

FEBRUARY 14, 2005

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February 14, 2005 LB 39, 40, 66, 196, 352, 356, 386, 470, 513
689

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Good morning. Welcome to the George W. Norris Legislative Chamber. Our chaplain of the day is Pastor Brad Boyer from Saint John's, Zion Lutheran Churches; Chester, Nebraska; Senator Combs' district. Pastor.

PASTOR BOYER: (Prayer offered.)

SENATOR CUDABACK: Thank you, Pastor Boyer, for being with us. We appreciate you being here. I call the twenty-seventh day of the Ninety-Ninth Legislature, First Session, to order. Senators, please check in. Record please, Mr. Clerk.

CLERK: I have a quorum present, Mr. President.

SENATOR CUDABACK: Thank you, Mr. Clerk. Any corrections for the Journal?

CLERK: (Read corrections.) That's all that I had, Mr. President. (Legislative Journal page 505.)

SENATOR CUDABACK: Any reports, messages, or announcements?

CLERK: Mr. President, your Committee on Revenue, chaired by Senator Landis, reports LB 40 to General File with amendments; LB 356, LB 386, and LB 513 indefinitely postponed. Education Committee, chaired by Senator Raikes, reports LB 39 and LB 352 to General File, and LB 196 and LB 689 to General File with amendments. I have a notice of hearing from the Appropriations Committee, and from the Government, Military and Veterans Affairs Committee; those signed by their respective Chairs.

Mr. President, priority bill designations: Senator Don Pederson, LB 66; Senator Joel Johnson, LB 470. Two appointments letters from the Governor: one to the Commission for Deaf and Hard of Hearing; and an appointment as chief information officer. That's all that I have at this time, Mr. President. (Legislative Journal pages 505-509.)

SENATOR CUDABACK: Thank you, Mr. Clerk. (Visitors introduced.)

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We go on now to General File, 2005 committee priority bills.
Mr. Clerk, LB 126.

CLERK: LB 126, introduced by Senator Raikes and others, relates to schools. It provides for the reorganization of certain school districts, Mr. President. Bill has been discussed on the floor on February 10 and 11. There was an amendment to the bill by Senator Raikes that was adopted. When the Legislature adjourned, Mr. President, on Friday, Senator McDonald had pending AM0086. (Legislative Journal page 499.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Raikes, would you take a minute or so and give us a review on LB 126.

SENATOR RAIKES: I will. Thank you, Mr. President, members of the Legislature. LB 126 is a bill that would require assimilation of Class I districts, meaning that the Class I school boards would be eliminated. They would, the districts, would become part of K-12 districts. With this bill we would end up with only K-12 districts in Nebraska and there would be in the neighborhood of 250 of them. The bill basically provides authority to address issues about keeping buildings open with the local K-12 board. As you mentioned, there was an amendment adopted that dealt mainly with technical issues. I believe the current amendment deals strictly with how you...how you treat option students in the issue of protection of school buildings from being closed as attendance centers. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Senator McDonald, would you take a minute or so and give us a summary of your amendment, please?

SENATOR McDONALD: Yes, Mr. President and members of the body, AM0086 amends language on page 46, lines 11 and 12. This section deals with how students will be counted to determine the number of students that attend a particular school. The count of students determines which criteria will be used to decide if a school will be kept open, or if a school will be closed. Since option enrollment is legal and LB 126 does not repeal option enrollment, my amendment says that there is no difference between students who option into a school and students who

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reside within a school district. For average daily membership, fall membership, average daily attendance, resident students and option students will both be counted as students attending the school if you adopt AM0086. Thank you.

SENATOR CUDABACK: Thank you, Senator McDonald. You've heard a review on LB 126 and AM0086. We're now open for discussion on AM0086, offered by Senator McDonald to LB 126. Senators wishing to speak are Senators Schrock, Raikes, Engel, Hudkins, Smith, Louden, and McDonald. Senator Schrock, on the McDonald amendment.

SENATOR SCHROCK: Mr. President, I give my time to Senator Raikes.

SENATOR CUDABACK: Senator Raikes, you have almost five minutes.

SENATOR RAIKES: Thank you, Senator Schrock. Thank you, Mr. President. Members of the Legislature, we have had a good discussion and, at least from my point of view, it's been a very successful discussion. Let me remind you of the case I bring with LB 126. There are two dominant themes--efficiency and equity. Concerning efficiency, we have 488 school districts in Nebraska, more than makes good sense. Two hundred and thirty-one, or 47 percent of these, serve less than 3 percent of the students, yet each of these has its own administration, its own budget, and thank goodness, given what has happened with two schools in the past two years, its own annual audit. The affiliated Class I districts serve only a little over half of the students residing in their districts, and do so at a cost per student that on average is higher than in K-12 districts, and in some cases astronomically higher. Yet, even with this higher cost per student, they pay teachers less because the organizational structure is inefficient. The Fiscal Office estimates annual savings of more than \$12 million, and this is money that local K-12 school boards could use either to lower property taxes, or improve educational opportunity for all the kids in the district, or both. The other theme is equity. We are bound by good conscience, at least, to see that educational funding is distributed so that students most in need are not underfunded as compared to students least in need. Let me be

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clear. Race is not a factor in our school funding formula and I would be adamantly opposed to including it. But poverty and ability to speak English are factors, as I believe they should be. The students that I speak of as most in need are students from poverty families that speak little or no English. The information I handed out shows that needy students are being underfunded compared to less needy students in both Class I-Class VI systems, and in affiliated Class I districts. The shortfall in both the Schuyler and Lexington examples is for not only operational funding, that is, teachers, books and so on, but also for building construction and repair. This inequity must be addressed. These themes--efficiency and equity--have not only survived the discussion so far, but have survived it unscathed. We have heard wailing about the fiscal note. There is \$75 million of taxpayer money budgeted to these 231 Class I schools. Eleven of them have no students, yet are budgeted over \$800,000. Those with fewer than two students per grade offered, and that are within ten miles of another attendance center, are budgeted more than \$12 million. All 231 of them require separate budgets, separate administration, and annual audits. The gains in efficiency are modestly stated in the fiscal note. I am guessing that most of the opponents of this bill would describe themselves as fiscally conservative. They have the burden of explaining why they are opposed to a major reduction in government bureaucracy and a savings of more than \$12 million annually. I heard no one say they endorse the elementary funding results in Schuyler or in Lexington. I did hear comments to the effect that there are big problems with suburban schools...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...and that LB 126, quote, just picks on the little guys. Suburban schools, perhaps with the exception of Grand Island Northwest and Adams Central, are K-12 schools, so there is no exemption for suburban schools. If there is evidence that suburban or any other K-12 schools are distributing funds similarly to Schuyler or Lexington, I hope you will present it, and I will pursue it, I promise you, with all intensity. In a Class I structure, even though there is a common tax base for operational funding, budgeting is separated

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by Class I districts and the results show little correspondence between the needs of the student and the budgeted amounts per student. In K-12 districts, by contrast, all taxpayers and all property in the district contribute to the support of all students. Does this guarantee a more equitable result? No, but at least a single school board...

SENATOR CUDABACK: Senator Raikes, we're now on your time. We're now on your time, Senator Raikes.

SENATOR RAIKES: Oh. Thank you. No, but at least a single school board has the authority and responsibility to consider the operational and building needs of all students. This K-12 structure, particularly with the accountability provisions proposed in LB 129, allows us the best opportunity to move forward, and move forward we must. The argument is presented that you, quote, can't force consolidation of Class I schools because it will somehow destroy rural Nebraska. The only entities being consolidated in LB 126 are school boards. Service on a school board is a nonpaying job, except in the case of Saunders County District 44. How does it destroy rural development to eliminate nonpaying jobs? Well, you say that's just the start of it. The K-12 board will now be in charge, and the argument apparently goes, they are either a squadron of idiots or a bunch of hate-filled outsiders; they will close the school without listening to anyone and all that is dear and sacred will be gone in a flash. Is the essence of this argument that you can't trust local citizens serving on a K-12 board to properly govern a school district? If it is, the burden is on you. We have had outstanding results with K-12 school boards in rural as well as in other areas of the state. All this bill does is untie their hands. It gives them the authority they need to decide how to best serve parents, students, and taxpayers. The K-12 board and only the K-12 board has authority to close a building. But what about our Class I school and the survival of our town? Keep in mind that if a Class I site has an average of 2.5 students per grade, and is the only school within an incorporated village, the building is protected. In other words, if it's a viable school, it is protected in the bill, as it is now written. Many Class I buildings, though, are outside city or village limits. Perhaps a bigger issue here is

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the survival of many smaller K-12 districts serving rural Nebraska and often located in rural districts, as well as rural communities. Declining enrollments have left many with extra elementary capacity. They are struggling to survive financially. Adding to this difficulty is their inability to more efficiently use elementary space, because they can do so only with the permission of Class I boards. If these K-12 boards are allowed to make decisions about building needs, the probability of survival of not only the K-12 school but the broader rural community it serves is enhanced. The quality issue has been raised. So far as I know, no proponent of LB 126 is suggesting that kids can't learn in a Class I school. If you have the budget per pupil, the demographic characteristics of the typical students, and typically good parenting, why wouldn't you expect academic progress? If there is a quality issue, it seems to be the argument by opponents of LB 126 that kids can't learn in a K-12 school. If this is the argument, and I certainly don't buy it, we have got a huge problem because almost 98 percent of the kids...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...in the state go to K-12 schools. If there are issues to be addressed in K-12 schools, it is all the more reason that we join both citizen and financial resources to address them. We shouldn't allow parents to opt out of helping to deal with educational issues, and we shouldn't allow Class I boards to have a veto power over the use of taxpayer funds to address broader public education issues. Again, I urge your defeat of the McDonald amendment and support of LB 126. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Senator Engel, on AM0086.

SENATOR ENGEL: Yield my time to Senator Raikes.

SENATOR CUDABACK: Senator Raikes, you have almost five minutes.

SENATOR RAIKES: Thank you, Mr. President and members, and thank you, Senator Engel. The opponents of LB 126 argue that Class I

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schools, both buildings and boards, are an unassailable right and unique opportunity for the parents and students now using them. But apparently they are the only ones who should have the opportunity. None of the proponents seem to suggest that we should make Class I schools available to every student in the state. One reason may be that no one wants to propose the combination of tax hikes and lower teacher salaries that would be necessary to bring this about. Along this line, opponents seem to argue that Class I's are an outstanding educational system, but then argue that decisive action, such as LB 126, is not needed because they are falling away by themselves at a rate of 15 schools per year. This combination is tortured, as is the defense of the 11 schools that have no students, yet, are budgeted more than \$800,000 this year. I ask you, are we going to fund 11 outstanding schools with no students into the foreseeable future? Again, thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Senator Engel, did you wish to use the remaining time? Okay. Thank you, Senator Raikes and Senator Engel. Senator Hudkins.

SENATOR HUDKINS: Thank you, Mr. President and members of the body. Senator Raikes, if I understood you correctly earlier, you said that race was not going to be a point of discussion. Excuse me, what was said Friday? What were in the newspapers on Saturday? What were in the newspapers on Sunday? I think race very much is a point of discussion and I'd like to address that right now. At two districts, number 22 and 16, 40 percent of the students are Latino or Native Americans. Well, it's true that other schools have less Latinos, but nearly all have some. Now, obviously, there are less minority students in rural areas than in towns. Dawson County residents are mostly...Dawson County rural residents are mostly, but not exclusively, cattle feeders who supply beef to the Tyson meat packing plant, as well as farmers who also serve as the basis of Nebraska's economy. Senator Raikes wants to fight for the rights of minorities. I suggest that he consider Class I parents and their rights. They have a right to educate their children under a thorough set of Nebraska laws that Senator Raikes would revoke. He just said that parents...we should not allow parents to opt their children out of a K-12 school. We have the option laws. They are in

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statute. We are following those. And you're going to eliminate option choices for how many parents? No option-in students at Dawson County schools have been turned away in the last three and a half years, as far as the Dawson County Class I administrator, Mr. Kenneth O'Mara, knows. Some option students are nonwhites and their requests are granted. They can option into these Class I schools. Dawson County Class I's poverty students do not register on Senator Raikes' index of free and reduced lunch eligibility because most of those schools don't serve lunch. Students bring their lunches from home, as they have for generations. If lunch is arranged or provided, none of the schools seek reimbursement from the state. Senator Raikes, do you know why at District 15 there is an \$11,000 per pupil cost at that school?

SENATOR CUDABACK: Is that a question, Senator Hudkins?

SENATOR HUDKINS: Yes.

SENATOR CUDABACK: Would you yield, Senator Raikes?

SENATOR RAIKES: You're talking about the budgeted amount per student, the amount that was in the tax asking on the Class I, and I believe you said in Dawson County?

SENATOR HUDKINS: At District 15 school, you noted they had a high budgeted cost per pupil of nearly \$11,000. Do you know why?

SENATOR RAIKES: Yeah, and certainly I'm not saying that's the highest one in the state, you understand.

SENATOR HUDKINS: All right. Thank you.

SENATOR RAIKES: Okay.

SENATOR HUDKINS: I'll tell you why. Senator Raikes obviously doesn't know about the situation in District 15. There is a family there that had three special needs children. They have a very rare genetic disorder. I can't even pronounce the name of it, but there are only 30 of them in the entire country. One

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particular family in this district had three children with this disorder. They're legally blind, legally deaf. Two children have since died. With the one child that's left there's an occupational therapist, visits each week. The school hired a special aide and purchased sophisticated audio and visual equipment. If these children were forced to go to a Class...or to a K-12 school, those needs wouldn't go away. That child that is left out of three would still have to have the special help, the occupational therapist, and the audio and visual equipment.

SENATOR CUDABACK: One minute.

SENATOR HUDKINS: The mother has moved into Eustis, but she still options her surviving child 25 miles each way to the school of her choice. And, as luck would have it, in 2003-04, 50 percent of the other students at District 22 had special education needs, which come at a high cost. The school has future special ed students in '04-05, but if the school could be considered a haven, it would be haven for appreciative parents of handicapped children, not prosperous whites. Last weekend, a District 15 student won a three-school 4th grade spelling bee. She's Latino, an option-in student whose parents don't speak English, but since she and her brother speak English pretty well, they're not listed as English language learners--another fact that Senator Raikes neglected to give us. Another Dawson County...

SENATOR CUDABACK: Time.

SENATOR HUDKINS: Thank you.

SENATOR CUDABACK: Thank you, Senator Hudkins. Senator Smith, followed by Senator Louden and eight others.

SENATOR SMITH: Thank you, Mr. President and members. I rise to, I hope, bring some discussion to LB 126 that has been lacking in the past, but I am greatly concerned by the arguments in favor of LB 126, because I think it's casting an unfair light on Class I schools across Nebraska. And I don't want to get into each little district because, if I used my own home district as an example for efficiency when it comes to

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embezzlement, when the bookkeeper got away with close to a half a million dollars, I didn't introduce any legislation to react to that because I believe that it's an isolated situation and many folks reacted appropriately. But nonetheless, I do rise to say that there are minorities in Class I schools, Senator Raikes. I know you've argued otherwise, that it's a system that is laden with racism. I can't say that it's a perfect system, Senator Raikes, but I can say that there are a lot of good examples out there. And I look at the school in my own district, one which I happened to attend growing up, and they have minorities opting out there because of certain scenarios and an environment that they long to learn in and their parents want them in. And whether it's Native Americans, whether it's Hispanics, they're opting out to these schools. It's happening. Now, when you look at Schuyler and Lexington, there's an overcrowding issue. There's been some economic development there with an industry that has brought a lot of folks in from out of town. It concerns me a lot that there's overcrowding. Now, bond issues have failed, and I asked the question of how does LB 126 all of a sudden bring about balance in enrollment in buildings? If Senator Raikes would yield to a question.

SENATOR CUDABACK: Senator Raikes, would you yield?

SENATOR RAIKES: Yes.

SENATOR SMITH: Senator Raikes, Schuyler and Lexington have been mentioned several times here on the floor and I think it's...they're isolated scenarios. Would you agree that they're isolated scenarios?

SENATOR RAIKES: Actually, I wouldn't, Senator. I don't know that they aren't, but I certainly don't know that they are.

SENATOR SMITH: So there's been the accusation of white flight. Is that across the system then?

SENATOR RAIKES: Now, white flight is your term, Senator. What I'm talking about is the state's obligation to provide educational opportunities as measured by dollars to students, according to ELL and poverty designations.

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SENATOR SMITH: Okay. Now, with, let's just say, Schuyler, is overcrowding an issue in that community, the number of students given square footage of public school building?

SENATOR RAIKES: I think it is. I think there have been several attempts at a new...you're talking about in the elementary or in the high school?

SENATOR SMITH: Yes, elementary.

SENATOR RAIKES: In the elementary, I believe it is. I think there have been several attempts to pass a bond issue to build a new school building, which I think to this point have been unsuccessful.

SENATOR SMITH: Now, does LB 126 automatically make a bond issue pass?

SENATOR RAIKES: No. No. LB 126 does not force a local school board or a local community to vote any particular way.

SENATOR SMITH: But it solves a problem.

SENATOR RAIKES: It solves a problem in the sense that the entire resource of the K-12 district is behind all of the elementary students in that district. And, as I mentioned to you, is that an ironclad, lead pipe solution? Maybe not, but it is certainly a step in the right direction.

SENATOR SMITH: So, if we had a K-12 district in Schuyler and there's still the overcrowding issues, it's up to them to bus according to "deseg" plan, or what...what's...

SENATOR RAIKES: Busing or something like that would be strictly a local decision. I don't have any idea if they would decide to do that. I think what we have to insist upon as representatives of state government in Nebraska is that the funding for the students in the Schuyler school system...

SENATOR CUDABACK: One minute.

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SENATOR RAIKES: ...be in accordance with the students' needs and recognizing poverty, and English language learners, and certainly not race. As I have mentioned, I would be adamantly opposed to including a race factor in the aid formula.

SENATOR SMITH: Okay. Thank you, Senator Raikes. And, Senator Raikes, earlier, you know, described the opposition to LB 126 as a bunch of fiscal conservatives, apparently with a narrow mind. And I have to say, Senator Raikes, that...am I a fiscal conservative? Yes. And I see Class I schools as a more efficient operation, not only fiscally, but when you look at quality education. I know you'll disagree. As a resident of Lincoln Public Schools, I wouldn't expect any different. I have to say that there are many more issues of...

SENATOR CUDABACK: Time.

SENATOR SMITH: ...efficiency in Class I schools. Thank you.

SENATOR CUDABACK: Thank you, Senator Smith. The speaking order is Senator Louden, McDonald, Fischer, Beutler, Chambers, Stuhr, Aguilar, Flood, Erdman, Baker, and five others. Senator Louden.

SENATOR LOUDEN: Thank you, Mr. President and members of the body. First of all, I would like to wish you all a happy Valentine's Day and also I would like to thank Senator Fischer and the city of Valentine for the nice cup that they was delivered to my desk. I think it's very nice. And, of course, Valentine, as we know, is in the...is the heart of Nebraska. I been listening to this discussion on Lexington and Schuyler and when you look at the numbers that Senator Raikes put out the other day with this one little circular, it was a spreadsheet across there and it named six Dawson County Class I districts that are affiliated with Lexington Public Schools. And using the math that he's put forward here, the assessed valuation...and I presume they all have \$1.05 mill levy because it seems like they were at the top of their levy, it seemed to be the problem over in that part in Dawson County. So when you take that across there and figure that up, the amount of valuation that comes out of these Class I schools, and then you

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subtract the budgeted per member cost in...for the fall membership, as like District 15, if you look at that, they have about a \$900,000 tax load, and of that they spend about 280 or 600 and some thousand dollars, or \$285,000 on their own school. So they're contributing \$615,000 to the Lexington Public Schools, because they're all assimilated in a Class I district. They have a common mill levy. You go on through and do the math with the next four or so and do it all with one of them, there's only one of those districts that spends more money than what comes out of their district and that's what the common mill levy is all about. The other districts help cover that. They also help cover the Lexington Public Schools, some of their budget issues, by about...to the tune of about \$1,400,000 or a little over. So the Class I's in those areas are help supporting the K-12 districts that they're affiliated with. So it isn't a matter of who's paying for what or where the fairness is. Now, when you get over to the Schuyler, which is a Class VI district, you still have a common mill levy. Everyone puts their budget into the entire school system and then the Class VI school district decides it back out. The only difference is, with the...in a Class VI district you can't push the bond issue off onto some of the affiliated Class I districts, and therein probably is the difference. Schuyler has a packing plant and has a big influx of people into the area. They probably have the smaller valuation for the amount of students they have, according to Senator Raikes' figures. But, nonetheless, the rest of the Class I areas help support the Schuyler grade school. The fact is, they voted down a bond issue to build any buildings in the last few years, so that's probably a local problem. If you go and if LB 126 goes through, what will happen is the bond issues can be levied against all the rural agricultural land in the surrounding area, so that when you have your K-12 district decide to build a new schoolhouse in Schuyler, they not only will be Schuyler paying for it, but you'll have the entire countryside in. All of the affiliated districts now will be into the bond issue on...

SENATOR CUDABACK: One minute.

SENATOR LOUDEN: ...any new construction. So I think some of these figures that we've been passed out aren't exactly correct.

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I wouldn't want to say they were flawed, but I just would say that they've been slanted to make it look like that this is something that would help them. Also, I passed around one paper that came from Dawes County up there, and if you notice, there's various races and that sort of thing in the Class I's that are affiliated out there, and you'll notice that there's Native Americans that are opting into the Class I's. So I think when you look the whole thing over, with what it's going to cost to implement LB 126, what it's going to cost to the local communities that are involved with that, I don't see where it's going to help us any. When he talks about \$12 million savings, that's a pie in the sky figure that they just grabbed from the seat of their pants. There's no...

SENATOR CUDABACK: Time, Senator.

SENATOR LOUDEN: Thank you.

SENATOR CUDABACK: Thank you, Senator Louden. Senator McDonald, followed by Senator Fischer.

SENATOR McDONALD: Mr. President and members of the body, I do stand to tell you there's a technical error on my amendment. It has taken, on page 46, line 11, after "means," insert "(i)"; and in line, should be 14 rather than line 12, after "counted," insert the amendment. So that's just a technical error on my part. I apologize for that. But getting back to the state statutes that we have that involves enrollment option program, and I'm reading from that state statute, and that state statute is 79-234: An enrollment option program is hereby established to enable any, and I will emphasize "any," kinderdergarten through 12th grade...12th grade Nebraska student to attend a school in a Nebraska public school district in which the student does not reside, subject to the limitations described. If a student chooses to option, and that's "any" student chooses to option, they have the opportunity to option. Why couldn't somebody option into a different district? There are various reasons. We're saying that only certain people will adoption...will go for option enrollment. The reason that is, some of them choose to do that because they need the learning environment of that different district, and some reasons they

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don't, and maybe it's because they can't afford to. They can't afford to take their child from one area, where they live, to a school. And why can't they afford that? Because it costs money. And we're saying that only the ones that can afford to option, option. Several years ago we took away transportation that follows option students, so if they can't afford to opt...to go to the...option out to a different school, it's our fault because we took the money away from them. Option enrollment, you can option out, but the transportation funds do not go with you. So that's probably one of the reasons that some children can't afford to option into other schools. It's because they can't afford to. The other thing is, when we look at schools that have poverty, we look at whether they have free and reduced lunches. We don't look at their income taxes. We don't look to see how much they really make. We just look at free and reduced lunch numbers. And let me tell you, there's pride in western Nebraska. Many of those students could qualify for low and reduced lunches. They don't have the money to pay for their lunch program, but either they will do without lunch or they will bring their own lunch. They do not want others to know that they are in financial straits. So, because of that, it doesn't appear that they are in poverty, and many of us know that they are. And I know for a family that I have spoken to and they told me, you know what, we qualify for low and reduced lunches, but I told my children that we need to do this because we don't have the money to buy lunch at school and their comment back to me was, oh, Mom, don't do that; I don't want anyone to know that we can't afford school lunch; we will not eat if you do that to us. And I know that happens in many, many families in western Nebraska, so we can't really tell whether someone is in poverty just because they don't qualify for free and reduced lunches. In many of our small schools, they don't even bother with the paperwork. Teacher comes in, brings food, others share, it's not an issue with them.

SENATOR CUDABACK: One minute.

SENATOR McDONALD: They don't necessarily qualify and not...the reason that they don't qualify is because they don't do the paperwork. When we look at this fiscal note, and I'm having a problem with this ten miles, and as I repeated on Friday that

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you can't get from point A to point B many times, well, we're not looking at the additional expenses that is created by closing some of our small schools. We're looking at going from school to school ten miles, but we're not taking into consideration where that child lives. That child obviously doesn't live at the school. That child could be already traveling 10 miles to get to the school and now we have another 10 miles, so to speak, to get to the other school, but you can't get there in a straight road, so you're going an additional 20 miles to get there, so we're looking at 30 miles. And we're not looking at the additional dollars it's going to cost our K-12 systems to provide that transportation.

SENATOR CUDABACK: Time, Senator.

SENATOR McDONALD: Thank you.

SENATOR CUDABACK: Thank you, Senator McDonald. Senator Fischer, on the McDonald amendment to LB 126.

SENATOR FISCHER: Thank you, Mr. President. Good morning, members of the body. Happy Valentine's Day. I'm from the 43rd District, Valentine, and so you may address me as Mrs. Valentine today. That would be appropriate. I'm even in red. As you know, I've been speaking on this issue with facts that refute the misinformation and the perceptions about Class I districts that have been spoken throughout the state, that have been written in newspapers, and that have been spoken in this Chamber. I promised you that this debate would be about facts, but this is an emotional issue and I am passionate about rural schools and about rural Nebraska, so if you'll just allow me a minute here to express some emotion. We've been told that all this bill is going to do is close down school boards; when you eliminate a Class I district, the only jobs you're eliminating are school board members, who are not paid anyway. I disagree with that. What this school will...what this bill will do, and we all know it in here, it's in the fiscal note, it's made very plain in the fiscal note that the intent of this bill is school consolidation. When you have school consolidation, you lose school buildings. When you lose school buildings, you make it harder for parents and students in my area of the state, you

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make it harder for us to even live in those areas. We hear a lot about business incentives in this state, and I am a supporter of business incentives. We hear a lot about, we need to grow Nebraska. We need economic development, and we do have some programs, although I feel they are rather small programs, that are directed at rural economic development. But when we talk about growing Nebraska, and when we talk about economic development in this state, we don't speak to rural Nebraska. So I think the true message is, and the message I hear and the message that my constituents hear is that this state really doesn't care about rural Nebraska. When you close a school, and as I said, from the fiscal note, that is the intent of this bill, how are you going to attract families with young children to come to rural areas? Three of...our three sons are now home on the ranch. Our country school is 5.5 miles from our ranch, and from there it's another 23 miles to town. If schools close, school buildings close, I may never see grandchildren, and I would certainly hope to be able to have grandchildren on our family ranch in future years. When you close small schools, small rural schools, you have closed the engine for economic growth in that community. In many rural areas, schools are the largest employers in small communities. They are the better paying jobs in those communities, because these school districts not only pay good salaries; they also offer good benefits. So...

SENATOR CUDABACK: One minute.

SENATOR FISCHER: ...what is the message we're going to be sending? Is it that if you don't live in metro areas in the state, or if you don't live along I-80, then maybe we'll throw a little tidbit out every now and then and call it rural economic development, but when it comes right down to it, it doesn't matter, it doesn't matter, we can shut down the engine for economic growth in your community? Thank you, Mr. President, and I promise to get back to facts next time. I'll turn the rest of my time over to you.

SENATOR CUDABACK: Thank you, Senator Fischer. On with discussion. Senator Beutler, followed by Senator Chambers.

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SENATOR BEUTLER: I'd yield my time to Senator Raikes, if he would like to use it.

SENATOR CUDABACK: Senator Raikes, you have almost five minutes.

SENATOR RAIKES: Thank you, Senator Beutler. Mr. President, members of the Legislature, let me just address a couple of issues that have been raised. Senator Hudkins mentioned that I raised the race issue. Again, I will tell you that there is no factor for race in the funding formula for schools that we use, and I would argue strenuously that there should be none. There is...there are factors in the formula for English language learners and for poverty students, and I will argue equally strenuously that those factors should be there. And our obligation as a state is to see that when we have students coming to school that are in poverty or...and English language learners, that they be funded according to their educational needs; that they be given the educational opportunity that other states...or other kids in this state are given. There was several comments...there were several comments made about free lunch. I will tell you that I think the failure, if that's the right word, of parents or students to apply for poverty through the free lunch program and so on is an issue in the state, but I don't have any notion that it's different in rural areas than it is in urban areas. I suspect that you have the same issues of pride and whatever other things go into that in both areas of the state. I don't think one is different than another. Some...it was mentioned that even if there is...or lunches, there are not free lunches because no lunch is served in the Class I school. Even in that case, though, there is an opportunity to receive free milk, and if the schools decide not to do that, that's for some reason their choice. I don't know that it's particularly a wise choice, but apparently that's a decision they're making. Senator Loudon talked about, in effect, moving us back to the days of tax havens where we in a rural area try to put together a little district that has no students and we have all our tax base and, yet, we only pay for, with our tax base, for the students which we don't have, which of course is nothing, and there we are with a great opportunity to opt out of public finance of public education. I'm sure you recognize this argument and I'm sure you reject it. Public

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education is a public good. Everybody benefits for it...from it, and everybody should help support it. That has been our policy and absolutely needs to be our policy. Senator McDonald talked about difficulties associated with closing schools and the expense of parents and families moving to the more central elementary site. Well, I would tell you our statute now requires transportation reimbursement for any student that is further than four miles away from an elementary attendance center. That's K through 8. So certainly, and again, she mentioned in her comments, as though we have some either band of idiots or outsiders that's serving as the school board and they're going to completely ignore all they know about...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...the local community that they're serving, all that's said to them by parents and students and taxpayers in that district, which I simply don't understand. Many of you in here have served on K-12 boards. You know different. You know that that simply isn't the way that that works. But at any rate, before deciding to close a building, if that is the decision by a K-12 board, they certainly will take into consideration transportation expense. And if you have transportation reimbursement, that is that would be required, so that if you have a situation where a K-12 board is looking at, let's say, an efficiently operated or low cost per student operated school district that is far enough away from the K-12 elementary that there would be considerable transportation expense, transportation reimbursement, what makes you think they wouldn't take that into consideration? I don't think there's any reason to believe they wouldn't take that into consideration.

SENATOR CUDABACK: Time.

SENATOR RAIKES: Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler and Senator Raikes. On with discussion of the McDonald amendment, AM0086, to LB 126, Senator Chambers.

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SENATOR CHAMBERS: Mr. President, members of the Legislature, I'm going to support this bill. The other day Senator Raikes had an amendment that I thought I was voting for, but in fact I voted to cease debate. Gloom...this is called "Legislative Trauma": "GLOOM, more dense than graveyard gloom, / Haunts and torments my brain; / Nothing so ominous--not even doom-- / Has dealt me such mental pain. / 'Ego,' though it may be--I hold / That I am a principled man; / I neither mutilate, spindle nor fold / Standards (even where I can). / What is this thing that tears me so / And puts me in such a state? / What is this curse that causes such woe? / I VOTED TO CEASE DEBATE!!!! / 'Voted to cease debate?' (you say) / 'That is so piddling!' (you add). / 'I do not see why it causes dismay; / 'Voting so, isn't so bad.' / Oh, but it is--for I never vote / To limit or stifle discussion, / Whether it's pointless--or worthy of note; / Whether it's tricklin' or gushin'. / With that sacrosanct barrier breached, / The gloom engulfs every dawn; / The outer limits of shame are reached: / PERFECTION--alas!--is gone. / Graveyard-gloom--I've said it before--/ Drapes over me its pall. / Pride, injured pride, has limped out the door, / For I have experienced the fall. / Say not to me: 'That vote's not so bad!' / Where I am, you've never been. / Loss of perfection! Profoundly sad! / It cannot be captured again. / Many the ways there be to err, / Some, long elude our detection. / This is the Truth that breeds despair; / There's but ONE way to perfection. / Everyone wants to blame another / When some event goes awry: / Cain slew Abel, then blamed his dead brother. / (Everyone understands why.) / For my disaster, the fault I incur--/ 'Transgressors must pay their fines.' / No one's to blame...but IF someone were, / IT WOULD BE SENATOR MINES...." Mr. President, members of the Legislature, there are serious issues being discussed on this bill. There are people in considerable numbers on one side; people in substantial numbers on the other. Issues have been raised which I usually would speak on, but I think at this point the matter is one for those of my friends who are of the Caucasian persuasion. So I'm going to listen to the debate, but my mind will not change. When the ultimate vote comes for LB 126, I'm going to vote for it. That rhyme, somewhat lighthearted, touched on an issue that is very sensitive with me, and that is my steadfast resistance to calling the question or voting to call the question or to cease

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debate. But, as the rhyme said, once that barrier has been breached, the purity of that position is gone. It can never be reclaimed. This issue before us is so serious that if a point is reached where a vote of the kind that I have not given since I've been on the floor of this Legislature is necessary, I may give it. I am deeply troubled by information...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...that I have similar to what Senator Raikes has spoken about, and when I hear attempts to rationalize it, they leave me cold. As for what Senator Fischer said about Westside High School or that district, I've criticized the racism in the Omaha Public Schools and when I've attacked it on this floor there were not people from the western areas, who are now suddenly talking about being minorities, who had a word to say. I had to engage in very extended debate, virtually alone. So when they talk the way they talk, they have put me in the frame of mind where I may give that vote, and I'll call it by name, cloture, if it should be necessary. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. On with discussion of the McDonald amendment. Senator Stuhr, followed by Senators Aguilar, Flood, Erdman, and Baker, and others. Senator Stuhr.

SENATOR STUHR: Thank you, Mr. President and members of the body. I want to add just a little bit more on the discussion about efficiency. I think that's an important consideration that we have been debating. The 231 Class I's in the state spend, on an average, \$2,700 per student more to provide an education, and some spend drastically more. And I was looking at the sheet that Senator Raikes handed out that listed all of the Class I's that are affiliated. I looked at that and there are 43 districts in that section of 81 districts that spend over \$10,000, and I was just going down. There's one school that spends \$21,900 per student. Here's another one--\$16,600; and it goes on down the line, \$19,450 per student; \$27,500 per student. Here's another one--\$33,290 per student; a number of them, as I said, over \$10,000--\$19,685. Here's another--\$26,710 per

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student. On the last page: \$31,000; \$39,000 per student; \$20,648 per student. These are all schools that are affiliated with K-12, and most of them are probably, and I'm...and I don't know the location, but let's say that many of them are located two miles out of town, three miles out of town, five miles out of town, and I think that's where we have to consider. We are talking about local money, property tax on the local level. We are talking about, on the state level, state aid funds. We're talking about, Senator Fischer mentioned, losing school buildings. I'm talking about maintaining school buildings. We know that there's a necessity, particularly where the geographic location is so that there must be schools. But we're also talking about many schools that are there with four students, five students, again, that are just located very close to the neighboring K-12 district. We do have limited resources in this state, and I feel that the time has come that we look at those very limited resources and make the very best use that we can of these resources that we have. And I'll yield the rest of my time to Senator Raikes, if he's in. Doesn't appear. I'll give the rest of my time back to the Chair. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuhr. Senator Aguilar.

SENATOR AGUILAR: Thank you, Mr. President and members. I was just planning on listening to this debate and learning what I can, and I think I've already learned too much. Some of Senator Raikes' comments and numbers really caught my attention and made me think about what's going on in my own district as well. I agree with his comment that racism shouldn't be part of our legislation, but it definitely should be part of our discussion, because I think there's a lot of senators in here that either think it doesn't exist or choose to just stay quiet on the issue and hope that it goes away. Well, it's not going to go away, folks. It's part of life here in Nebraska. That's how we operate. Senator Raikes also talked about asking a question, whether or not anybody in this body thought what was going on in Lexington and Schuyler was okay with them, were they all right with that. Again, no comments on the subject. Nobody addressed that, what I felt, equitably. This weekend I had a phone call from a parent who had recently taken his three boys out of Grand Island Northwest and moved them to the Grand Island public

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system. Now, that's kind of backwards of what's going on around here, and when I asked him why he had done so, he didn't hesitate with an answer. What he had to say was quite interesting. He said, number one, I wanted my kids to have what I felt would be a better education because they have more subject material available there there, and that was very understandable. That's no one's fault. And also, he said, what the other reason is because of the diversity. He said, I think it's important, and my kids are going to go through life living with Hispanics and Latinos, so why should I shield them from that while they're in high school? And that's what's going on in a lot of situations. A lot of parents choose to shield their children from the Hispanic population by moving them to the smaller districts. Now, that's their choice, granted; but is it right? Is it fair? Is it the smart thing to do? I don't think so. I think we need to look at that real seriously. Senator McDonald commented on why some of the Latino students don't go out to the smaller district; why don't they option out there, because they have the right to do. But she hit the nail right on the head when she said they can't afford to. We're talking about families that both parents are working, they still probably only have one vehicle. They're struggling. They're trying to make a better life for themselves, but it's tough. Now, maybe that will happen down the road when this gets publicized and more people talk about it and the parents say, well, we could go out there; there's more money funded per pupil out there, maybe that's a better thing to do. Now, there are situations where I know racism is very much a part of people's decisions, but I also know of situations where school districts say, we can't afford to have those Latino kids here because we'll have to get ESL classes, different teachers; we can't afford that on our existing budget. That just tells us we have a problem we need to fix. And some people asked the question, why are we starting with district (sic) I's; why are we picking on them? Well, it's pretty simple to me. When you have 11 districts with no students, I don't think there's a better place to start. I'd yield the rest of my time to Senator Raikes, if he's here and he wants it. Thank you.

SENATOR CUDABACK: Senator Raikes, about 1, 49.

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SENATOR RAIKES: Thank you, Senator Aguilar and Mr. President and members. I'll continue on a little bit with my comments about transportation. There is an obligation and one of the safeguards that we've tried to build into this bill, and I think have been successful in doing so, is to make it clear to the K-12 board, who would be making decisions about buildings, what both sides of the issue are. And certainly one of the sides of the issue is transportation expenses incurred by parents. As I say, there is a statutory requirement now that for elementary students, if the transportation is more than four miles to the elementary center, then parents are entitled to reimbursement. So, again, if...that is certainly going to be something that comes into the decision of the K-12 board. I will tell you also that transportation is individualized and picked up in the equalization formula, so a school district certainly is not going to resist transportation because, at least as you go down the road, they would be reimbursed for that. The tax haven idea, again I would reemphasize, we do not...we have moved away from that sort of an arrangement and I think for absolutely good reason, and it's something we absolutely need to stick with. So...

SENATOR CUDABACK: Time.

SENATOR RAIKES: Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes, and Senator Aguilar. On with discussion. Senator Flood.

SENATOR FLOOD: Mr. President and members, I rise in opposition to LB 126. As long as we're talking about things like efficiency, minority students, and curriculum, I'd like to introduce you to the NEN cooperative from Madison County. I'm fortunate to represent one of the most, if not the most, successful cooperative in the state of Nebraska. Seven rural schools have gone together for more than 20 years to put their resources together to teach students, to provide ELL services, to provide the rural residents of Madison County quality education, and they've been successful. Three hundred and nineteen kids attend NEN Schools in Madison County. The 19th Legislative District is home to the most successful cooperative.

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Of that 319 students, 148 of those are resident students; 171 of those are option-in students; but, interestingly enough, 122 of those kids are option-out; 48 of the 319 receive free lunch; 47 free and reduced...or reduced lunch. Almost 30 percent of our kids in the NEN cooperative would be considered at poverty levels. We've talked about minority students. It's no secret that we have a number of minorities in Madison County. Senator Stuhr read a letter from a constituent of mine last Friday. I want to rebut some of the things that she said in that letter. The assertion was made that the NEN cooperative does not have minority students. That's wrong. Seventeen percent of the kids in the NEN cooperative are minority students. A majority of those are Hispanic. Furthermore, 18 percent of the option enrollment kids at District 48 just north of Madison are Hispanic. There are Class I school teachers in District 48, Madison County, that are teaching kids Spanish one on one. So to make the assertion that we do not have minority students in my rural school cooperative is wrong. They've talked about price--how much does it cost to send a kid to the NEN cooperative in comparison? District 3, \$6,600; District 15, \$7,200; District 20, \$7,200; District 24, \$5,000; District 25, \$6,800; District 37, \$7,400; and District 48, \$6,400. It is cheaper than the state average in a lot of cases. In fact, our cost per student on the average daily attendance in the cooperative is \$7,094.16. It's over \$1,200 cheaper than the state average for the same category. Average daily membership in the cooperative in my county, 6,869 bucks, compared to \$7,798 on the state average. NEN, the Northeast Nebraska Class I schools cooperative, has made its case, and has been doing it for over 20 years. Somebody talked about curriculum. Did you know that the Class I schools in my area have a gifted program, special education, media specialist, librarians, music, PE, safety and crisis committees? You may not be familiar with what happens in Madison County, but seven school districts go together, they hire one superintendent and they hire one principal. They share resources. They work with a governing board. They cooperate. Honestly, I can't defend every Class I school district in the state. I look at some of these numbers and I'm frustrated. I look at some of the problems and I'm frustrated. But I look at what's happening in my county and I see the top of the line. I see what should be happening. I see

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schools that are Class I cooperating to, A, save money and, most importantly, provide the best education.

SENATOR CUDABACK: One minute.

SENATOR FLOOD: If there's a...if there's a Hispanic student in the NEN schools cooperative and they option into District 48, they will learn English one on one so that they too can progress to their affiliated high school with the benefit of a Class I school education. LB 126 doesn't make sense in Madison County, Nebraska. It may make sense somewhere else in the state, but the one-size-fits-all approach is what frustrates me. And I support Class I schools because I see the very best working every day in Madison County. I yield the rest of my time to the Chair.

SPEAKER BRASHEAR PRESIDING

SPEAKER BRASHEAR: Thank you, Senator Flood. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR 35, LR 36, and LR 37. Thank you. Senator Erdman.

SENATOR ERDMAN: Thank you, Mr. Speaker. I would yield my time to Senator Smith.

SENATOR SMITH: Thank you.

SPEAKER BRASHEAR: Senator Smith.

SENATOR SMITH: Thank you, Mr. President, Senator Erdman. Members, appreciate the dialogue that Senator Flood brought to the table here. I think that is a good way of painting what Class I schools can do and how effective they can be and that a one-size-fits-all approach, that being K-12, is not always necessarily the best. Long ago, the Class I's decided that they couldn't effectively provide grades 9 through 12, so they didn't. Now it has come back to haunt them that they looked for those efficiencies before. And it seemed that in the late 1980s, when option enrollment became policy of our state, that we could coexist, and then the Class I's lost their ultimate

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budget authority to their affiliated districts in a compromise, but now that's coming back to haunt them, too, because the K-12s want to be centralized. And that's all, I believe, because we have put a price tag on individual foreheads of students by way of our state aid formula. But I am still curious about how the state aid formula would work in the confines of the particular situations relevant to today's discussion. So if Senator Raikes would yield to a question.

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Senator Raikes, would you yield to a question? Senator Raikes, are you available for a question from Senator Smith?

SENATOR RAIKES: Yes. Sorry.

SENATOR SMITH: Senator Raikes, in a, let's just say, a Schuyler scenario where there is the imbalance of students in the Class I schools in town compared to those out in the country, now on a per student basis, would Schuyler, those attending in town in Schuyler right now, elementary,...

SENATOR RAIKES: Okay.

SENATOR SMITH: ...the funding per pupil with state aid, is that greater than the funding out at the Class I's in the country?

SENATOR RAIKES: If I understand your question correctly, the answer is yes. If you look at...now, you mentioned state aid, which gives me...we're talking about total budgeted amount of money, not just state aid, not money from...the combination of property taxes and state aid. So if you...yes.

SENATOR SMITH: No, let's just say state aid, because it's weighted on the demographics of the student, is it not?

SENATOR RAIKES: Yes, the needs, the needs are weighted. You take needs minus resources, and that equals aid. So I don't know that you can necessarily assign the weights for poverty and ELL to the aid. It's part of the needs calculation.

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SENATOR SMITH: Right. But it's weighted in terms of the needs, is what I hear you say. Is that correct?

SENATOR RAIKES: The weightings of poverty and ELL students are taken into consideration in calculating the needs. Then you subtract resources to arrive at aid.

SENATOR SMITH: Okay. So if there were a large number of poverty students in Schuyler as compared to outside of Schuyler, inside Schuyler, everything else being equal, gets more state aid because of the need of poverty.

SENATOR RAIKES: State aid flows to the entire system so, yes, you're right. And then it's up to the system to decide, in effect, decide how that funding, state aid and local property taxes and whatever else, gets directed to individual schools and individual students.

SENATOR SMITH: So what would be that system then in Schuyler? That would be a K-12 system?

SENATOR CUDABACK: One minute.

SENATOR RAIKES: Schuyler is a Class...Schuyler is a Class 1-Class VI.

SENATOR SMITH: Okay.

SENATOR RAIKES: So the elementary, for example, in Schuyler is a Class I district; the elementary in...I've forgotten the other towns, I think Abie is one of them, is also a Class I. And then the Class VI part of it is the high school, which includes all of the Class I's that are part of the Class VI. But that's a little bit tricky because you have, for example, Abie, which is part of the Class VI but also affiliated with other Class IIIs.

SENATOR SMITH: Okay. So the money is all going into one pot for that system.

SENATOR RAIKES: We do funding by system, yes. And so, for

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example, the...I don't want to waste your...use up your time on this kind of tech...

SENATOR CUDABACK: Time.

SENATOR RAIKES: I guess I did. Sorry.

SENATOR CUDABACK: Thank you, Senator Smith and Senator Erdman. Senator Baker, followed by Senator Raikes.

SENATOR BAKER: Thank you, Senator Cudaback, members of the Legislature. I'd continue that discussion. If I have some time, I'd yield it to Senator Raikes to continue to express his opinions here. But just looking at the map you handed...Senator Raikes handed out Friday, looking at the Abie school district, I...and I've run into this a bit in my legislative district with the one Class I out there I have south of McCook. That's such a fragmented district, looking at Abie, if anybody still has that map lying on their desk, that I don't see how. It's got to be a major headache for the county treasurer to figure out where what goes, where they're partly affiliated or under a Class VI and the rest of it is affiliated with a Class III, meaning I don't know what town they'd be affiliated with, but just the bookkeeping. I seem to be a bit of an anomaly here with my position as a very rural senator and supporting this bill, but I spoke, I think, last week on it. We...I'm down to...and I do have some Class I's, it's been pointed out by Senator Cudaback, who used to represent all of Dawson County, which I now have part of. There are some Class I's in Dawson County. I'm not very familiar with them, to be honest with you. The two that I have in my legislative district that I am familiar with, though, are just outside of McCook. Were they 15 miles away it'd be different, but the one is basically just south of McCook a couple miles, another one just north of McCook on Highway 83. But they're interesting. And I also have to state that I have a daughter-in-law that teaches a Class I who tries to keep track of Senator Cudaback for me there at, I believe it's, Riverdale, right across the street from his house. She's going to have to do a better job for me keeping track, Senator Cudaback. But she's also weighed in a bit on this. But they...that particular system has enough students in it that Senator Raikes points out

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all the safeguards built into this, and if you're a big enough Class I attendance center or far enough away, we're not talking about closing you anyway, which is the situation there, I think, with her school. Fiscal conservative--yes, that describes me; follow the will of my constituents. I've been approached by the Class I patrons and some of them are not residents of the Class I districts I have there in the McCook area, in Red Willow County. Overwhelmingly, the constituents in my legislative district saying we need to pass LB 126. I went home over the weekend, kind of refreshed my memory on what we'd done in some of the local areas there, and basically we just merged Class I districts in the sixties, for the most part, and nobody is even contending that we ought to go back where we were. We did it, and gone down the road, and it's fine. Now we're contending to merge high school districts, closing high schools, grade schools and so on. So I consider us a pretty good leader out there in that area, and we can show that it does work and we've not had too many problems with it. I do want to bring out an interesting point in the discussion. The one Class I I have in Red Willow County, District 41, it's no secret there are two large dairies out in that immediate vicinity. It's about, I don't know, five or six miles north of McCook, the schoolhouse itself. I have the opposite of what Senator Raikes has been talking to...about, but it concerns me. I have opting out of that District 41 are 14 students, opting in were 3. But the students that are left out there, and I'm sure that they're getting a reasonably good education, but they're basically the Hispanic children from the employees at the dairy. It concerns me. They...and Senator Aguilar brought this up. They should be assimilated into society, both by the students, the resident students, in that rural district. And in all cases...in most cases I think the Hispanic students that are going...now attending District 41 should be assimilated into a larger system. And I have to defend the education they're getting out there because I think the board that administers that district out there is concerned about those Hispanic students, but the figures are telling. Fourteen of the resident students opted out, meaning they went to McCook. I believe most of them would have gone to McCook High School or some...or McCook school system. Some, one or two, may have gone to Maywood. I don't know about that. But we only have ten resident students left

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out there.

SENATOR CUDABACK: One minute.

SENATOR BAKER: Those ten resident students, I have to tell you, most of them are the Hispanic students, the children of the people that are working at the dairy, and they're good solid citizens. I'll defend them to the end. They're good people. And those students, though, need to be assimilated into a larger setting because those figures I said are telling, the opting out. The resident students have opted into a different school system, so I'm concerned with that, very much so. And as far as costs, when I see a school system sitting a couple, three miles outside of a village or larger town, like I have out there, I have to wonder about just why it is they're there. The other one is District 8. You can look it up on your sheet. Those...we have students opting into that district from the McCook Public School system. They do have a larger membership, but there's only 18 resident students. A lot of them are students that opted out. So I have both sides of this issue on the two that I...

SENATOR CUDABACK: Time.

SENATOR BAKER: ...have, Class I districts. Thank you.

SENATOR CUDABACK: Thank you, Senator Baker. Senator Raikes.

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. I overran on Senator Smith's time, so I would like to yield him some, if he would like it.

SENATOR CUDABACK: Senator Smith.

SENATOR SMITH: Thank you, Senator Raikes. I just wanted to continue in our discussion of the formula, as it would apply to Class I schools, as it may apply to an affiliated K-12 district. So if the needs of a Class I school exist according to our formula needs, that Class I school, i.e., Schuyler, would be receiving those funds right now. Is that accurate?

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SENATOR RAIKES: I think, and I didn't hear everything you said, but I think that is accurate. The state aid is, in fact, I am reliably corrected, does flow to the individual schools, but according to weighted students, not adjusted weighted students. "Weighted" means...

SENATOR SMITH: This has nothing to do with childhood obesity, does it? (Laugh)

SENATOR RAIKES: ..."weighted" means that grade level is taken into consideration.

SENATOR SMITH: Right.

SENATOR RAIKES: "Adjusted" would mean that poverty and ELL are taken into consideration. So apparently the way it's distributed to schools or to fund, yes, the checking accounts for individual Class I districts, in this case, it would be according to weighted students.

SENATOR SMITH: Okay. And so the money is getting to the students who need it, or to the districts that demonstrate the need.

SENATOR RAIKES: Again, taking into account grade weightings, so...but not the adjusting factors, the poverty and the ELL, as I understand it. And, of course, you know, keep in mind that state aid does not totally fund any school, I don't think. It is a relative percentage of funding for a school, depending on how much local resources. So it would be very possible for a school system to counter a large amount of state aid for a particular school by reducing the amount of property taxes that go to that school.

SENATOR SMITH: Okay. Okay. Thank you, and yield back the balance of your own time to you.

SENATOR RAIKES: Okay. Again,...

SENATOR CUDABACK: Senator Raikes.

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SENATOR RAIKES: ...thank you. I don't know that I need to speak more on the issue. I simply will again be willing to address whatever questions that I can. Some of the technical ones I'm not really clear on, but...or maybe as clear as I should be. But again, what we're trying to do here is move us in a direction that fulfills the state's obligation to see that the resources made available to the kids in our schools to provide that educational opportunity is consistent with the needs of those kids. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes and Senator Smith. Senator Hudkins, followed by Senator Landis. Senator Hudkins.

SENATOR HUDKINS: Thank you, Mr. President and members. I would like to give the first two minutes of my time to Senator Heidemann.

SENATOR CUDABACK: Senator Heidemann.

SENATOR HEIDEMANN: (Microphone malfunction)...thank you, Mr. Speaker. I would like to ask Senator Schimek to yield to some questions. My concern is, and the reason I brought you up here is because you're with LB 53, and that is to give the right...to restore the right for felons to be able to vote.

SENATOR SCHIMEK: Correct.

SENATOR HEIDEMANN: And I want to go on record and say that I actually support this because I feel it's very important for people to be part of the community and I'm thinking what an empty feeling it is not to be able to vote on something that affects you. And the reason I'm talking about this now is because we're going to go back to the first two to four years that these school boards are disbanded on Class I's. They will have no say in the K to 12 school board, because it will take two to four years to get members from the Class I or any say whatsoever on the Class I district into the Class (sic) 12. And I just was curious. We have been talking about this off on the floor, but curious what you thought about this.

SENATOR SCHIMEK: Well, Senator Heidemann, yes, and I thank you

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for the heads up on this issue, because when you mentioned it to me on Friday, I did not know when all these different class schools had their elections, because they do have them at different times. I think two to four years is a bit longer than I thought we just talked about. And, in fact, if you look at Class IV schools, it would be the spring of 2007 when they hold their...both their primary and their general election, so that would be less than a year. The Class III districts, at least according to the information that I've gotten so far, it would not be until 2008 when they have their...both their spring primary and their general election, so that's more like two years, two years plus. And then the Class IIs, I believe they could have their election in 2006 because they don't have primaries. They just vote in the general election for their school board members. So, by November of 2006, I think you could have that representation you're talking about.

SENATOR CUDABACK: Senator Hudkins, did you want us to interrupt you when...

SENATOR HUDKINS: (Microphone malfunction) Yes.

SENATOR CUDABACK: There's two and a half minutes left.

SENATOR HUDKINS: (Microphone malfunction) Thank you. Thank you, Mr. President and members of the body. You know, we've been talking about costs per pupil and how expensive these Class I schools are. Let's just look at McPherson County. There are one, two, three, four, there are four Class I's in McPherson County and there's one Class VI. That one Class VI, its cost per pupil is almost \$22,000 per student. The others are \$5,900, \$6,600, \$8,500, and there's one that's 0, so I'm assuming they're closed. So when these schools all merge with McPherson County High School, what kind of state aid are those...is that school going to get when you now figure the costs for all of the students on McPherson County's figures? Another one is Sioux County. Sioux County has eight Class I's and they have one Class VI, which, of course, I don't know the geography of Sioux County, but I'm assuming that those Class I's would all go into Sioux County at a cost of \$23,000. All except one school in Sioux County, all except one Class I, is less than

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Sioux County--\$23,000--and yet, we're going to force all of these Class I's to go into a much, much higher district. Interesting. Another Dawson County school with a high budgeted cost that Senator Raikes mentioned, it was around \$11,000, is District 17. The budget was based on last year's...

SENATOR CUDABACK: One minute.

SENATOR HUDKINS: ...student enrollment, which turned out to be 12 students, which is 28.5 percent higher than this year. Actual spending this year will likely decrease by that same 28.5 percent and, if so, the school would spend \$8,000 per pupil, about the state average, and \$500 per pupil less than Lexington Public Schools. Senator Baker said that the schools in his...Mr. President, may I have a gavel, please?

SENATOR CUDABACK: Senator Baker.

SENATOR HUDKINS: No, no, no. I need a gavel. It's getting entirely too noisy.

SENATOR CUDABACK: (Gavel)

SENATOR HUDKINS: Another...Senator Baker, you had mentioned that the schools in your area closed, and that there were no problems. Why did they close? It was their own choice. That's what we're saying. Let it be the school's choice. And there were 14 resident students that opted out--oh my heavens; terrible thing. What were the reasons why they opted out of those Class I's? Was it because maybe their parents worked in town and it was more convenient? And Senator Raikes isn't even on...or Senator Baker isn't even on the floor to appreciate this.

SENATOR CUDABACK: I'm sorry. Your time is up, Senator Hudkins.

SENATOR HUDKINS: Thank you.

SENATOR CUDABACK: Senator Landis.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, I am

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an endangered species. I'm an actual in-the-middle, on-the-fence, uncommitted vote. I am subject to the persuasion of both sides. And I want you to know, neither side has done it so far. Let me tell you what my problem is here, and that is that the...both sides of the argument seems to have...have not addressed the things that are going to be critical to deciding my vote. It's a terribly complex area, and maybe one bill and one approach will not get enough value on the side to justify it. But if the idea is that you can...we should have choice as the principle concept here, like Senator Hudkins just says, then I will tell you that choice that is used in the furtherance of de facto segregation is not appropriate. And for the opponents of this bill to simply say, you know, gosh, it's a shame to have the race card raised, is a way of not facing up to that issue, which I need to have faced up to. And it isn't in the discussion so far. So, choice so that I can segregate? Not acceptable to me. Choice so that I can have low-quality school but low-cost school? Not an acceptable choice to me. But choice because I have a high-quality school? That starts to make sense to me. Choice because this makes sense with the quality of life and the distance and transportation to other schools? That makes sense to me. But not every choice is right, because some are too self-interested, and that they are the cost of the child's well-being, rather than the tax paying of the parent. And I haven't found a way to separate these so that the choices that I'm endorsing are legitimate choices rather than the illegitimate choices which are also possible. Here's what I think, as a general set of ideas. Number one, there are Class I's that have to stay open, they need to stay open, it's good for kids that they stay open, it's good for families that they stay open, and the law should demand that a school board keep them open. They're distant and remote. They have to be protected. There's no other way for the quality of life but to do that. We should. Secondly, that the quality that we are all arguing about is a very mixed bag. There are some terrific Class I's, and there are thoroughly second-rate ones as well. If we're talking about a high-quality Class I, and people are supporting that, I've got to...I certainly don't want to endanger that to exist. But if the quality is of a medium amount, and the whole purpose is because you're shielding rural land on the edge of a city from taxation as part of that

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city school system, then there really isn't a reason to do that. On the other hand, who's to decide? Because the rural parent is well suited, by being able to protect the existence of the Class I. But if you move into the city, it's better for their economic interests to gain those resources for the city and to bring in that valuation. I, by the way, was affected by Lavon's argument just now, and that is that whatever we do should allow a voting cycle that allows Class I parents to assist in the decisions, if we're going to give it to them. The rationales that I think have to be dealt with are, tax inefficiency. Not tax equity, but tax inefficiency. And if we have no gain in quality but we have a tax-inefficient system, then that really...that's a reason to close a school. If it's tax-inefficient and it doesn't have a gain in quality. Secondly, if it exists because of racial de facto segregation, it has no reason to exist, in my estimation,...

SENATOR CUDABACK: One minute.

SENATOR LANDIS: ...until that changes. The elements, for me, that would solve...that need to be endorsed are, number one, that de facto segregation is wrong and will not be tolerated. And I heard nobody as an opponent to tell me that story. Secondly, there should be statutory rights for distant schools. That is in LB 126, but it needs to be clear. Third, there needs to be a way to protect quality schools that are tax-efficient, and that I haven't found so far in the discussion. Fourth, it seems to me that there needs to be a way that, in the case that quality is relatively neutral, then tie needs to go to tax efficiency, not tax inefficiency. And we have plenty of Class I's that fall under that category. There should also allow Class I parents to participate in a voting cycle that would allow them to be decision makers when we get to this choice. And finally, my difficulty is that the two sets of people that are given authority to decide--the opponents, Class I parents; and the proponents,...

SENATOR CUDABACK: Time.

SENATOR LANDIS: ...which is existing Class VI schools or existing school systems--are both self-interested. Not just

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self-interested on...

SENATOR CUDABACK: Time, Senator Landis.

SENATOR LANDIS: ...the behalf of children,...

SENATOR CUDABACK: Time, I said.

SENATOR LANDIS: Okay.

SENATOR CUDABACK: Thank you.

SENATOR LANDIS: But because of their tax base as well. And that's unfortunate.

SENATOR CUDABACK: Thank you, Senator Landis. (Visitors introduced.) On with discussion, Senator McDonald's amendment AM0086 to LB 126. Senator Smith, followed by Senator Brown and others.

SENATOR SMITH: Thank you, Mr. President and members. And I appreciate Senator Landis' remarks. I think that he raises some issues in a very succinct manner that needed to be raised. And it's unfortunate that some of these issues are very emotionally charged on both sides of the issue. I would opt for an opportunity, and I don't know if we'll have that or not, but I would opt for an opportunity where folks from both sides of the issue can come together, sit down, discuss some of these issues that Senator Landis has pointed out. And I think he very fairly characterized what we have here before us. When it comes to efficiency and quality and effectiveness, there's a lot at stake here. And then, you throw in the geographic distribution of our state, there's even more. And I wish that we could sit down...and I know that I'm not on the Education Committee, so that, you know, I haven't been privy to a lot of the negotiations. The viewpoint of the Education Committee is pretty slanted, and that can happen with our committee structure in here. But I would like for an opportunity to sit down, both sides, and express our concerns. And do I support de facto segregation? Absolutely not. And I would argue that there are other places in the state where you could get a lot more

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leverage against de facto segregation than Class I schools. These are some issues that we're afraid to talk about. And we need to discuss these issue. We're afraid to talk about racism and issues associated with race because it's so highly charged. We need to talk about it. And I think that if we would sit down, both sides of the issue of LB 126, and maybe a third, fourth, or fifth point of view relating to Class I schools, we could do that, too. We could bring those folks in so that we can, hopefully off the floor of the Legislature, come up with a proposal that we can live with. From the beginning, I have said that I'm willing to compromise on the issue as it relates to effectiveness and efficiency. That's from the very beginning. I haven't been able to have the opportunity to serve on the Education Committee or be involved in some of the negotiations. And that's why I think we need to sit down, both sides, and air our concerns. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Smith. (Visitors introduced.) Senator Brown, on the McDonald amendment.

SENATOR BROWN: Mr. President, members, I have listened for the two and a half days that we've been talking about this bill, waiting to hear something that might cause me to change my position or to firmly decide what my position is, as Senator Landis talked about earlier. I've been waiting for some edification, and what I've mostly heard are examples--and some of them are very compelling examples--of what Class I schools are doing well. And I thought Senator Flood's examples were very compelling. But isn't that what we're supposed to expect--that our systems are organizing themselves in a way that they can provide quality education and a breadth of education to students? To me, this whole argument is about a statewide system, about the aid that comes from the state level, about whether the state and the locality--and I'm using "locality" in a broadly-defined way, because some of this discussion is about how you define locality--if the state and the locality must pay for not only the quality that may come from small size, but also for an absence of economy of scale. And it's about whether the state and the locality is going to pay for an absence of economy of scale. I've heard lots of red herring discussions. And I don't believe, from what I know about the bill, that it's about

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restricting local control, because there is nothing in the bill that guarantees that there will be closure. It's not about option enrollment. Option enrollment will continue to exist. It's not about economic development. That is a system that I strongly support, and I support it for all areas of the state, but it's a different system than the one we're talking about right now. We're talking about educating children right now. It's not about special education. There are a number of people, and I think if we look at option, we will find that a number of people who have children with special needs do opt for smaller schools, and that will continue to be their choice. And it's not about rural schools, because we are talking about schools that...not being affected, that are over ten miles away. So I haven't heard good enough arguments against the idea that we have an obligation to make the decision on what is the best economic principles for the state and for the locality. And so I will make my decision on how I think that what our obligations for a state system, a statewide system are, and not on guilt about some of these other issues. And I would yield the rest of my time to Senator Raikes, if he would like it.

SENATOR CUDABACK: Senator Raikes, about 1, 35.

SENATOR RAIKES: Thank you, Senator Brown, Mr. President, members of the Legislature. I will just make one comment or two on the amendment before us, the one offered by Senator McDonald. Again, keep in mind, what is being changed here or offered here is to allow option students to be considered in the number of students that are required for protection under the provisions in the bill. I'll try to explain to you why I think that is a bad idea.

SENATOR CUDABACK: One minute.

SENATOR RAIKES: Whether it's a Class I or a K-12 or any other kind of school district, the primary focus should be on serving resident students. That has to be main focus, that should be the main focus, and that ought to be where the incentives are. If you do something like Senator McDonald is suggesting, you put schools into a recruiting contest with other schools. So you find an expansion of this business of putting ads in the paper

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and whatever, to try to draw students from one public school into another school, which, my belief, is a waste of money that should be directed to other educational uses. So again, that is my argument as to why this particular amendment is not a good one, takes us in the wrong direction. Thank you.

SENATOR CUDABACK: Time, Senator Raikes. Thank you, Senator Raikes. On with discussion of the McDonald amendment. Senator Redfield.

SENATOR REDFIELD: Thank you, Senator Cudaback, members of the body. As we have been talking about this issue, I have been listening very carefully, but I have not entered into the debate. One of the things that I feel it's important to talk about is in fact the option opportunities that are available right now in urban areas. Because there's been discussion about that. And I actually brought out the state report card for the metro area in Douglas County and Sarpy County, and looked at the number or percentage of students who are actually on reduced or free lunch programs. And you will find that in fact, most of our school districts do have a high proportion of students. So if you're looking across the spectrum of all of the available school districts to you in the metro area, you would find that in fact, yes, you could elect to go out to perhaps the Ralston school district, where the smallest proportion of needy students is actually 19 percent at one of their elementary schools. Or you could end up at another one of their elementary schools, with 55 percent of their students at the low-income rate. Or you could in...excuse me, you could choose instead to go to Westside. Everyone knows that Westside has a great program, and everyone assumes that that's a very wealthy school district. And in fact, there is a school there, an elementary school, that only has 9 percent of its students that are on free or reduced lunch. But they also have schools there, elementary schools, that have 28 percent, another at 28 percent, and another at 54 percent free or reduced lunch. If you go out to the Millard school district you will find one, one school in the entire metro area, that has 0 percent students on free or reduced lunch. If you were to elect to go to the Millard school district, it's very unlikely that that would be the elementary school you would be able to attend. You might end up at one

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with 20 percent or 34 percent students that are on free or reduced lunch. I don't think it's an anomaly that people would elect to stand up in pride and say, I won't take, accept...or, any help from the state; I won't apply for a free or reduced lunch. That happens in urban areas, not just rural areas. There are a number of parents who could be filing for those assistance programs, who do not choose to do so. But these are the numbers of those who have actually filed. So in fact, you see that the per pupil cost across the board in those school districts, even with all of that need, Omaha school district annual daily attendance, \$8,420 per pupil. And if they were to elect to go out to Elkhorn, they would only have \$7,300 spent on that pupil. Or if they were to go to Ralston, they would only have \$7,500 spent on them. If they were to go to Westside, they'd have \$8,500 spent on them. Not that much more than the Omaha school district is actually spending on that student. So in fact, there aren't any choices in the Douglas County or Sarpy County area for a Class I. There used to be one called Elm Tree. It was a Class I. It exists no longer. And that may be because, the last year that I pulled their data up for, they were actually spending over \$14,000 per pupil. And so the choices in the Omaha area are there, but they are not going to put you in a school where there are not needy children or low-income children, and they are not going to put you in a school district where they're going to be able to spend more on that pupil...

SENATOR CUDABACK: One minute.

SENATOR REDFIELD: ...than they were at their home district. I just thought I would bring that to your attention. And I would also bring to your attention one other piece of data from the U.S. Department of Education. This is in the Morgan Quitno Press. The average class size in public elementary schools, Nebraska is the very smallest. We are number one in the nation for the smallest class size. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. Senator Louden.

SENATOR LOUDEN: Thank you, Senator Cudaback and members of the body. As some of the discussion early on there, they were

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talking about fairness in taxation. I think Senator Raikes mentioned that there were tax havens and that sort of thing. There are no tax havens now in these schools, because they have a common mill levy. He knows that, and he should have said it accordingly. And the levy is all the same through all your Class I districts, or...and K-6 districts. And anyone that's affiliated with a Class III district will have the same mill levy as a school that's in the town. Now, on to...what I did point out, though, is on your Schuyler deal...and I told him again that if they...if this bill passes and they go through with it, it will be a K-12 district. And if they decide to build a school in Schuyler, that school bond issue will be on all of the surrounding property and all of your Class I districts, because you'll be one big K-12 district. And you can correct me on it if I'm wrong, but that's the way it is, and that's the way it will happen. We went through the same thing 30 years ago when they were doing reorganizations, because some of the schools...some of the cities wanted some school buildings built, and they needed a larger tax base in order to build those buildings. Now, when you start talking about your option enrollment and where your students will go to school, if you're going to not...if you're not going to adopt this amendment with the option enrollment, then are we going to go back to, if you're within ten miles closer to a different school in a different district, you can attend that? The ten mile rule, it was called, years ago. We have instances like in Garden County, which has a Garden County high school district, which would be entirely a K-6...or a K-12 district. And that's 50 miles north of Oshkosh, and there aren't that much for roads across there, but yet those people were within 20 miles of the Hyannis school. At the present time, Garden County won't pay the tuition to allow some of those students to go to the other school; they have to opt in. You take that option enrollment away from them, and then they will be forced to drive the 45 or 50 miles across country down to go to the Garden County high school. So there's still some flaws in this LB 126. And then when I think Senator Stuhr mentioned, some of the school had the cost per pupil, and she mentioned one at \$31,000 or something, and I think...I suppose she was referring to Angora public school, which doesn't have any school open there anymore, and they're probably be closed. So when you start putting out these numbers about what

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it's costing and stuff, you have to really dig in to see what the reason for it is. There aren't any schools that I know of that are spending money just to be spending money. Most all of that is taxpayer people, and they try to operate their schools as most economically as they can. When you get into these high-dollar schools out there, like your Sioux County and some of them, Sioux County is 60 miles long, and they have one high school in Harrison, toward the north end. You have one district, and it will probably be...they'll probably...those people out there will probably leave some of their attendance centers open as they do, but I'm sure they'll be closed in time. And Senator Raikes has mentioned something about...I can't remember his complete words, something about idiot school boards that certainly won't attend...wouldn't close attendance centers just to be closing them. But he wants to remember, here a year ago we had hearings all through the state of Nebraska, and there was probably about 1,000 people showed up for these hearings on assimilating Class I schools. And there was probably 990 of them against it, and what few there were for it. But yet, we're down here...

SENATOR CUDABACK: One minute.

SENATOR LOUDEN: ...discussing LB 126. So whether we pass this legislation without something in there to guarantee attendance centers stay open, I think you're going to have to have something in there. Because I don't know as I trust school board members any further than I trust some members of the Legislature when we've had hearings on this matter and tried to settle it then, but yet we're still discussing the matter and trying to pass legislation for it. There is no tax haven, for Senator Landis' sake. Thank you.

SENATOR CUDABACK: Thank you, Senator Louden. Senator McDonald, on your amendment.

SENATOR McDONALD: Mr. President, members of the body, my bill...or, excuse me, my amendment just deals with option enrollment. I don't believe that we should not allow those students that option into that school to not be counted, simple as that. We come out with a fiscal note saying, this is the

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dollars that will be saved, because we are assuming this many schools will close. We're assuming those schools will be closed because of the resident students, not allowing us to count the option students. But because we have the option law in the state of Nebraska--and all schools do it, doesn't make any difference if you're in Omaha, if you're in Lexington, or if you're out west, the option enrollment opportunity still is available to you--and because of that, we should allow those students to continue to be counted in the numbers that, when we look at resident students, to qualify for eliminating a Class I school. When we look at those numbers that we save dollars on Class I schools, we still have to educate those students. What happens is, when they're affiliated with a Class I K-12 district, that property is already part of that system. That money from those taxpayers goes to that school as resources, and then given back to that district. And if they are assimilated into that high school or that school, that K-12 school, those dollars still have to educate those students. So we don't necessarily save any money, especially if the K-12 cost of education is more than the K-1 schools...or, than the Class I schools. Yes, sometimes it's more; sometimes it's less. But we still have to look at looking at special education. If a student is in a Class I district, requires special education, they're still going to require it in a K-12 system. We're not going to have any cost savings there. Teacher salaries--we're still going to continue to keep those teachers. Administration--still going to keep administration. School boards--okay, we're going to get rid of the Class I school boards. School boards don't cost us any money. But yet, the problem is, they don't get to vote. They don't get to vote till the next election, whether that's two years, three years. That opportunity is gone. So will they close without having an opportunity to be on that board to make any decisions? Probably so. Should some of those schools close? I won't deny that some of those Class I schools are probably not efficient. But we can't judge all of them by a few. Dollars saved with schools that are already closed. Well, it takes a little while for a school to continue to take care of their teachers, to take care of the buildings. And if we haven't sold that property, as in your home, you don't close overnight. You still have to pay for your heat to keep that house open. We have to still pay for the

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heat to keep that school open. There are costs to close down a school. It doesn't go away just because the board says, let's close the school. There are still costs that are involved in that. So some of these schools that still have dollars, that are costing the state of Nebraska money, doesn't mean that they aren't in the process of closing down. And if there's any money left, it goes back to the state or to the school that's involved in the K-12 system. It's not a loss of money. I think we've discussed this a long time. I think that we probably haven't swayed anyone from those that support the bill or those that oppose the bill. There are many, many unanswered questions here. Senator Landis brings that out, and various other Senators. This is a big issue. We haven't been able to solve it on the floor. And I think it's a good idea if maybe we could sit down, discuss some of the problems, and come to some agreement.

SENATOR CUDABACK: One minute.

SENATOR McDONALD: Compromise. Compromise is what it's all about. We need to do that on this bill. This is a big issue for rural Nebraska, taking away their Class I schools opportunity, to take away rural...any possible chance of rural economic development. And I would hope that we can spend some time looking at this issue. If we're not going to save money, if it's not a deal with the concern to education that these children are getting an inefficient education, then what is it? Is it difficult to do the assessments on Class I schools? Is that the problem here? Because in a small school, it's very difficult to do the assessment, or at least have those be publicized, because in a small school, you know who the children are that are making it, and the ones that aren't. Is that the real problem? Well, we can handle that. Many of the Class I schools have united to come to a larger school.

SENATOR CUDABACK: Time. Thank you, Senator McDonald. Mr. Clerk, items for the record.

CLERK: Mr. President, I have amendments to be printed: Senator Cunningham to LB 118; Senator Beutler, LB 162; Senator Kremer, LB 346; Senator Fischer, LB 126; Senator Burling, LB 126;

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Senator Fischer, LB 126; Senator Flood, LB 126; Senator Bourne to LB 533. I have a Reference report regarding two gubernatorial appointees. New A bills. (Read LB 66A and LB 346A by title for the first time.) Priority bill designation: Senator Pahls has selected LB 527. And Retirement Systems Committee, Mr. President, reports LB 503 to General File with committee amendments attached. A series of adds: Senator Kopplin to add his name to LB 64; Senator Dwite Pedersen, LB 540, LB 645; Senator Brown, LB 755. (Legislative Journal pages 510-515.)

Mr. President, Senator Foley would move to adjourn until Tuesday, February 15, at 9:00 a.m.

SENATOR CUDABACK: You've heard the motion to adjourn till February 15, 9:00 a.m. All in favor say aye. Opposed, nay. We are adjourned.

Proofed by: AEG