

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Education Committee August 1, 2024

**MURMAN:** Well, good morning.

**WAYNE:** I was downstairs.

**MURMAN:** And members of the Education Committee. Because of the Legislature only allows-- Oh, excuse me that's not it. OK. Welcome to the Education Committee. I'm Senator Dave Murman from Glenvil, representing District 38, and I serve as Chair of the Education Committee. The committee will take up the bills in the order posted. This public hearing today is your opportunity to be part of the legislative process, and to express your position on the proposed legislation before us. If you're planning to testify today, please fill out the green testifier sheets that are on the table in the back of the room, and be sure to print clearly and fill out completely. When it's your turn to come forward to testify, give the testifier sheet to the committee clerk. If you would like to have your position known but not testify at the front desk, there is a yellow sheet next to the green sheets where you can state your name and position to the permanent record. When you come up to testify, please speak clearly into the microphone. Tell us your name and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally anyone speaking in the neutral capacity. We will finish with the closing statement by the introducer if they wish to give one. We will be using the three minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have one minute remaining, and the red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow. Also, committee members may come and go during this hearing. This has nothing to do with the importance of the bills being heard, it's just part of the process. The senators may have bills to introduce in other committee hearings. A few final thoughts to facilitate today's hearing. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the clerk. Please silence your cell, cell phones. Finally, committee procedures for all committees states that the written position comments on a bill to be introduced in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable, acceptable method of submission is via the Legislature's website at [nebraskalegislature.gov](http://nebraskalegislature.gov). You may submit an online written letter for the record, or testify in person at the hearing, not both. Written position letters will be introduced in the official hearing record, but only those testifying in person before the committee will be

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included on the committee statement. I will now have the committee members with us today introduce themselves, starting with my far right with Senator Conrad.

**CONRAD:** Good morning. Hi, I'm Danielle Conrad, I represent North Lincoln.

**WALZ:** I'm Lynne Walz, I represent Legislative District 15.

**SANDERS:** Good morning, Rita Sanders, District 45, the Bellevue Offutt community.

**LINEHAN:** Lou Ann Linehan, District 39, Elkhorn and Waterloo.

**MURMAN:** And also to-- assisting us today at my right is John Duggar, and to my left is committee clerk Shelley Schwarz, and we have no pages. With that, we'll begin today's hearing with Senator Wayne, LB61.

**WAYNE:** Thank you, Chairman Murman. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e. I represent Legislative District 13, which is North Omaha, northeast Douglas County. I will be brief as I have 13 hearings today, and two in Natural Resources I just started, so I'm gonna head down there. But to me, this is a very simple bill. If we as a state are deciding to take over funding of schools, or, or increase funding of schools, then I think we also have to have a provision that if a local school district is discriminating against a student, and that the student decides they want to leave that other school district, that they should pay for it. Otherwise, in most situations they would qualify for option enrollment, we would pay for it anyway. And so I think they should pay for it at the local level. I believe that there should be funding at the local level in some capacity, and it would come from that. So, tomorrow I'll be announcing an alternative tax plan, but part of it says that if a school district discriminates, that local funding can go to pay for that discrimination. So if there is a high levy at the local level, taxpayers can know what they're actually paying for and why they're paying for it. And if school districts get up here and testify that they don't discriminate, then this shouldn't be an issue.

**MURMAN:** OK, thank you. Any questions for Senator Wayne? Senator--

**WALZ:** No, go ahead.

**CONRAD:** Oh, OK. Thank you.

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**MURMAN:** Senator Conrad.

**CONRAD:** Thank-- thank you, Senator Wayne. And I know you're always busy managing an ambitious legislative agenda, but particularly busy this special session. And let the record reflect. I think you were dodging tornado, tornadoes or gale force winds last night as you were running back between hearings. But I-- when I was preparing and looking at this legislation, essentially, I was thinking about this under a theory of, I guess disbarment for, for lack of a better word, or as a, perhaps, general analogy. But I was just wondering if you could talk about the time frame that it would look at in terms of the determination of discrimination? Is the loss of funding finite or indefinite?

**WAYNE:** It wouldn't be finite. And I think I'm-- how I'm trying to structure it, is that it's for that student or that--

**CONRAD:** OK.

**WAYNE:** --family who wants to leave. So, as long as that student leaves, they should be required to pay for it. I don't think the state should pick up the tab of, of discrimination. They have enough protections under-- we all heard about LB25 last year where school districts are immune from negligent acts particularly. But this is a discrimination that they should not be-- they shouldn't be-- they shouldn't benefit from it. And we shouldn't pay for it as a state.

**CONRAD:** Very good. Thank you.

**MURMAN:** Senator Walz, do you have a question?

**WALZ:** Thank you. And thanks for that, Danielle, I was going to say that as well. So I have a few questions just as I read the bill. What-- first of all, how would excessive disciplinary action be defined? I mean, I have an idea of how I would define it--

**WAYNE:** I'm glad you brought that up. When I was on the school board, OPS was sanctioned by the state, \$1.3 million, for excessively suspending African-- disproportionately suspending African-American special ed students. And the state penalized us \$1.3 million that was supposed to go to remedy that. Well, I don't want the state to pay for that. That's should come from the local, local dollar, since they're the ones discriminating against. And so that's where that came from. So that's one example of where they excessively or disproportionately discriminated against African-American males who were special ed.

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**WALZ:** OK. And then-- So every child that qualifies for special education is entitled to an IEP, as we all know. So when you're referring to the denial of special education, is it-- who, who makes that, that determination? Would it be the IEP team, so if somebody, you know-- I don't know what it would be.

**WAYNE:** No, so it would most likely be a hearing officer, or a judge, or through NDE they-- if a person feels that they're discriminated against, they can file a complaint. And if that complaint comes back valid or findings, that would trigger this. And again, I'm-- I only had ten hours to figure out how to write this, but we-- I'm open to any amendments, but that would trigger that finding to, to allow that. But the real trigger is if the-- if the parent decides they want to leave that school district because of that discrimination, then the school district would pay for that school-- child to go to another school.

**WALZ:** OK. And so if a parent-- and I have a lot of experience with this just from working at Health and Human Services and education-- would decide that their child needs two paras. Would that be considered--

**WAYNE:** Well, no, they would have to file a complaint with, like I say, NDE or some, some, administrative body. And again, I could flesh that out a little more. But the whole-- the whole point of that is, is that we, we said we're paying for almost 80% of special education. We've increased our funding. Private schools are required to also provide these services. So if you transfer to another school because a kid has an IEP, that is no longer an excuse to me of why that kid should get in, because they can contract with the previous school to send people there to provide those services. So there's no excuse anymore of why they can't take a student. And so if it's blatant discrimination, and they file a complaint, and that complaint has findings, and that student wants to go somewhere else, or that family does, they should pay for it.

**WALZ:** OK. And then the other question I have is, in the bill you said it would go to-- just a second, sorry, got to find it, the cost. Would that include, like, moving costs, gas money? What expenses would be included for that child or-- for that child to go to the new school?

**WAYNE:** Well, where I based it off of was the cost that they have, but I also, which is, I mean, usually \$5,000, roughly \$5,000, \$6,000 per student. And the reason why I said up to two times is that equals

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about what we do for option enrollment. So if a kid options somewhere else it's around 10,000 to \$11,000. So to me it's up to two times, which is what we're already doing when they option anyway.

**WALZ:** OK. And then does the money go straight-- I'm sorry.

**WAYNE:** You're fine.

**MURMAN:** No, that's fine, go ahead.

**WALZ:** Does the money go straight to the family? Does it go straight--

**WAYNE:** To school.

**WALZ:** --to the school district? OK.

**WAYNE:** My intent is the school, so I would-- if I have to clarify that, if that's an issue, it would go directly to the school district as a reimbursement.

**WALZ:** OK. I'll let somebody else ask it. I'll read the bill again.

**MURMAN:** Senator Linehan?

**LINEHAN:** I haven't read your bill.

**WAYNE:** It's really short, don't worry.

**LINEHAN:** Would this solve-- would this help address, I should say, you-- we're never going to solve all the issues that parents face, especially with kids with IEPs, having difficulties. But would this solve the issue that I am-- I am at-- I'll pick a school. I'll just pick-- I'll pick Elkhorn, because I'm picking on my own school district. There's a child at Elkhorn, they don't feel he's getting the services they need, or there-- no, excuse me. There's a-- I have to pick a school that takes option kids to start with, so Elkhorn-- I am at Millard, and I don't think Millard, and this is not against Millard, I don't think Millard is meeting my child's needs for-- I really am tired. I'm at Millard, I want to option into Westside. Westside says no because you have an IEP. Is that discrimination?

**WAYNE:** Yeah, it could be if if, there was a finding. And so what I mean by finding is right now, you can file a complaint with the federal government, or Nebraska Department of Education, that your child has been discriminated against. If there is a finding, this gives a parent an option or a child an option, and it holds the

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school district somewhat accountable. This currently happens. Let me just be clear. You can get a finding right now, and the school district could be required to give your child additional learning time, or any special ed loss. I don't think the state should pay for it. If you're discriminating, that should fall on the local. That is a local decision to discriminate, it should fall on the local. So I would actually broaden this to say any remedy should be paid for by the local. It's currently happening. And you can ask anybody who comes up here and testify, has there been any findings in which the Department has ordered them to provide additional services to remedy past services? And a lot of that happened during Covid, believe it or not. But there are cases. I know families who are going through that. I don't think the state should be picking up the tab when this local school district is failing to do its job, particularly around discrimination.

**MURMAN:** Any other questions? Senator Walz?

**WALZ:** I gotta, I-- I'm sorry.

**WAYNE:** So yes, it would provide additional remedies to that.

**LINEHAN:** OK. Also, OPS got-- also, weren't they fined, or whatever you want to call it, by the federal government for discrimination?

**WAYNE:** There was a-- it was-- well I don't know about feds. I know the state, because I just became a member of the board at that point. It was the previous year before I got on the board, and we got a letter, and it was about 1.3 from the state that penalized us for disproportionately discriminating or disciplining African-American, male, special ed, so.

**LINEHAN:** All right. Thank you.

**MURMAN:** Senator Walz?

**WALZ:** Thank you, sorry. So the first line says a school district shall not discriminate against a student of such a school district, including the use of excessive disciplinary action or the denial of special education students. So this is not just about special education. This is all students.

**WAYNE:** All students. All Students.

**WALZ:** OK.

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**WAYNE:** And, and the first sentence probably should say any student, because it shouldn't be limited to the school district, it also should be applied to option enrollment. If they want to opt in and they're discriminated against, that should apply too.

**WALZ:** And then, may I ask another--

**MURMAN:** Yeah, go ahead.

**WALZ:** I'm so sorry, I just-- it's, it's almost too short, Justin.

**WAYNE:** No, I--

**WALZ:** What, what's--

**WAYNE:** Agreed.

**WALZ:** --the basis of discrimination, I guess?

**WAYNE:** What is the basis? So I would use current law in Nebraska, which is, nationality, race, gender. I was not trying to-- I'm not going to let any amendment expand it, I think that'll get bogged down in different debates. I think we focus on what's currently discrimination and hold them accountable, and give parents an option to do something else.

**WALZ:** OK. And I have one more question, and then I, I'll be done.

**MURMAN:** Sure, go ahead.

**WALZ:** Is it any school, like you can go to any school?

**WAYNE:** I think they would have to current-- follow current-- whatever current option transfer rules are. So. I mean, they couldn't-- they couldn't opt out of Omaha and go to Lincoln, and think Omaha should cover the cost of driving a, a student to Lincoln every day. And, and they still-- other districts still may be full, and not, not be able to take anybody. But I think part of the problem is there are parents who feel like they don't have options, that the only option is to stay at the same school, get remedial services to, to help with their students, and they actually want to-- want to leave. And if they want to go to Papillion or Ralston, their first question is transportation. Well, underneath the old learning community law, we used to pay for transportation. So I think that should be paid for. And if that's gas mileage reimbursement, then if you discriminate against a kid, toughen up and pay it.

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**WALZ:** OK. I'm sorry. I'm gonna ask one more question, just because I want your opinion on this, I don't know the answer. There have been times when, in services, when I worked with the disabilities division, that parents wanted to go to another provider. And that provider absolutely was not prepared to take care of that child. Absolutely not prepared. They didn't have the staff, they didn't have the equipment that was needed, whatever it is, there were times that that happened. How is that kind of a situation where maybe a parent of a special ed student decides that they just want to go to North Bend, or in my district, I don't know, Logan View. How, how do they take-- how does a court, or whoever is going to be making this decision, do they take that into consideration? Is that school really prepared to do the best job, and to provide the best services for that child?

**WAYNE:** So, so the premise of your question is, is false, because we're missing the first step. The first step is before that parent would even have that conversation about the new school, there would be a finding that the old school is already discriminating. So that new school. Underneath this current law, if they don't have two paras to one kid, this other school district's going to pay for that, that's not-- they don't have to worry about funding that. It's funded now. We can't get to the issue of does the school have that ability before we first deal with the fact that this other school already discriminated against their kid. So the question is for that parent, do we leave that kid in the school that's discriminating against them, that's already been found by NDE to, to have discriminated? No, I don't think we should. So if the-- if the-- if the concern on your end is step two, the school that may be taking that kid, well that's no longer their concern because we're funding it. The local school district has to pay for that issue. We gave them a shot, they messed up, they discriminated. So now school A where the discrimination happened, school B doesn't have to worry about it. That, that two to one para, we're reimbursing them for it.

**WALZ:** You're reimbur-- Yeah you're reimbursing them for it, but that doesn't mean they have it.

**WAYNE:** That doesn't-- well, leave them in the school where they're discriminated against?

**WALZ:** No I'm not saying that. I'm just making-- I just want to make sure that wherever that child goes, that that school is also prepared, and providing the very best service service that they can.



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**WAYNE:** I don't disagree. We should be able to, but I think school B has a lesser problem because they know they're at least funded, right? They don't have to worry about: I didn't budget for it. They know it's going to be funded by the other school district. But part two is I don't want to leave the kid in the school that's discriminating against him.

**WALZ:** It-- like if there's not a handicap bus available at that school, you know, that's not something that-- and I'm not--

**WAYNE:** I'm not dis--

**WALZ:** [INAUDIBLE], I'm just trying to focus [INAUDIBLE].

**WAYNE:** I understand-- I understand what you're saying, but that, whatever that cost, we'll write it so it's a monthly reimbursement. I'll add an amendment, they have to pay them within 30 days, like period, like that's, that's not a issue no more. In my opinion.

**MURMAN:** Senator Conrad.

**WAYNE:** This is taking a lot longer than I thought it would be.

**CONRAD:** You brought such an interesting bill forward, and I know you're trying to get out of the chair, so that you can attend to your other bills as well.

**WAYNE:** It's Natural Resources, I don't want to go down there anyway.

**CONRAD:** OK. OK. Senator, and I know you're an accomplished attorney as well as your, your duties as an accomplished senator. Have you thought about how or if this concept may apply to cases or findings of systemic discrimination, as you noted in one example in your testimony, versus individual cases?

**WAYNE:** I have not.

**CONRAD:** OK.

**WAYNE:** No I haven't.

**CONRAD:** No problem. It just occurred to me as we were going through the dialogue today. Thank you.

**MURMAN:** Senator Linehan, you have permission.

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**LINEHAN:** Yes. Aren't what you're really trying to do is keep kids from getting discriminated against? You're trying to find a way-- Right now they discriminate. So what? No penalty.

**WAYNE:** Yes. Or if there is a penalty, it's a remediation in that same school with the same, same people.

**LINEHAN:** So now if they discriminate a kid, they might lose the kid and the money.

**WAYNE:** Correct.

**LINEHAN:** And that would hopefully cause them to think really hard and work on if they were discriminating.

**WAYNE:** Correct.

**LINEHAN:** OK. Got it.

**CONRAD:** Yeah, like preventative.

**WAYNE:** Right.

**CONRAD:** Yeah. Yeah.

**MURMAN:** Any other questions at this time? If not, thank you.

**WAYNE:** I will be back for closing. Maybe. If I'm not here, just wait.

**CONRAD:** OK.

**MURMAN:** OK.

**CONRAD:** Bye.

**MURMAN:** Thank you. Proponents for LB61? Are there any proponents for LB61? Any opponents for LB61?

**COLBY COASH:** I'll just set this on the side.

**MURMAN:** Good morning.

**COLBY COASH:** Good morning. Thank you, Senator Murman, members of the Education Committee. My name is Colby Coash, C-o-l-b-y C-o-a-s-h. I represent the Nebraska Association of School Boards. We are here in opposition to this bill, but it's not in opposition to the intent that Senator Wayne has, has outlined, right? We're aligned in the

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intent that schools should not discriminate. And, and so my comments today are really about the words on the page here. You know what's written on, on the bill here. We-- you know, we would disagree that the denial of special ed, if it's from an options standpoint, is a discriminatory action. Sometimes denial of special ed is a space issue. Sometimes it's because the services of that child, the cost of those services, outweigh the reimbursement that that happens in, in the option program. But as we read this bill, it really creates more questions than answers. And I think some of that got flushed out in the questioning of, of Senator Wayne on the bill. You know, if this is about finding of discrimination, that's not in the bill. There's nothing in the bill that says there has to be a finding of discrimination. Under the plain language of the bill, it's just if there is discrimination, it doesn't say who has to determine that something was discriminated. When it talks about excessive disciplinary action, the bill doesn't say who determines it was excessive, how that remedy is supposed to be. So it's just very unclear. And as-- so as written, schools would not be able to discern how, how some of this works. As Senator Walz pointed out, there's, there's services here as it relates to special education services. And so, you know, that's-- services aren't defined. I mean, IEP, that's a-- that's a defined element in law, and that's required by any stu-- for any student that qualifies for an IEP. But services is what is in the bill, and that, that's not defined. If this bill is supposed to affect the option process, it doesn't reference this is an amend the option statutes, this is just-- it doesn't reference back to the option statutes. So, you know, there's a state and federal process already in place that if a student or family feels that they're not getting what's in our constitution, a free and appropriate education, there's a-- there's a process already outlined in law for that. And this bill doesn't intersect with that. And so, at the end of the day, those were all questions that we had, concerns we had about the bill and wanted to bring those up so that you-- if this bill is to move forward as part of a package, those questions could be answered and it'd be made part of the bill. And I've talked to Senator Wayne. I'm totally happy to work with him on that, but I can only go with the green copy of the bill. I understood much more where he was based on his opening, but again, much of what he's talking about just didn't end up on the, on the green copy of the bill. So that's why I'm here today.

**MURMAN:** Thank you. Any questions? Senator Meyer.

**MEYER:** So, would that be maybe fulfilled under lines 11 and 12, carried out by the state Board of Education, so this bill refer to

the fine tuning of this, to the statement-- so sometimes when the Legislature gets involved in really getting into the nitty gritty of these kinds of situations, and maybe the State Board is better, better able to handle that because they're the ones that would enforce it. And he refers to that in 11 and 12.

**COLBY COASH:** Certainly could. And I don't want to speak for the State Board, but what, what's given to them on the green copy is a little bit vague and unclear. And, and frankly, you know, going back to the option issue, if this bill is supposed to intersect with the option process, it doesn't reference back to that-- those statutes. So, you know, I would be concerned that there may be-- you know, we already have current law on the books with regard to to the option process. How would this intersect? So, we-- our, our members would prefer more clarity from the Legislature if this bill was to move forward.

**MURMAN:** Senator Linehan.

**LINEHAN:** I think Senator Wayne said that there are-- there were findings that kids were discriminated against too. So you represent all the schools. Do you know how many findings they were, like in the '21-22 year, '22, '22-23 years, and then this one we just-- '23-24 year.

**COLBY COASH:** Right. So I, I heard what, what Senator Wayne said, you know, there's findings from the federal government can come in, the state government can come in, the Department of Education can also have findings. So there's kind of three different regulatory pieces that can-- that can do that. What he talked about in prior to his time on the OPS board, I'm not sure if that was a federal finding or a state finding.

**LINEHAN:** Do you know how many findings there have been?

**COLBY COASH:** I, I don't. I think NDE collects that data and we could certainly check.

**LINEHAN:** But you don't have any idea.

**COLBY COASH:** I don't.

**LINEHAN:** But there's been findings.

**COLBY COASH:** I'll take Senator Wayne at his word that there's been findings for sure.

**LINEHAN:** So. I would like that the schools could provide the Legislature, and I'm not talking specifically about this bill but tangentially as a thought. If you get \$10,500 for an option child, which I support, kids being able to choose, and then the state picks up 80% of the cost of the special ed, which we now do. How many kids would it-- would an IEP, not-- their IEP. I know you've got kids that cost \$100,000. OK, I get that. But would a kid that just needs speech, or just needs-- that you are already providing. Why would you-- why would schools, at this point when we're picking up 80%, why would they turn down kids with an IEP?

**COLBY COASH:** I think there's a variety of reasons. Capacity is one that I hear most frequently.

**LINEHAN:** That's the one they use all the time, yes. But my question is, they have a capacity to take other option kids, but not kids with IEPs, so that doesn't really solve my-- I, I just wondered how many children have an IEP that the \$10,500 wouldn't cover the 20%?

**COLBY COASH:** There are smart people that I think I can access to try to find the answer to that.

**LINEHAN:** Because I think maybe we get-- really figure out what our problem here is, instead of this automatic, we can't take you because we don't have room.

**COLBY COASH:** Right. I think-- I think that's probably the number one thing you hear. This committee knows very well that the challenges in finding and hiring and keeping spec-- special ed instruc-- classroom teachers are the number one vacancy--

**LINEHAN:** Right, I get it's a problem.

**COLBY COASH:** --across the state, so.

**LINEHAN:** But it's also discrimination, and it's been going on way too long. Discriminating against kids who have special needs. I'm not talking about schools like Elkhorn that they don't take any kids, or Bennington. Not-- I don't think Gretna takes kids. But you get other schools that have 25, 30% of the population are option kids, but they say no to IEPs. It is discrimination on its face.

**COLBY COASH:** I, I can understand-- I do understand your point there. But back to the bill, it doesn't say, if you don't take any kids, it doesn't count.

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**LINEHAN:** But we don't have to talk just about the bill.

**COLBY COASH:** Well, I kind of have to talk about the bill, that's what we're-- what's in front of us.

**LINEHAN:** No, get your-- and Senator Wayne said, since he's not here, he said that it's not a complete project, that he had ten days. And he also said he would work with the committee, so.

**COLBY COASH:** Yeah. understood.

**MURMAN:** Senator Conrad?

**CONRAD:** It, it's not-- OK. Thank you, Senator-- or Chair Murman, and thank you, Mr. Coash for being here. I just wanted to follow up on-- and I, I think we're all under-- operating under some irregularities with the compressed nature of the special session, and the late issuance of the call, and trying to draft within those unusual constraints, so--

**COLBY COASH:** Amen.

**CONRAD:** Yes. That's one thing we can all agree on. And I, I, I think that Senator Wayne had indicated, and you can, I think, glean it from the text of the bill, that this was to introduce a concept, and then, of course, that could be refined in our, our regular deliberative process. But there's a couple pieces that I just kind of want to walk through here to, to make sure that we have some clarity about. So-- and Senator Wayne mentioned some of this, and I think the committee is also well aware of this. Schools are already under existing obligations under state and federal law to not discriminate against students, whether that's the ADA, or measures that apply to students with disability, or general civil rights laws in regards to race, gender, national origin, ethnicity, etc., etc. Is that correct?

**COLBY COASH:** Yes. Yes.

**CONRAD:** Right. OK. So, if there were to be some specificity that any finding of discrimination on an individual or systemic basis by a state, or federal court, or agency, or at the stipulation, or settlement, or agreement of the parties were to trigger, perhaps, the additional monetary penalty or remedy that Senator Wayne contemplates in this bill, would that be along the lines of enough specificity?

**COLBY COASH:** I think that, that makes it more clear.

**CONRAD:** OK.

**COLBY COASH:** I mean, if a parent feels like their child's been discriminated against, there's many places--

**CONRAD:** Sure.

**COLBY COASH:** --they can go.

**CONRAD:** Yes.

**COLBY COASH:** So, and there's judicial, quasi judicial, the kind of entities that can make a-- make a finding on that. That does make it more, more clear.

**CONRAD:** OK.

**COLBY COASH:** I'll leave it at that.

**CONRAD:** OK. All right. I'm just kind of, yeah, brainstorming in regards to, maybe if the committee is interested in moving forward with the idea, kind of maybe fleshing out kind of, the when, where and how, kind of piece that, that's out there. I think I'll leave it there. Thank you. Thank you, Chair. Thank you, Mr. Coash.

**MURMAN:** Any other questions? I have one, and it's not probably directly related to this bill, but we've talked kind of around it a little bit. Discrimination because of an IEP. I know a lot of schools. I don't know for sure if it's all schools, but a lot of schools, the first question on the questionnaire when a student wants to option into a district is, does the student have an IEP?

**COLBY COASH:** Right.

**MURMAN:** Number one, where did that form come from, or if it's a uniform form. And number two, could that be viewed as possible discrimination because of an IEP?

**COLBY COASH:** Well, to answer your first question, I believe that every district does their own process with regard to when a student requests to option in. And so I'm not aware of a blank form, I could be wrong, but I believe every district does that themselves. My comment on your-- in the second part of your question, to try to answer it is, you know, if a-- parents can't say their kid has-- have a acquired special ed, right? That, that's an objective process that's in place that where a student has to be assessed and

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determined to have had a disability, thereby, by law, qualifying for spec-- for an, an IEP, and that's required by law. And if that student lives in that district, they must get every service that is required for that student within, within that district. So, if you live in the boundaries of that district, regardless of what your needs are, if you have a special ed, that district is required to provide those services regardless of cost. They have to do that. And if they don't, that district can be held, held accountable for that. One of the questions we had about this bill was, it doesn't reference IEPs, it references special ed services, right? And so kind of that clarity of -- Senator Walz asked a question, you know, if a parent thinks their student needs two paras, and the IEP kind of says, well, we think one para meets that needs, is the denial of two paras that that parent request, does that constitute discrimination? Right. That those are the, the challenges with this process.

**MURMAN:** So the reason for the question, first question on a lot of questionnaires anyway, being does a student have an IEP is so that the district that the student might be coming into, is prepared, like Senator Walz referred to--

**COLBY COASH:** Right. Do they have the cap--

**MURMAN:** --are they prepared to help that student?

**COLBY COASH:** Again, and I, I-- you will hear it's a capacity issue. And I think school boards and constituents they represent, they have a duty to those, those taxpayers, right? And so a student that might come in from somebody else's taxpayer base that costs more than what the option enrollment may provide, they have to take that into consideration as well. But Senator Linehan's question about, with a reimbursement, how many does that apply to is a fair question.

**MURMAN:** Thank you. Any other questions for Senator Coash, or Mr. Coash? OK, former Senator Coash. OK. Thank you very much.

**COLBY COASH:** I'll take it. Thank you. Thank you.

**MURMAN:** Any other opponents for LB61? Any neutral testifiers for LB61. If not, Senator Wayne is waiving closing so that-- oh, did--

**CONRAD:** Thanks, Chair. I just-- I hadn't-- sorry my phone wasn't working, so I couldn't download the public comments. But of course our always well prepared committee staff had hard copies available, and I just had a chance to, to look through. And, and I appreciate the Nebraskans who submitted online comments as well. But I do just



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want to note, for the record, my disappointment with the fact that many of the leading civil rights organizations for the state failed to weigh in on this important measure.

**MURMAN:** Thank you. Do we have the list of comments, I. OK, so, online comments on LB61, we had one proponent, two opponents, and zero neutral, no ADA comments. So with that, we will close the hearing on LB61, and open the hearing on LB45, Senator Linehan. Good morning.

**LINEHAN:** Good morning, I know. I'm sorry. Good morning, Chairperson Murman and members of the Education Committee. I am Lou Ann Linehan, L-o-u A-n-n L-i-n-e-h-a-n. I represent Legislative District 39, Ekhorn and Waterloo. Today, I'm introducing LB45. During this special session, there have been discussions about how we are going to figure out TEEOSA after we pass property tax relief. LB45, is-- I don't know if we're going to need it or not. I'm a little-- I think we're going to have difficulty getting to where we want our goals in this session if we leave a whole part of it blank to wait until later. I believe, and I'm not saying it's perfect, but the need side of the formula, which I was informed yesterday, I think yesterday by Liz Standish, was put together under Senator Raikes in 2007 or 8. And I, from what I ever got from the schools, for the most part he was beloved and they thought he knew what he was doing. So I think the need side, though it might need some adjustments, it's better than saying we'll figure it out later. But I do think what frustrates most everyone, and now more than ever, is the resource side, as in Millard Public Schools, now with inflation and valuations going up, they're going to come off equalizations, Lincoln might be two years from off equalization, so we can't sit here and say that's not a problem. The equalization-- nobody's going to equalized except for Hastings with your poorest of poor schools. And that's not going to work. So I'm just introducing this so if we get there and we get something figured out, we can't say, oh, well, we never had hearing about that. So this is more of a we gotta have something introduced that if we figure this out, we can redo, rewrite the need side, and not say, well, we don't-- we don't know how we're going to figure out needs. We've been figuring out needs for 40 years. So that's what this bill does, and I will, since I don't know if I can stay because I've got this other committee going on. I will echo Senator Conrad's comments, the lack of people who are showing up for these hearings is a bit, I think what I said yesterday, is a bit insulting.

**MURMAN:** Thank you. Any questions for Senator Linehan at this time? If not, thank you. Any proponents for LB45? Opponents for LB45?

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**CONNIE KNOCHE:** Good morning, Senator Murman, members of the committee. My name is Connie Knoche, C-o-n-n-i-e K-n-o-c-h-e. I'm the education policy director at OpenSky Policy Institute, and we're here to testify in opposition to LB45 because it replaces the, the resources in the state aid formula to an amount determined by the Legislature beginning in '25-26. Eliminating the current formula resource calculation prior to making any other changes to the state aid formula creates instability for school districts as they plan their budgets for the following school year, as well as their negotiations with multi-year contracts with personnel. And it effectively eliminates the formula where you do the needs minus resources is equalization aid. We strongly believe that the path to a meaningful and sustainable property tax reform will come through a thorough and comprehensive review of the way we fund public education in our state. There's no silver bullet to updating our school funding system, and any real change will require significant expertise brought to bear through a transparent process. Nebraskans deeply value our public education system. We know that a strong K-12 education system expands the economic opportunities for all, and is fundament-- and is foundational to the strength of our economy today and into the future. So we oppose LB45 because we believe that it's time to reevaluate our state system for financing schools in a comprehensive way. And we would also like to comment that we oppose the state fund-- funding K-12 education 100% or 80%, because that's a really radical change in the way schools are funded. There's a table with the Census Bureau that indicates how much state, local, and federal funding each, each state provides in the United States, and nobody does 100% funding of K-12 education, and we think that it should be a thoughtful, comprehensive manner where you're deciding how you're going to be funding K-12 education. That's all.

**MURMAN:** Thank you. Any questions for Ms. Knoche? Senator Conrad?

**CONRAD:** Thank you, Chair Murman. Thank you, Connie, always good to see you. Could you-- and I know that you've been looking at this formula and its impact from a lot of different angles for many years. But maybe if you could just provide the committee just kind of a general sense about how those shares have kind of been allocated over most of Nebraska's experience with TEEOSA. And I know that there's fluctuations because of economic conditions, and how the formula works, and additions to the formula, reforms, etc., and the list kind of goes on and on here. But just from like a very top line, general perspective, the idea I think starting out with TEEOSA was with the dual approach, right? To ensure property tax relief, and to keep our public schools strong and thriving.

**CONNIE KNOCHE:** Right.

**CONRAD:** Right? And so generally over time with it-- and I know there's a huge federal component there too, but has the state-local partnership been generally 50-50, 60-40, it varies. Is there a magic number that's out there or that we can look to in terms of national averages? I'm just trying to get kind of that bigger top line kind of picture. I know, for example, like higher education funding, we've seen a dramatic decrease in state support for higher education, which then we see cuts in services and programs and tuition skyrocketing for moms and dads and kids at community colleges and state colleges and university. Our public schools don't have tuition to turn to. So I, I think that Senator Linehan, and the Governor, and this Legislature moved in the right direction in recent years to try and provide more funding.

**CONNIE KNOCHE:** Yes.

**CONRAD:** And trying specifically to provide more funding for unmet special education needs. But can you just generally help me understand kind of where-- where we've been, kind of where we need to go. Because the goal of providing more state funding that Senator Linehan and the Governor are contemplating is not a bad goal. But then I know that there's been an incredible amount of distress, and unease, and question, and concern about what that number is, what strings come with it, what that means for local community needs and local control. So, I'm just-- can you, you have such deep experience, and I know those are a lot of big questions that could take a whole hearing day. But could you just maybe help build a record, or help the committee maybe think through kind of those big picture questions that are embedded in this debate?

**CONNIE KNOCHE:** Yeah, I'd be happy to provide you with some information--

**CONRAD:** OK.

**CONNIE KNOCHE:** On that. Yeah.

**CONRAD:** Thank you.

**CONNIE KNOCHE:** Yeah.

**MURMAN:** Any other questions? Yeah, I have one, it's pretty much related. You said that OpenSky is opposed to the state in providing 100% of the general fund financing for public education, or even 80%.

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If the state does not provide, you know, somewhere in that general facility number of support, how do you suggest that the schools be funded without being overly reliant on property taxes?

**CONNIE KNOCHE:** Well, I think schools have always been funded by property taxes, and it's a stable source of revenue for them. So you need to have, a proper mix of how much is coming from the state, how much is coming from the local. We just have shifted so far into local having to pay for the K-12 education, it's kind of reached its limit, and now people are just saying, no, we don't want this anymore. So we need to provide more state funding, but just not 100% of the funding, because that is a very radical change in the funding system for schools. And it does introduce instability for the schools, because when they're planning their budgets, they don't know how much the state's going to be able to contribute and what's going to happen to them. So you need to have stability for the school districts.

**MURMAN:** Do you not feel that the-- at one point, the, the Education Future Fund is not adequate to provide that stability that schools need?

**CONNIE KNOCHE:** Well, the thing with the Education Future Fund is we haven't really gotten to see what it does, you know, because the funding for the special ed reimbursement hasn't come through. And we don't know, with the recent caps that have been put on schools with the Property Tax Request Authority, we need to kind of wait and see what it's doing and how it's working before we keep making changes to the-- to the system.

**MURMAN:** Thank you. Any other questions? Senator Conrad.

**CONRAD:** Thank you, Chair Murman. And, and I think that maybe is a point where teasing out a little bit more, as I'm trying to understand the, the different moving parts between the, the measures that have been introduced in the special session. But I-- and I know Senator Linehan will absolutely correct me if I'm wrong, and I look forward to that, because I want to ensure accuracy so, so that we can have a thoughtful debate about it. But I think the Governor's plan writ large utilizes or sweeps a lot of the Education Future Fund.

**CONNIE KNOCHE:** Yes it does. Yeah.

**CONRAD:** Actually mitigates kind of against the purpose to be a backstop or a default to--

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**CONNIE KNOCHE:** We've done an analysis of the Education Future Fund, and there is additional money coming in through his plan--

**CONRAD:** OK.

**CONNIE KNOCHE:** --into the Education Future Fund. But in three years it's going to be in the negative. So it needs to have sustainable revenue source coming in there. Right now it's using cash reserves and different things for the funding, and so it, it will introduce instability for sure as you go forward.

**CONRAD:** And nevertheless, even if swept or not replenished, and unless subject to reform, it's still a one time pot of money.

**CONNIE KNOCHE:** Yes.

**CONRAD:** It's not a revenue stream that is ongoing for ongoing needs.

**CONNIE KNOCHE:** Right.

**CONRAD:** Right. OK, and The last question I'll just ask and then, I know, let other folks jump in or we can move on to other bills, but I think some of these issues are contemplated in Governor Pillen's plans, and before the-- this bill that may become a vehicle to help flesh out the how, and the why, in the what, if the Legislature decides to commit to this course. This is-- and I know you're not a lawyer, but I want to make sure and maybe we'll have some coming forward today to, to be clear about what I think is has been a disservice to the debate from the Governor's office and his allies. And I've read his campaign brochures that he's put forward and seen his campaign postcards to be sending around the state, which, of course, he has the right to express his opinion, and the Governor has indicated that the free instruction clause of the Nebraska Constitution somehow is a legal mandate that has just recently been discovered by his office. And I, I, I just-- I, I, I think-- I, I want to be clear for the record, that of course the Governor can say whatever he wants to say, but it's not as if anybody just recently discovered or dusted off that provision of the constitution that is well known. And Nebraska courts have ruled repeatedly and recently that that is a non justiciable political question. It is not a legal obligation. So I, I think that's missing from the debate. I think it needs to be clearly stated so that we can have a thoughtful debate on the same facts, and that would-- that argument would not stand up in court, and I think it's misleading to senators and voters, and it's wrong. And I want to correct that. Thank you.

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**CONNIE KNOCHE:** Yeah, we we didn't get to this place, you know, just today, it's been--

**CONRAD:** Yeah.

**CONNIE KNOCHE:** It's been an issue for school funding for a long time.

**CONRAD:** Thank you.

**MURMAN:** Any other questions? If not, thank you for testifying.

**CONNIE KNOCHE:** OK. Thank you.

**MURMAN:** Any other opponents for LB45? Good morning.

**BEN WELSCH:** Thank you. Chairman Murman, members of the education committee. My name is Ben Welsch, B-e-n W-e-l-s-c-h. I'm here today to speak in opposition to LB45 on behalf of the Nebraska State Education Association. The Nebraska State Education Association strongly believes that while state funding can provide essential support and alleviate local tax burdens, is crucial to balance this with the maintaining local control and flexibility. The TEEOSA Tax Equity and Educational Opportunity Support Act framework in Nebraska is an example of how the system has evolved to address these concerns by providing state aid while still considering the specific needs of local districts. Enhancing state aid to such frameworks can help ensure that funding is both adequate and responsive to the diverse needs of students across the state. Local control is fundamental to fostering innovation in education. Schools need the autonomy to experiment with new teaching methods, curriculum programs tailored to their student specific needs. This flexibility encourages creativity and responsiveness, allowing educators to adopt and implement strategies that work best for their community. A complete state takeover of funding can hinder this process, as statewide policies may not leave room for the unique initiatives that local schools develop to address their distinct challenges and opportunities. Financial management and budgetary decisions are also best made at the local level. Local school districts have a clearer understanding of their financial needs and priorities, and can allocate resources more effectively to where they are needed most. State level control might result in funding formulas that do not accurately reflect the specific requirements of each district, potentially leading to inefficiencies and misallocations. By maintaining local control over financial decisions, schools can ensure that their budgets are used in ways that directly benefit their students and educational goals.

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Finally, local control supports community engagement and investment in schools. When communities have a say in how their schools are run, they are more likely to support and invest in them both financially and through volunteer efforts. This sense of ownership and responsibility foster a strong partnership between schools and their communities, enhancing the educational environment for students. A state takeover would weaken these bonds, reducing the community's role in shaping and supporting their schools, which would negatively impact student outcomes. We ask that you not advance LB45 out of committee. Thank you.

**MURMAN:** Thank you. Any questions for Mr. Welsch?

**BEN WELSCH:** Thank you.

**MURMAN:** I have one. You talked about you, you think that the-- you'll lose a lot of local control of the funding from the state. You do have the-- still the bonding authority, and Special Building Fund, and the QCPUF fund. But also on-- even on a general fund with the vote of the people, that's what we're talking about now. Related bills. You don't think that would be adequate to get the-- more funds if needed?

**BEN WELSCH:** Well, again, with the, you know, local control piece, that's that's the main setup, so, again, I hope that the Legislature would also, since in this bill they would essentially be the ones maybe making a decision on TEEOSA, maybe at the 11th hour at the end of a special session. In order for us to have local control, we need to have dialogue with the actual changes that would take place in the TEEOSA formula. So we would hope that you'd honor us in hearings and bills to give specifics on those, so that we can weigh in on what the TEEOSA formula might be at the very end. So we're just worried that you'll make these decisions without giving us that local input, with the end result of any changes that you make.

**MURMAN:** OK. Thank you. Any other questions? Senator Conrad.

**CONRAD:** Thank you-- thank you so much for being here. And again, I know we're all doing the best that we can under compressed circumstances, and the senators have been candid about the fact that our bills are maybe less than perfect, as this situation is, is quickly developing. But, you know, I-- one thing that I've had a chance to visit with Governor Pillen about, and I know this committee shares a lot of his goals to try, for example, to increase teacher pay and to ensure that teachers have the resources and benefits they

need so that we can recruit and retain top talent in our great public schools across Nebraska. Senator Linehan has led a lot of those efforts this committee has been very enthusiastic about a lot of those efforts as well. And I know NSEA cares deeply about those matters in addition to the policy work. One thing that, again, I'm concerned about in the campaign propaganda that's emanating from the Governor's Office is that there's very rosy promises of increasing teacher pay if the Legislature moves forward with this plan. I've read the bills. I don't see any text that provides for how and when that would happen. Have you had a chance to identify any analysis in the bills that have been introduced thus far that actually show how teacher pay would be improved in Nebraska under the Nebraska plan?

**BEN WELSCH:** Well, again, I won't speak specifically to things, but just in generalities of if you're going to try to decide something, if you're going to say that, hey, we want teacher pay to go up, we want to make sure that it's focused on making sure that the funding mechanism is there to increase teacher pay. When you have when you potentially put caps on schools, the ability for them to get the income and the revenue to then have it pass on to higher wages or salaries, you know, is probably difficult. What we don't want to see is some, some bill or idea that says, hey, we're going to increase teacher pay by eliminating positions within school districts because, yeah, you could int-- you could increase teacher pay by eliminating people that work there. But that's not the intention of what we would want. We would want to make sure that all of the people that are hired at your school, the money is going to help them have those increased salaries rather than attrition, and, and, you know, handcuffing school districts to cut staff in order to raise those salaries. That is not what we would want to have come out of any of the legislation.

**CONRAD:** Great. And just one last question. So generally speaking, in Nebraska, teachers aren't afforded the right to strike, right? Over working conditions, or compensation, or work related grievances. Is, is that your--

**BEN WELSCH:** Correct.

**CONRAD:** --general understanding? So we've developed, over the course of many years a system to resolve disputes between labor and management, particularly in the public sector, known as the Commission on Industrial Relations. So as part of that effort, when conflicts do arise, there's a process in place to look at peers, right? To decide whether or not compensation, benefits, and working



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conditions are fair. If we were to move to essentially a statewide system of education, would that have implications for comparables or peer review under the CIR?

**BEN WELSCH:** Because again, you're talking about 244 school districts that are geographically located in different places, with different sized schools, with different demographics, different needs for the students that are there. And so, letting us decide, or using the CIR as an avenue to say, hey, you're going to look at your 12 to 14 school districts to make those decisions about salary and compensation is, is the best system that we have, and we would not want to have it be one where, you know, all 244 school districts have to, you know, do the exact same thing when we are so unique all across the state. That local control, to have that conversation with employees and essentially management, the school board, is a system that's worked, worked forever. And so, yeah, preserving that is very important.

**CONRAD:** OK. Last question. I've heard from a lot of teachers in my district who are frankly terrified about this proposal and what it means for public education. We had public hearings in Lincoln, in Omaha, and there was a lot of questions and concerns from, from teachers in those communities as well, and I appreciate Nebraskans speaking out. The other kind of underlying theme or thread that I've heard from educators in my district in particular is that of course we want to work together on teacher compensation, of course we want to work together on making class sizes manageable so that people can be successful and that kids can learn. And I know we have interim studies on those topics that we can dig into more together this fall. But I hear a lot from teachers that they're sick of being caught in the crossfire of divisive political debates. They want to teach because they love kids, and they want to open up learning opportunities for them. They are tired of the divisive culture wars that's spilling in their classrooms with book bans and attacks on LGBTQ students and, attacks on social emotional learning and diversity, equity, and inclusion matters. And then now our dealing with this new threat in terms of uncertainty for the future of public education in Nebraska, that may or may not be decided in a compressed special session that seeks to rewrite the tax code, education funding formula, and the budget. Can you provide a general sense to the committee on behalf of your membership about the headspace some of your members are in? The morale level, the top level of concerns you hear from that, like almost 30,000 educators that you represent across the state?

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**BEN WELSCH:** Well, I think you kind to hit it on the head where, you know, we want-- we want to do the teaching. You know, we're content experts. We want to, you know, keep pushing the next generation of students to be, you know, the best citizens that they can be. And so, you know, unfortunately, you know, our profession is, is all, you know, taxpayer funded, and so we're going to be in politics. You know, all the time. And so any time you can limit the amount of, of narratives and things. And that's why I think, again, the local control is, is the best scenario because you've listed, you know, those 5 or 6 different things that are going on differently in all parts of the state, and everybody is working through the different issues, you know, in their own way. And so, we just don't want to have a blanket of, of everybody across the state has to do this or that or whatever. It should be a, partnership between the state and the local entities, you know, solving these problems and funding them in a way that it's appropriate.

**CONRAD:** And just the very last point, historically and presently, I've seen some recent comparative statistics, and there's always more work to be done. But Nebraska consistently ranks very high in terms of our educational system and academic success for our students. I think I saw a very recent analysis that showed maybe really number seven in the country on a lot of different metrics for public school performance. And that has been happening pretty, pretty consistently, and I know my constituents are deeply concerned because our great public schools are actually a generational point of pride in Nebraska. And anything that would have unintended consequences disrupts that critical aspect of quality of life and workforce development. I, I just-- I want to make sure that we do no harm. And do you have a sense just about kind of where we are with rankings, and--

**BEN WELSCH:** Well, again-- I don't have those specific rankings in front of me--

**CONRAD:** That's fine--

**BEN WELSCH:** --but in general, yes, Nebraska public schools are, are tops in the country, which I would assume, you know, if we have the top schools, or the public schools in Nebraska in relation to our peers. That's going to want to bring people to Nebraska as something that's a positive influx that we can use to our advantage as a-- as an economy also is saying this is how we would bring people to Nebraska is our great public schools.

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**CONRAD:** OK. Thank you so much.

**MURMAN:** Senator Meyer?

**MEYER:** So, so along those same lines, historically, and we'll have to go back about two years, Nebraska was ranked 49th in the nation with state funding towards public schools, and, and in every news article, business magazine, and anything, that correlation between state funding had a direct relationship to whether people even wanted to move to Nebraska. So previous to two years ago, when the state did start putting more money into it under a different Governor, and under the proposed plan that we, we had in front of us in general in the Legislature, we would take a huge step forward in there. Would that not be a good thing in the eyes of a national audience where young families are thinking about moving to a state that would maybe go from 49 to top 10? To me, that's a pretty strong message that Nebraska is on the right way, on the right path to a firm commitment to quality education.

**BEN WELSCH:** Well, and I think it's a-- it's a great, collaboration, again, when you're saying, OK, local has taken on that-- like Senator Murman said earlier again, you were talking about what's the right percent to, you know, to share in, in local and state. And again, you know, we used to have way more schools in the early 2000s that were part of the state aid formula. And then we let all of the local, you know, taxes pay 100%. And so the question is, the pendulum has already gone to where the locals are, are taking on that burden, how far should the pendulum-- like, do we really go 100% the other way then? And so I, I feel like we're having the right conversations of what's that shared piece? Because again, it should be shared. We just, you know, again, don't want to just shift one pendulum for the other. Let's find that happy middle ground. But let's make sure that all the local stakeholders and everybody in the process is aware of how far we're moving and where we're moving it, so that we can still keep those, those great public schools with whatever the funding mechanism we decide, so it works together.

**MEYER:** OK. And, and I-- and I can appreciate that. But as we talk about the, the state aid formula, I've been around for a while. I was in the-- on the state board of education when Senator Raikes came up with the TEEOSA formula. And I remember vividly that he pretty well developed that on his own behind closed doors. So there was no secret it's been tweaked after that, that that's still kind of the basic formula with some tweaks that we're operating with today. I also know that as the economy changed in Nebraska, the state aid formula, and

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we're going to have several bills here talking about, about TEEOSA, that that formula was gamed, and I'll use that term very firmly, in the way it was used. Needs minus resources equals state aid. Well, previous administrations have gone backwards, and used the state budget, this is kind of the amount of money we have in the state budget to help education, so we're going to start with that amount, whatever it was, and then work backwards. So we knew what the, the needs were because they were spelled out in the TEEOSA formula. And so that left this-- started out small, but then grew, and grew and grew, and grew to the local responsibility for that. And that became a huge, not sustainable amount. And as property valuations went up, first in ag after the renewable fuels bill in 2007 was signed, and we know what happened with ag land, a 300 and some percent increase. And now the last ten years or so, residential values, because of a pretty healthy economy in the state, have just skyrocketed. So that state aid formula, while we think in some conversations here this morning, we think that that's a holy grail to running education in Nebraska, I'm here to say that it is not. There are parts of that formula, the way it's written, that is not sustainable. And the resources side is the one side that is not sustainable. And, and I guess I am proposing that it's much, much more favorable conditions for us to, as a state, all 1.8 [SIC] citizens, to have a stake in that, how much we put into that, rather than each local school board, because that's the way it was forced on them to an unsustainable point. So I guess I just want to go on record in, in saying that 49th in the nation was a terrible place to be, just terrible place to be. It was embarrassing. And if we can move up that chart to top ten, that should be a variable-- very desirable place to be for us as a state.

**BEN WELSCH:** Well, then, I appreciate you giving us a historical piece on where it's felt like the state senators have been maybe sticking it to the local elected officials in the-- in the old system. But we also want to remember, we don't want to just do that again and say, we gave you this money, now you have to do what we say. And so again, I appreciate that, that historical piece, but we don't want to lose sight of. We've been, again, forcing these local entities to play by these, these rules that we keep telling them they need to play by. But we're not changing that narrative though either, that, you know, like you're saying we're going to give you more money, but then we're going to take away any of the local control that you had before. That would be the unfortunate outcome if, if we keep going on this trajectory. So, so having the conversation where both entities we're having these conversations is great. But again, we don't want one, one group or one thing at the end of this special session to say, OK,

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TEEOSA, you're going to have to act like this going forward, because that doesn't give us the dialogue to, to give that.

**MEYER:** Yeah, I guess just one more point, I, I hate to take too much time, but I was part of the very first writing standards for public schools in the four core areas, reading, science, language arts, and math. And those were brought to us, or forced, kind of, upon us by the universities, that said, we will not take students unless they have these courses fulfilled by K-12 education, basically the high schools. So then we proceeded to formulate on the direction of Dr. Doug Kristensen, the standards in the four core areas, and those, at the time, were viewed as a, an infringement on local control. So to give you an idea how far we've come, the university said we need kids educated at this level. And as they were looking at schools across Nebraska from Omaha to Hyannis, they had kids coming to them that were not, not uniformly educated in those four core areas. So it became a necessary quality control for schools in Nebraska to have those standards. And yet that was looked on as usurping local control of what they wanted to teach. So just to bring a little historical perspective to the conversation, and maybe future conversations about other bills here. So I'm sorry to put you on the spot, but since I had the microphone, I did.

**BEN WELSCH:** Well, it would be great if we had four types of schools across the state that we could, you know, put everybody in their own little, little bucket as well. But yeah, again, trying to be, you know, well versed in all the uniqueness of everybody is, is important.

**MURMAN:** Any other questions for Mr. Welsch?

**WALZ:** I have one.

**MURMAN:** Senator Walz.

**WALZ:** Thank you. I want to go back to the quality of education that we provide here in Nebraska, because I, I do think it's very, very good, and I think that that is something that attracts people to, to Nebraska. I just want to ask you about new programs. The bill, or the idea that we are talking about, doesn't include bonds or QCPUF. But my fear is our community's ability, or our school district's ability, to add new programs, English as a second learn-- English as a second language, career technology. Specific to meeting those community needs, do you feel that, that those ideas or those programs would be impacted from, from this shell, or from this idea?

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**BEN WELSCH:** I mean, historically, the Legislature has had us try to do more techie, or technology trades there-- you know, we get financial literacy. I mean, there's been things that the Legislatures essentially said, OK, schools, you have to provide this now, that has cost more money, you know, over time. And so again, just remi-- just remembering, like you said, that anything that is something we need, want kids to be able to do, or we think is a value for Nebraska education, we need to just make sure that there's funding that, that's provided to do that. And if, you know, if a local entity, you know, wants to cover a little difference here or there, you know, make sure that they have that ability to be able to move back and forth. Let's not cap them, let's not-- let's, let's not infringe upon, you know, that flexibility for a new, new curriculum, or, you know, having to get another special ed teacher just because of-- that's the need that your local school has. But if we handcuff them and say, well, you know, we need another teacher, but we can't pay for it because we're not allowed to, those are the exact things that, that we would run into.

**WALZ:** Yeah. All right. Thank you.

**MURMAN:** I just have one more question, just mainly because of the discussion we had in this group. I'll ask kind of the same question I asked Ms. Knoche. Do, do you think the-- with the vote of the people that the local district can fund more programs than what is provided with the funding from the state? Do you feel that's a good way to do--

**BEN WELSCH:** But just as long as we-- just as long as they're sticking with the same voting mechanism that every local official, state official-- I mean, as long as we're keeping it at 50%, this thing, some votes are 60, or some are 70, or 55. You know, that's, that's where we get to this. We want of-- you know, the Legislature is going to say, we want a vote of the people, but we're going to change the threshold that it's going to take to pass this stuff. If, if this body says that we do want local entities to go above and beyond and have that ability to ask for more local dollars, then make sure it's the same voting mechanism, as as everything else where it's just a 50% plus one to make those decisions.

**MURMAN:** Is that not the ultimate in local control, the vote of the people in the local district?

**BEN WELSCH:** Yeah, you want as-- and we want those school board members that we've elected to, again, be able to do their jobs,

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because, again, they're just as important as the state person that's on our ballot when we go to vote. And so, we don't want one entity trying to, you know, take, take their jobs away from each other at the end of the day also.

**MURMAN:** And not that I don't appreciate the local school boards, I really do. And teachers too, of course. Thank you very much. Any other questions? If not, thank you for your testimony. Any other opponents for LB45? Any neutral testifiers for LB45? If not, Senator Linehan, you're welcome to close.

**LINEHAN:** Thank you. I'm just going to read something here, if can-- This is a-- from a posting from OpenSky, May 9th, 2023. OpenSky has long held that the best way to provide property tax relief in Nebraska is to increase state funding for schools. Ever since I got here, this is all I've heard, that we need to increase state funding. And we did. And the whole 49 per-- 49th in the nation is very, very misleading. Omaha. Hastings, South Sioux City, other schools, we have a large number of low income kids. And this should be. I'm not saying this is wrong. They get, they get 60% of their money from the federal government and state now. 60%. And we haven't had any effect on their local control. So why is it that if we get to 80%, that's going to affect it? And how are we not going to get to 80% and do anything about all the-- all the schools that have come off it? The numbers got to make some sense here. TEEOSA, and we all use that because the name is so long, stands-- this is what it says: Nebraska Tax Equity and Education Opportunities Support Act. Nobody thinks it's equitable, and we're leaving too many kids with no state funding, which, as we all know on the committee, is not quite true. Every school gets some state funding, and they all get special ed funding. But we-- they all go back to Senator Wayne's argument, why is one kid, an option kid, worth \$10,500? Nobody's complaining about that program. We got schools, I didn't know this, Ralston was in this week, 25% of their kids are option students. So we're picking up-- and they've got a lot of low income kids, so we're-- I wouldn't be surprised if we're picking up 50% of Ralston's bill now. Do we go and tell them who to hire, or what to do? No. This isn't about taking local-- their decisions from the school boards away. I thought what we were trying to do here is do the very thing that I've heard for eight years. Well, actually, I've lived in Nebraska a long time, I've been hearing about 49th in the nation for decades. And they want stable funding? They don't have stable funding now. Valuations go up, they are forced to raise property taxes because their equalization aid's gone down. That's not stable. A thorough and comprehensive process. There are a bunch of senators here, and we're lucky enough

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to have somebody who has served on a st-- who served on the State School Board. They've done nothing but study this for eight years. And public input? What are we up to, 81 bills? 81 hearings? We have a lot of public input going on in the Revenue Committee, I assure you. I don't think we're trying to freeze out the public. Living under the recent caps. 75% of the school boards, it's fine. That's the way we wrote it. Overrode the caps. There's no cap. And you mentioned this-- Chairman, thank you. Every bill that's been floated around allows for a vote of the people to override. Every one of them. So there's no they can't do anything. They just have to ask their public. Needs. That's what I'm trying to do here is, say, the needs process we've got down. Does it need tweaks? Yes. I'm sure it does, probably going forward. It's not a static thing. We're not going to set this up, and it can never be changed. But doing something as big as this without saying we have a formula for what the needs are, I think it's problematic. We need to have the needs side. So all I'm doing here is trying to say, you have a need side, let's use it. Can we tweak it? Does it need to be tweaked? Senator Walz had a good idea, because right now what the needs do? We've got high poverty schools. I'm trying to think that that school between Scottsbluff and Gering. Little one.

\_\_\_\_\_ : Minatare.

**LINEHAN:** Minatare, thank you. 80% poverty. But guess what they get from the state for poverty allowance? Zero. Because their resources supposedly take care of those kids. I-- nobody in the Legislature-- I think being on a school board is one of the hardest jobs in the state. You're dealing with people's children, there's nothing more precious to them. So whenever you're on a school board, you're going to have a lot of pain, right? And I don't think anybody in the Legislature understa-- I think everybody here understands how difficult that job is. And they don't get paid anything. We don't get paid much, but they get paid nothing. So we don't want to be-- I don't and I don't think the Governor does. He doesn't want to run schools. We just want to be fair to every kid in the state of Nebraska, and we want to control prop-- we want to do something about property taxes. Because Senator Meyer said, what we are doing is not sustainable. You can't-- we heard from the EPIC people yesterday, and-- you can't drive people out of their homes, and off their farms, and out of their businesses. And, and when you do that enough, there won't be any money for schools, or any kids here in Nebraska to teach. These people, they can't afford to live here, we're not gonna have any kids in school.



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**LINEHAN:** Thank you. Any questions for Senator Linehan? Senator Walz.

**WALZ:** First of all, I don't I don't think anybody is disagreeing that we think more state aid would be beneficial. I don't think anybody's disagreeing with that. I think the disagreement comes in with the local control issue as one of those disagreements. And let's take Senator Wayne's last bill as an example, because obviously that was a bill that you agree with. Just for the most part, you agree with it.

**LINEHAN:** I agree that schools shouldn't discriminate.

**WALZ:** So if schools do not have, or local school districts don't have the ability to add an ESL language class, add another teacher, and they have the need in their community, now we have a discrimination lawsuit.

**LINEHAN:** No, it's--

**WALZ:** Because we can't provide the services that that family needs, because the state has said, you can't, as a community or local school, school district, add programs for teachers to provide that service. Is that--

**LINEHAN:** I don't-- I don't know where that's coming from. In LB1, and as we all know that whatever got introduced is not going to be what we pass in here, we all know that. LB1, the Governor's saying we get a 3% increase every year plus growth. And there are plenty of people in the Legislature and probably taxpayers just going, what are you doing, 3% plus growth? How much is that going to be? So there can be increases. They can also, if you add a new program there might be just-- and this happens in all government. There might be a program that needs to go away. It's not-- I mean-- the federal government is far worse than we are at the state, or local level's probably better than most-- any bigger government, but-- I don't think this keeps them from having new programs. And, and I think, I'm pretty sure there's two senators on this committee that have-- are co-sponsors of another bill that takes a levy down to \$0.25. So is that-- is that the magic number, 25? Because right now, again, and this is before you figure in the special ed funding, we have a lot of schools at 60%. But we got a lot of a lot of schools at 5%. So that's not right. And you-- and are-- and I'm-- I really, I know I get told I beat up on schools all the time. I really don't think I do, but this time I am going to beat up. We can sit here, and I'll say that we have great schools, and we have magnificent schools. I see people paying ridiculous price for a lot so they can be in Elkhorn. Ridiculous

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price for a post [INAUDIBLE] lot. What? \$100,000, so they can build-- so they can build a \$300,000 house. And that's because they want to be in that school district. They have options, they can afford it. Good for them. But we, we get a bunch of kids in schools, they're not proficient. And if you look at our gaps between middle class kids, white kids, and kids of color, it is shameful, guys. We have a problem. You, you can't-- you can't have 80% of your third graders not reading. It's, it's a recipe for failure. We had the police in-- I almost said cops-- police in yesterday in front of the Revenue Committee, which I think they won over a lot of hearts about having caps on public safety. The crime rates have gone up in Lincoln, and Omaha, and Kearney. Why? Because we let a bunch of kids out of school between 13-- and I'm not saying that was the right decision, wrong season. I'm, I'm not-- I stopped fighting Covid arguments a long time ago. They're not helpful. But when you don't have structure around a bunch of teenagers, they're going to get in trouble. I think car thefts were up 70%.

**WALZ:** Yeah, I guess my, my point is that we need to be very, very careful when we're taking away as much local control as we're taking away because of situations like that, because of those situations.

**LINEHAN:** But what local control are we taking away?

**WALZ:** I don't know. Would-- I know you're not taking away bonds? But what, what if we-- career technology--

**LINEHAN:** OK, but let's talk about LB9.

**WALZ:** Let's talk about the--

**LINEHAN:** LB9's 25%.

**WALZ:** Right. Yes. At least there's something there, though. With this bill, there's nothing. Am I right?

**LINEHAN:** So that's what I'm-- I'm trying to be, is that the number?

**WALZ:** I, I don't-- I don't know, I would imagine that to me it was, it was a way better, way more flex-- it was way more flexibility for a local community to make decisions about their local school districts.

**LINEHAN:** OK.

**MURMAN:** Any other questions?

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**LINEHAN:** All right.

**CONRAD:** Thank you.

**LINEHAN:** I still think you'll be done before we are, but I don't know.

**MURMAN:** On LB45, we had zero letters, online comments, we had zero proponents, four opponents, zero neutral, no ADA. And that'll close the hearing on the LB45, and we'll open hearing on LB81, Senator Halloran.

**HALLORAN:** Good morning. Good morning, Chairman Murman and members of the Education Committee. Thank you for this hearing. For the record, my name is Steve, Senator Steve Halloran, S-t-e-v-e H-a-l-l-o-r-a-n, and I represent the 33rd Legislative District. Before I get into this, there is a drafting error that-- I know no one else has ever had a problem with that, but a drafting error, in the date, the sunset date of July 1st, 2027. It should be '26, so that it falls at the end of a biennium, if that make sense. I think it makes sense. I'm here today to introduce LB81, which repeals the Tax Equity and Education Opportunity Support Act, TEEOSA, on July 1st, hopefully 2026. If Larry the Cable Guy were to title this bill, it would be the "get 'er done" bill. Sunset date allows ample time for the Legislature to design a new funding mechanism. I have handed out some material that will be referred to here. The Nebraska Department of Education document I distributed titled 2024-25 State Aid Calculated by System dated February 29th, '24, shows 184 of the 244 school districts in our state, or 75.4%, over three quarters of the school districts, will receive no equalization aid. School funding or equalization aid provided by or through the TEEOSA, so will only be provided to 60 of the 244 school districts. This is unacceptable, and underscores why school funding formula TEEOSA must change. Another document I am distributing, to this committee, labeled the TEEOSA Component Chart, provides information about the complex formula and honestly, more reasons why it should be replaced. It's interesting when I talk to people who are in the know, and should be in the know, in the Legislature and amongst school administrators, and ask them and quiz them about the TEEOSA formula, the quick answer I get is needs minus resources equals equalization. And then when I try to dive in and ask more questions, it's kind of deer-in-the-headlights look, right? And I understand that without this in front of you, or in front of them, it's, it's not fair for them to quote off 18 boxes of needs. But that's what's happened over time. The TEEOSA formula, in my estimation, is much like our, our tax code. It started off very

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simply. And now our tax code is 1,274 pages. And our TEEOSA chart, or TEEOSA formula, I'm sure, started off much simpler than this, and I understand over time there are new needs. I get that. But ultimately, the bottom line here is, is the real word in equalization is equal. Equity as well is the word equal. And I think no one pretends that every school, the demographics, the population, the makeup of a school, that every school is equal, I get that. But my point here is, is that there is a need, I believe, to set a deadline for you all in the next session. And I have complete confidence in the senators I'm leaving in charge as I leave here to be able to go through this formula and modernize it, and bring it up to speed. And that's, that's the, the basis of this bill. I do have-- you, you all know me. Sometimes I use levity inappropriately. But I think sometimes levity, sometimes cuts to the chase here a little bit. I'm handing out, handing out-- Many of you have seen the movie Good Will Hunting. Good Will Hunting. Part of the scene in that-- part, part of that movie is-- The movie is basically about a janitor in a school, and it's-- this is not a good description of the movie, but a scene in the movie is a professor at the college put on a math formula on the blackboard, the one I handed out to you. He put a math formula on a blackboard for his students to solve. Well, Matt Damon, who played Good Will Hunting, was a janitor. And as he was cleaning the room, the classroom, he observed this formula on the board, and he started-- he picked up some chalk, and he started working over that formula, and he solved it. And I guess the point of what I want to make with this, that obviously was a very complex formula. And my anecdotal humor here at the end suggests that maybe we should hire the janitor to figure out the TEEOSA formula. So with that, I would be glad to open up for questions.

**MURMAN:** Thank you. Any questions for Senator Halloran?

**HALLORAN:** I knew this would be short enough because I've been telling you a lot of you already know.

**MURMAN:** Appreciate the stories. Any proponents for LB81? I think you're safe, no questions. Any proponents? Any opponents for LB81?

**CONNIE KNOCHE:** Good morning, Senator, and members of the Education Committee. My name is Connie Knoche, C-o-n-n-i-e K-n-o-c-h-e, and I'm the education policy director with OpenSky Policy Institute. And we're here to testify in opposition to LB81, because it terminates the TEEOSA formula beginning in July, 2026 now, and without an alternative funding system to provide state support for Nebraska public schools. Terminating the TEEOSA formula prior to creating an

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alternative system of financing K-12 schools creates instability for school districts as they plan their budgets for the following school year, as well as their negotiations and multi-year contracts with personnel. LB81 terminates the TEEOSA formula without coming up with an alternative system, and it creates problems for schools. We believe that the path to meaningful and sustainable property tax reform will come through a thorough and comprehensive review of the way we fund public education in our state, and there is no silver bullet to updating our school funding system. And any real change will require significant expertise brought to bear through an open and transparent process. Nebraskans deeply value our public education system. We know that a strong K-12 education system expands the economic opportunities for all, and is foundational to the strength of our economy today and in the future. We oppose LB81, and we believe it's time to reevaluate our state system of school finance in a comprehensive way, and I'm happy to answer any questions.

**MURMAN:** Thank you, any questions for Ms. Knoche? If not, thank you. That's fine. Any other opponents for LB81? Any neutral testifiers for LB81. If not, Senator Halloran, you're welcome to close. Oh, and while he's coming up, on position comments, zero proponents, six opponents, zero neutral, no ADA.

**HALLORAN:** Thank you, Mr. Chairman. Thank you, the Education Committee. OpenSky just stated what I stated. I didn't pretend to come up with a formula to replace TEEOSA. She suggested that we take our time and do that, and that's what I'm suggesting, two years with a deadline to do something to urge and, and give some, how would you say, motivation to modernize the TEEOSA formula. So, with that, I would, I would close and encourage you to put a deadline, a sunset. And if, at the end of the sunset, two years, if you all aren't happy with any of the suggestions, guess what you can do?

**CONRAD:** Repeal it.

**HALLORAN:** Well, you can responsor it, you can repeal it, or you can responsor it with the TEEOSA formula as it is in it's-- in it's fine, uncomplicated circumstance, and you can-- you can responsor it and pass it. It's, it's not like there won't be funding, contrary to OpenSky's-- OpenSky dialogue, so.

**MURMAN:** Senator Conrad has a question.

**CONRAD:** Yeah. Thank you, Chair. Thank you, Senator Halloran. Actually, I had-- I was going to ask you a question about what would

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happen if we couldn't come to agreement to find an alternative formula at the expiration of the time frame set forward in your bill, so thank you for addressing that and anticipating that in your closing. So one thing that has occurred to me in listening at this hearing and to some of your comments and to OpenSky's comments is I, I know that Farm Bureau, and others, and NSEA, and prior members of this committee and this Legislature have called for a comprehensive kind of review and analysis and perhaps reform to TEEOSA over many years, sometimes in a more formal process through legislation, or interim study, or what have you. And we haven't had a lot of energy or interest in moving-- in moving those forward. But there's some good models out there maybe that we could dust off and take a look at. But my other question to you or other members of the committee is, you know, do we even need legislation in order to accomplish that? Is there anything that you are aware of that prohibits senators, or educational stakeholders, or citizens, or school boards from coming together, over the interim, through the next year or two to, to have those discussions?

**HALLORAN:** Nothing prohibits that, but nothing's causing it to happen.

**CONRAD:** Yeah. Right.

**HALLORAN:** I mean, it's-- the results aren't there, as I-- as I've seen anyway

**CONRAD:** Said, this would help to--

**HALLORAN:** This is a motivator.

**CONRAD:** To kind of crystallize that process.

**HALLORAN:** It's kind of a negative motivator, because it puts a deadline on it.

**CONRAD:** Very good. Thank you.

**MURMAN:** Does Senator Meyer have a question?

**MEYER:** I want to say thanks for bringing this, but I'm not sure I really want to say that. Don't look at me to solve that, I can hardly run the broom.

**HALLORAN:** I can-- afterwards, I can show you the solution--

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**MEYER:** OK. I guess-- I guess what I want to-- when you were talking about the formula, and of course the needs side gets a lot of conversation has been-- it has been tweaked numerous times since 2007, when Ron Raikes started it. But all in all, I don't know when you ask public school administrators and teachers if there's a lot wrong with the needs side of the formula, is it complicated? Yes. Does it need-- is it-- is it wrong in any way? They all kind of have to say, well, it's probably pretty close. But what makes the formula so difficult for local school boards and administrators to plan with is the resources side, because the valuations change. All you have to do, and I want to put this on the-- on the record, it's the valuations that local school boards don't know what they're going to be when they try and plan for the future, and what their budget's going to be. Our-- my local school district is going to lose \$500,000 because of valuation, and that's nothing the school has done, it's what the county assessor does, and that moves through the formula. So, I guess I just want that out there, that-- and that's what some of the work we're hoping to do in the Legislature, the special session hopes to solve by removing that, or a portion of that craziness from the valuation in evaluating the state aid formula and how all that takes place.

**HALLORAN:** Is that a question?

**MEYER:** No, it's a statement--

**HALLORAN:** OK.

**MEYER:** --to you for the public record.

**HALLORAN:** I'll, I'll respond for the public record. You're talking to the choir. OK.

**MEYER:** OK.

**HALLORAN:** But the formula is needs and resources.

**MEYER:** Sure.

**HALLORAN:** All right. So I'm just proposing a drop dead date for a negative term to use, but a drop dead date to look at those more closely and do something, hopefully, to make it more useful.

**MEYER:** And I won't take--

**HALLORAN:** And fair.

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**MEYER:** And I won't take the drop dead-- drop dead date personally.

**HALLORAN:** Thank you. Thank you.

**MURMAN:** Any other questions? If not, thank you very much for bringing the bill.

**HALLORAN:** Thank you all.

**MURMAN:** Good morning, Acting Chair Walz and members of Education Committee. Because the Legislature only allows bills to be submitted within the first three days of the legislative session, LB42 acts as a, bad word, placeholder in the case that the committee finds a need to make an adjustment mid-season, in this case as the-- or year mid session. In this case, as the Legislature makes changes to the overall tax system, we want to look at the TEEOSA formula and make sure our schools are well taken care of. The goal is not to ram something through, but to recognize that because we can only submit bills within the first three days, if something does come up and we don't want to have our hands tied and not be able to produce any kind of solution, we don't want that to happen. Thank you. And with that, I'll close.

**WALZ:** Thank you, Chair Murman. Proponents? Any opponents?

**BEN WELSCH:** Thank you, Vice Chair Walz and Education Committee. My name is Ben Welsch, B-e-n W-e-l-s-c-h. I'm here today to speak in opposition to LB42 on behalf of the Nebraska State Education Association. The statement of intent for LB42 is that is a placeholder bill for the Education Committee to use, if needed, during the 108th Legislature, first special session. The introduction of a shell bill in the Nebraska State Legislature which lacks proposed changes, as it is intended to have language amended to it into a later date fundamentally undermines the principles of transparency and informed public participation that are essential to the legislative process. The very essence of a democratic legislative system is to ensure that all stakeholders have a clear understanding of the proposed policies and the potential impacts before any decisions are made. When a shell bill is introduced without specific content, it deprives citizens, advocacy groups, and other interested parties of the opportunity to adequately prepare and present their views during legislative hearings. Transparency in the Legislative process is paramount. Citizens have the right to know what their elected representatives are proposing and to understand the implications of those proposals. This knowledge allows them to



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participate meaningfully in the democratic process by providing feedback, raising concerns, and supporting initiatives. A shell bill, by its nature, obscures the legislative intent and content until a much later stage, often when it is too late for comprehensive public input. This lack of initial clarity not only hinders informed debate, but also foster a perception of secrecy and potentially erodes public trust in the legislative process. Furthermore, providing adequate notice prior to a legislative hearing is a cornerstone of good governance. Testifiers need sufficient time to review the proposed policies, conduct necessary research, and formulate their positions. This preparatory work enables them to present well-informed arguments, whether in support or in opposition to the bills. Shell bills, however, preclude this essential step, as there is no substantive content to review at the time of the bill's introduction. Consequently, stakeholders are left in a reactive position, scrambling to respond to amendments that may be introduced with little notice, thereby diminishing the quality and depth of public testimony. LB42 is an unnecessary shell bill, as a special session is designed for focused and timely language, and we ask that you not advance it out of committee. Thank you.

**WALZ:** Thank you. Any questions from the committee? I don't see any. Thank you for coming. Any other opponents? Anybody in the neutral? Senator Murman, would you like to close?

**MURMAN:** I'll just have a quick close. Yeah it's, most likely unnecessary, but especially during a special session like this, you never know. I mean, anything that would be put into a so-called shell bill would be vetted through the committee process, so. Thank you.

**WALZ:** Senator Conrad.

**CONRAD:** Thank you, Acting Chair Walz, thank you, Senator Murman. Look, I don't remember the roster right off the top of my head, but, Senator Murman, I think, were you part of the Governor's working group on tax reform and related matters this summer?

**MURMAN:** Yes.

**CONRAD:** That's right. So-- which makes sense because you're on Revenue and Education Chair. But can you help the committee to understand where in the process, because I didn't really see this, this, this thread, or, or this component of the Governor's deliberations pop up until very late in, in the game where he'd indicated that all of a sudden the goal was to take over school

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funding on the state level. What-- can you help the committee to understand, maybe pull back the curtain a little bit? Were you consulted on that policy goal? What was the shift in terms of the deliberations that, that you were gleaning from conversations with either the working group or the Governor? When did that idea really gel and, and come forward? And were you in agreement with that?

**MURMAN:** Well, I'm trying to think back of, of the-- I'm not sure how many meetings we had.

**CONRAD:** Yeah.

**MURMAN:** Six at least.

**CONRAD:** That sounds about right, yeah.

**MURMAN:** We-- if I remember correctly, the first meeting we started talking about a broader based funding of-- for education, a broader based tax system, and increasing the support from the state to the schools, and just kind of that's where we started, and that's where we ended up, and just fine tuned it all the way through, so with each meeting.

**CONRAD:** So you, you-- In essence, you, you kind of started the process with the goal to, to engineer a state takeover of school funding.

**MURMAN:** Well, if I remember correctly, yes, I think that we discussed at the first meeting, if I remember correctly.

**CONRAD:** OK, that's [INAUDIBLE].

**MURMAN:** If not the first one very early in the process.

**CONRAD:** I didn't-- yeah, and that-- I mean, it's helpful because I wasn't a part of those conversations and I didn't see this, this point raised until very late in the deliberations. So if, if that was part of the goal originally established, and then, you know, worked on over the summer with the working group to kind of help put the component parts together on the so-called Nebraska Plan. When did the Governor engi-- introduce an education bill?

**MURMAN:** Well, of course, that was up to the Reference Committee as far as where the-- or the-- yeah, the Reference Committee, as to where the, the bill, bill would be the referenced, to what committee it would be referenced to.

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**CONRAD:** Right. And under special session rules, the Governor's bills come in first, so he's introduced LB1, which is kind of the, the main pieces of his Nebraska Plan, or property tax relief, and tax increase, and tax shift bill, that's in Revenue. And there's a couple bills, I think, in Appropriations and then one maybe to, to carry out the funds for the special session. Maybe the Speaker put that one in. But in the pack- the suite of bills that the Governor put forward, it wasn't really a referencing issue, because there was no education bill that the Governor put forward is part of his plan. Is that right?

**MURMAN:** Well, I don't think the Governor knew where the bill would be referenced to, or I'm sure he didn't, it was up to the Reference Committee.

**CONRAD:** Right. But you have to put one in before you have referencing fights, right? And there, there was not a bill introduced on behalf of the Governor in regards to school finance.

**MURMAN:** Well, the bill was introduced by Senator Linehan in, in-- at the request of the Governor.

**CONRAD:** Right.

**MURMAN:** And I don't--

**CONRAD:** You're saying it's--

**MURMAN:** --no one knew it would be referenced to.

**CONRAD:** You're saying it's all contained in LB1 is your understanding, maybe.

**MURMAN:** Is, is what contained in LB1?

**CONRAD:** The entirety of the plan is contained in LB1 is your-- is your understanding?

**MURMAN:** That's one bill, I mean, we have also LB9.

**CONRAD:** That, that was not introduced by the Governor, but yes.

**MURMAN:** Another, LB-- No, they're not, not, not introduced in behalf of the Governor, but there are other bills that-- and likely the ultimate bill will be some kind of a compromise between bills.

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**CONRAD:** I know it's part of our general practice for chairs to introduce quote unquote, shell bills or placeholder bills for unforeseen issues that might arise during session because we're so closely constrained on time limits for bill introductions, and even more so during a special session, and different chairs utilize that prerogative in different ways. But you've heard some of the, the criticism at the, the hearing today. If you utilize any of these shell bills for rewriting the school funding formula, or other major changes to education policy, will you set new public hearings to allow the public to weigh in on, on those proposed amendments to said shell bill?

**MURMAN:** I think it's very unlikely that these shell bills will be used, but the public hearings during the special session are only held, well--

**CONRAD:** In five days.

**MURMAN:** --I don't know exactly what the-- yeah, five days. So, in order to do that, I assume we would have to have another special session.

**CONRAD:** Yeah, I suppose that's, that's one way that it could happen, where we could do a suspension of the rules, or a special hearing, or, or otherwise. But I think it would ease committee members' mind, and the public's mind if there was some sort of commitment to actual transparency that the shell this bill will not be utilized to-- as vehicles for major changes to educational funding or policy without again being subjected to public hearing. Do you-- do you feel like that's a, a commitment that you could make?

**MURMAN:** Sure.

**CONRAD:** OK. Great.

**MURMAN:** I could commit to that.

**CONRAD:** Thank you. Thank you so much.

**WALZ:** Any other questions? Thank you, Chair Murman.

**MURMAN:** Thank you.

**WALZ:** And then we have the next-- where is it? Next bill is L-- oh. OK, so on LB42 we had zero proponents, three-- zero proponents, three

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opponents, and zero neutral and no ADA comments. So that takes us to LB43 and Chair Murman.

**MURMAN:** Well, good morning again, Acting Chair Walz and members of the Education Committee. Similar to the previous bill, LB43 acts as a placeholder in case an issue arises to amend the bill-- to amend this bill would meet that issue. School funding is a big and important responsibility, so these bills are needed simply to make sure we get everything done right with that. Thank you, and I'll close.

**WALZ:** Thank you, Chair Murman. Do we have any proponents? Any opponent?

**BEN WELSCH:** Again, thank you. Vice Chair Walz and the Education Committee. My name is Ben Welsch, B-e-n W-e-l-s-c-h. I'm here today to speak in opposition to LB43 on behalf of the Nebraska State Education Association. The statement of intent for LB43 is that it is a placeholder bill for the Education Committee to be used if needed during the 108th Legislature, first special session. The practice of introducing shell bills is particularly illogical during a legislative special session. Speaker Arch has indicated that bills can be debated even after a failed cloture vote, making the use of shell bills unnecessary. In a special session, where time is often of the essence, and the legislative focus is typically narrow, it is especially important to have clear and specific proposals from the outset. This clarity allows for focused and efficient deliberation, ensuring that a special session achieves its intended objectives without unnecessary delays or confusion. In contrast, during a regular session shell bills have sometimes been used as a strategic tool to revive proposals that have failed to advance due to a failed cloture vote. However, this practice remains controversial as it can be seen as circumventing the will of the Legislature and the public. Even in this context, the use of shell bills can be criticized for the same reasons for transparency and public participation, but the procedural constraints of a special session make them even less appropriate. In conclusion, the introduction of shell bills violates core democratic principles of transparency and informed public participation. It prevents stakeholders from effectively preparing for and engaging in legislative hearings, and thus undermining the quality of the legislative process. In the context of a special session where clarity and efficiency are paramount, the use of shell bills is not only unnecessary but also counterproductive. Legislative practices should strive to enhance, not diminish, public trust and engagement, ensuring that all proposed policies are subject to

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thorough and informed debate. LB43 is again an unnecessary shell bill, and we ask that you not advance it out of committee. Thank you.

**WALZ:** Thank you so much. Any questions? Senator Conrad.

**CONRAD:** Thank you for your testimony, and providing your perspective on some of the key procedural and, and process issues that these shell bills raise in regards to this particular special session. I again appreciate and understand that chairs typically introduce shell bills, particularly during regular sessions, to take up perhaps unforeseen issues that may arise in the course of that regular session. I, I do just want to underline and put a finer point on the fact that Senator Murman, working closely with Governor Pillen as a member of the committee and in leadership of this body helped to facilitate an extraordinary session of the Nebraska Legislature to take up issues that are not unforeseen, but carefully orchestrated by the Governor and legislative leaders to address tax relief, school funding, and budgetary matters this summer. There is nothing unexpected or unforeseen about this. It was deliberately engineered by the Governor and legislative leaders to facilitate a political do over for a failed plan that they could not advance through the regular legislative session. We're not taking up a measures because of an economic crisis, because of a court case that threw a wrench into the works, because of a natural disaster but in the Speaker's own words earlier this session, to take up an issue and a matter that has been contentious since our statehood. Yet here we are. I am glad that you raised your voice during these shell bill introductions and, and I, I appreciate Senator Murman's commitment on the last bill, I hope it extends to this bill. Maybe he can confirm that for us in his closing, if he chooses to make one, that the shell bills will not be utilized as vehicles for major changes to educational funding or policy without again being subjected to public hearing. So I just wanted-- I know it's not going to be a long hearing on a shell bill, but I wanted to make sure to note those matters for the record, to contextualize this particular bill in this special session. Thank you. You're welcome to respond to that nonquestion question.

**BEN WELSCH:** Again, when you, when you throw around, you know, from all the hearings today, this local control, which also means citizen participation, and making sure that our voices are heard. So again, we're just reiterating, that the citizens are the ones that should be able to, to share pros and cons of any of the changes to, to bills that would potentially be foreseen if they aren't explicitly aligned, you know, or stated, you know, in these first rounds of bills.

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**CONRAD:** Yeah, I think that's right. And since this particular special session was carefully orchestrated by the Governor and his allies in the Legislature, and trumpeted with town halls and shiny campaign mailers and brochures, etc., etc., that talk about a total takeover, or a near total takeover of schools in Nebraska by the state, it is beyond reckless that there is no proposal put forward by said Governor, and said legislative leaders to show how that would work. There is some intent language in the Governor's bill that in essence says, don't worry, we'll figure that out later. I-- that's a disservice to Nebraskans, and it's reckless with our precious public schools, and I want to put a fine point on that today, and that will be a recurring theme, I think, moving forward.

**WALZ:** Thank you. Thank you for coming today, I appreciate it. Any other opponents? Anybody in the neutral? Senator Murman, would you like to close? Oh, for the record, we had zero proponents, four opponents, and zero neutral.

**MURMAN:** OK. Thank you. Well, when the Governor made his proclamation, it was to address the property-- the special session was to address the property tax crisis in the state, and and I'm not sure if it was in his proclamation or just during his speaking about the special session, he did call the property tax situation in the state a crisis. And I think our public in general would, would totally agree with that. So I think there definitely was a need for this special session and I appreciate the Governor calling for the special session. And then as far as the group that met during the summer, that was a bipartisan group, and it was members of this committee, the Revenue Committee, and the Appropriations Committee because, you know, everyone knew that, these three committees would be most likely and most closely involved in any kind of legislation. So, in, in, in his, in his proclamation, he did say, you know, it was to address the property tax situation, and strongly support public schools from-- I think he said from the state, or if he didn't say it during the proclamation, he did say it in other correspondence. So, I appreciate him doing that. And, as far as another shell bill, especially during a special session, I hope a short special session, relatively short at least, I hope it doesn't go till Christmas. We, you know, may need some kind of a framework to do some of the things that have been vetted, of course, in committee, and that's the reason for, for bringing these bills. With that, I'll take any questions.

**CONRAD:** Thank you. Senator Murman. And I think you would find strong agreement from almost every Nebraskan and every state senator that, I hope we don't go till Christmas. I think that is, that's something we

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can definitely all agree on here. But I, again, I'm, I'm going to, to ask you, with so many members of the Education Committee working with the Governor all summer, and you as chair of the Education Committee, you've brought forward two shell bills for a potential framework to effectuate a rewrite of education policy and funding with no details. Why did you not work with the Governor to introduce a substantive measure in his suite of pack-- in his suite of bills that he has priority to introduce in a special session, to tell Nebraskans how and when and why we're going to engineer a state takeover of schools, and potentially increase teacher pay or reduce class sizes, as promised on his campaign brochures. Why didn't you put forward a bill? Why did you rely upon two shell bills?

**MURMAN:** A potential state takeover of schools? I guess it's, it's, more funding from the state for, for public schools. I wouldn't call that a takeover, I'd say supporting public schools would be the way I would phrase it.

**CONRAD:** OK. That's fine if you have a different phraseology, my question remains the same in substance. If you seek to provide full state funding, or near state funding for public schools, in sharp contrast to our current and historical practice, why did you and the Governor not work together to put forward a detailed framework about how that would happen?

**MURMAN:** Well, the, the bill that was introduced on behalf of the Governor, that was what that bill was. And as we talked about before, members of these three committees worked with the Governor, you know, after the, the last session to craft as good a bill as we-- as could be introduced on behalf of the Governor.

**CONRAD:** And so the best work from the brightest minds in the Legislature and the executive branch, who are focused on changing fundamentally our approach to public school funding and policy in Nebraska came up only with brief intent language in LB1 that says we'll figure out these key matters related to schools later. That, that's really the only language that's been introduced in the Governor's bill in relation to when and how we will take up school funding matters. Why didn't you put together a bill? Did anyone ask that question during part of your task force work group?

**MURMAN:** What we did put-- there was a bill put together on behalf of the Governor. And as far as where it was referenced, that, that wasn't that's not up to me. I'm not even on the Reference Committee.



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**CONRAD:** No, I understand, and I didn't ask you a question about referencing. My question is, as Chair of the Education Committee, who's been working all summer with the Governor on the Governor's task force, why didn't you put forward a specific bill to tell Nebraskans how the Governor and you are proposing to change school funding and school policy in the special session?

**MURMAN:** We did do that. The committee--

**CONRAD:** You believe it's--

**MURMAN:** --in working with the Governor, myself and the rest of the committee--

**CONRAD:** OK.

**MURMAN:** --we did do that.

**CONRAD:** So you believe that LB1 is sufficient in regards to explaining to Nebraskans how we're going to achieve higher teacher pay, smaller class sizes, and pick up all or nearly all state funding for public education. Your contention is that LB1 is sufficient to address all of those matters.

**MURMAN:** Well, the final bill that we hopefully come up with during this special session will hopefully do all of that.

**CONRAD:** OK.

**MURMAN:** So that is our goal during the special session.

**CONRAD:** OK.

**MURMAN:** And I have confidence that whatever bill we end up-- whatever compromise bill we come up with will strongly support education in Nebraska.

**CONRAD:** Right. Do you-- did you have any conversations with the Governor about introducing a specific education bill as part of this special session?

**MURMAN:** No.

**CONRAD:** OK. Did--

**MURMAN:** Just, just as a group.

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**CONRAD:** Sure.

**MURMAN:** As a group.

**CONRAD:** Right.

**MURMAN:** Nothing private, no.

**CONRAD:** Sure. Sure. Did anyone in the task force, you know, raise a question about if we're going to have a major shift in education policy or funding, are we going to put in an Education bill? Did any-- did those discussions happen?

**MURMAN:** Well, yes. That's what the-- every meeting was all about.

**CONRAD:** OK. And then as part of those discussions, were there ever models presented to the task force about how the Governor's changes would impact different schools?

**MURMAN:** I don't think there were ever any models that I can recall.

**CONRAD:** OK. So it was more kind of general concepts?

**MURMAN:** Yes.

**CONRAD:** Did you-- could you help the committee and the public understand? Did you ever ask as part of those deliberations how we would achieve the governor's goal of increasing teacher pay without a bill put forward to do that, but as reflected on his campaign materials?

**MURMAN:** Yes. I specifically asked him about, you know, adequately paying teachers in the state, and, other members on the committee did also.

**CONRAD:** OK. And then where---- did I maybe I just missed it. Where, is where does that increase-- where is the proposal to actually increase teacher pay in the Governor's bills that you helped to craft?

**MURMAN:** I, I don't think there's anything in the bill specifically that does that. You know, it's, what is it, a 140 some page bill, so I could have missed something, but--

**CONRAD:** Fair. Right.

**MURMAN:** I, I know the intent is to strongly support education--

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**CONRAD:** Right.

**MURMAN:** --in Nebraska as we've, as we've always done, more from the state level now.

**CONRAD:** Right.

**MURMAN:** And hopefully to alleviate some of the overreliance on property taxes at the local level.

**CONRAD:** Sure. And then just the last question would be the same for, is-- to the best of your knowledge, and I know it's a complex and long bill, but is there any specific information contained in the Governor's legislation that details how this plan would reduce class sizes?

**MURMAN:** No, not that I can recall in the bill. You know, some of those, those kinds of things are going to be done, you know, by the, by the Legislature, State Board of Education, local school boards. It's-- of course, the ultimate decision will still be up to the local school districts always on most things.

**CONRAD:** OK. Thank you so much. Thank you.

**MURMAN:** Probably, more than they are now.

**CONRAD:** Thank you, Chair. Thank you. Thank you.

**WALZ:** Thank you. Any other questions from the committee? I almost forgot what I was going to say. All right, that concludes our hearing for today. Thank you.

**MURMAN:** Thank you.