pate with Millard Public Schools; Jenni Benson, NSEA; John Skretta with STANCE. Any neutral testifiers? Looks like no neutral testifiers. I do have letters for the record on LB364, 11 proponents, 77 opponents, and zero neutral letters for the record. And with that, we'll welcome back Chairwoman Linehan to close on LB364.

LINEHAN: [INAUDIBLE] Thank you all. I know it's long and painful. And I'm not-- I may just talk about all things I have right here and we'll save it for Exec Committee. But-- but real quick, thank you, Senator Pahls, for pointing out that even in Millard school, it is-- like

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every kid in a public school has choices. They have an alternative school-- OPS has an alternative school. There are a lot of kids in public school that can go to the building they want to go to. I think it's worth repeating that, yes, there have been some problems with private schools in the country. And what happens to a private school when there's a problem? They close them down. We have-- OPS, our largest school system in the-- in the state has a \$771 million shortfall in the retirement fund, and they weren't punished at all. On the children with disability, the public schools have to provide, because of IDEA, that child with services. That child could be homeschooled; they could be in a private school; they could be a public school. But the federal law is that child has-- needs services, they get the services. [INAUDIBLE] to one of my favorite subjects-- yes, hand them out, I need to keep one-- option enrollment. Senator Flood, when you were here, I assume, is when the learning community got put together?

FLOOD: Um-hum.

LINEHAN: Well, we have completely-- I'm not going to say the word I want to say, but it's not what you like. I'm handing out the option enrollment photo. First question: Does this student require special education services, yes or no? Does this student have an individualized IEP, yes or no? Is the applicant a sibling of a current option student? We actually had a family that was opting into a school. The third child had an IEP. They wouldn't let that child come. They pick and choose. The second sheet is the number of schools that have seats available for option students. I will talk to Dr. Thedinger. It's my understanding that Elkhorn accepts no option students. They can't build them fast enough for the kids they've got. Westside is 33, 34 percent option students. Millard does a good job. Power to them. They fill up every empty seat they have with an option student. Now to his point about whether people make phone calls, I didn't bring that with me. There was a story within the last two weeks in Omaha World-Herald about a family who-- who moved to north of Cummings, which used to be redlined, to those old big houses and remodeled it. And the woman said in the paper they only moved there when she was assured by Dundee Elementary School that they could opt back in. So, yes, phone calls are made. U.S. News and World Report, I know what program she's-- study that-- I can't remember. I think Norfolk School Board member-- yes. They did have a report once that ranked us high. Mostly that ranking was based on-- I know this will

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shock you all-- how much we fund our public schools and how much early childhood we have. Those were the numbers that brought us up. And I'll say this. You don't need all this paperwork, and you don't even need the paperwork you have, because Grant will put it in your book. They talked about two studies, Florida and Iowa. There's like several studies of 18 states where it says they save the schools, the state money. And finally, I have the top 100 public high schools in the country, and I will have your hand this out because it's a picture and it's not hard to-- so there are-- when you get this, there are very, very robust-- this is the top 100 public high schools and U.S. News and World breaks it down to charter schools, private schools. But this is the public high schools. The most robust choice programs in the country are in Florida, which has had it for years, and in Arizona. Actually, a-- what do they call that-- a native of Nebraska whose grandfather or-- I don't know. She had royalty on both sides from Aksarben. I think it was Doolittle [PHONETIC] and somebody else. She was a big driver of the Arizona choice program. She actually came back here three or four years ago and was quite surprised how far we were behind in Nebraska. So you can see by this, even though Arizona has a very robust choice-- choice program, one of the most robust in the nation, it also has a number of the top 100 public high schools, as does Florida. You can see that we don't have any, which some of that's not fair. I do remember reading a study, and I remember sending emails to Elkhorn, and it might have been-- it was another school further west where they had made the list of excellent schools from U.S. News and World Report. I'll stop. It's been long. You're right. I would have glared if I'd been up here, so that was good, I think.

PAHLS: I-- I felt it.

LINEHAN: I'm trying to glare from the side. But you all asked excellent questions. Thank you very much. Oh, there-- one more thing here. There are 66 counties in Nebraska, out of our 93, that have private schools. That's as-- I think we've got 27 seven counties that only have one school, one public school. If Jack Moles, if we get to \$330 million in this tax credit, that will mean that 83,000 children are in private school. I don't think that's going to happen. And if it does happen, then we need to do this, if that many people are unhappy. Anyway, that's enough, but I have all kinds of information if you want more.

LINDSTROM: Thank you.

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LINEHAN: So thank you for a very long day.

LINDSTROM: Thank you. Any final questions? Seeing none, that'll end
the hearing on LB364.