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Appropriations Committee
February 09, 2016

[LB560 LB713 LB755 LB800 LB838 LB852 LB858 LB1053 LB1074]

The Committee on Appropriations met at 9:00 a.m. on Tuesday, February 9, 2016, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on AM1897 to LB560, LB755, LB858, LB713, and LB852. Senators present: Heath Mello, Chairperson; Robert Hilkemann, Vice Chairperson; Kate Bolz; Tanya Cook; Ken Haar; Bill Kintner; John Kuehn; John Stinner; and Dan Watermeier. Senators absent: None.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello. Good morning actually, yeah, it is morning, isn't it? We're going to be here all day actually. So good morning. My name is Heath Mello. I'm from south Omaha, representing the 5th Legislative District and serve as Chair of the Appropriations Committee. I'd like to start off this morning by having members do self-introductions starting here on my left with Senator Kintner.

SENATOR KINTNER: Hi. I'm Bill Kintner from Legislative District 2.

SENATOR MELLO: Sitting next to Senator Kintner is Senator Tanya Cook from District 13, who will be joining us shortly.

SENATOR KUEHN: John Kuehn, District 38 in south-central Nebraska.

SENATOR HILKEMANN: Senator Robert Hilkemann, District 4, which is west Omaha.

SENATOR STINNER: I'm John Stinner, District 48, Scotts Bluff County.

SENATOR BOLZ: Senator Kate Bolz, District 29, south-central Lincoln.

SENATOR HAAR: Ken Haar, District 21, northwest Lincoln.

SENATOR WATERMEIER: Dan Watermeier from Syracuse, District 1.

SENATOR MELLO: Assisting the committee today is Laurie Vollertsen, our committee clerk; and our committee page is Brittany. She's our morning page. Usually we have Julia, who will be here in the afternoon. Our fiscal analyst to start off the morning is Phil Hovis. Also joining us will be Kathy Tenopir later this morning. On the tables in the back of the room you will find some yellow testifier sheets. If you're planning on testifying this morning, please fill out one of

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the sheets and hand it to our page Brittany when you come up. It helps us keep an accurate record of today's public hearing. There's also a sign-in sheet if you do not wish to testify but would like to record your position on a specific bill and/or agency budget item. If you do have any handouts, please bring at least 11 copies and hand them to the page when you come up. If you do not have enough copies, let the page know and they can make more for the committee. We ask that you begin your testimony this morning by giving us your first and last name and spelling it for the public record. During the portion of the day that is the public hearing on legislative bills, we will begin bill testimony with the introducer's opening statement. Following the opening statement, we will hear from those in support of the bill, followed by those in opposition, and ending with those speaking in a neutral capacity. We will finish with a closing statement by the introducer of the bill if they so wish to give one. When we hear testimony regarding state agency budgets, we will first hear from a representative of the state agency. We will then hear from anyone who wishes to testify on the agency's budget request. We will be using a strict five-minute light system this morning for all testifiers other than the introducer of a bill or an agency representative. When you begin your testimony, the light on the table will turn green. The yellow light is your one-minute warning. And when the red light comes on we ask that you please wrap up with any of your final thoughts. As a general matter of committee policy, I'd like to remind everyone that the use of cell phones and/or other electronic devices is not allowed during a public hearing. At this time, I'd ask all of us to please double-check our cell phones to make sure they are on the silent and/or vibrate mode. And with that, this morning we will begin today's hearings with...I'm going to repeat, we've made some changes to the committee's agenda this morning in regards to hearings based on what we believe will be length of bills. We will first start off with Agency 50, the Nebraska State College System, followed by Agency 51, the University of Nebraska System. We will then go to AM1897 to LB560, then LB755, then LB858, and then LB713, and finish with LB852. So with that, we will start off this morning with Agency 50, the Nebraska State College System.

(AGENCY BUDGET HEARINGS)

SENATOR MELLO: Is there anyone else here wishing to testify on Agency 51, the University of Nebraska System? Seeing none, that will close today's public hearing on Agency 51, University of Nebraska System, and take us next to our revised agenda to a hearing on AM1897 to LB560. [AGENCY 51]

SENATOR MELLO: (Exhibit 1) Good morning, Vice Chairman Hilkemann, members of the Appropriations Committee. My name is Heath Mello, H-e-a-t-h M-e-l-l-o, and I represent the 5th Legislative District in south Omaha. This morning's hearing was originally on AM1897 to LB560, but the committee should have received a new white copy amendment, AM1995, that we can give copies to the public and/or press afterward in regards to a few minor changes to the white-copy amendment based on conversations with the University of Nebraska and Senator

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Matt Williams. AM1995 is a white-copy amendment to LB560, a bill introduced by Senator Williams last session that requested an appropriation of \$25 million to construct facilities on the University of Nebraska's Innovation Campus. This committee did not take action on LB560 last session. Rather, we as a committee introduced LR200, which was an interim study to examine the history and the development of the Nebraska Innovation Campus at the University of Nebraska-Lincoln. AM1995 is a result of the Appropriations Committee work and discussions over the last six months to gather evidence to help identify the best path forward for state investment and oversight of the Nebraska Innovation Campus. The committee began in August by reviewing background materials on the Nebraska Innovation Campus, including research from other states regarding their research parks, previous reports published by the university, and federal research expenditures at the University of Nebraska. The committee asked specific questions of the university, met with members of the University of Nebraska-Lincoln administration, and a public hearing was held on November 4, 2015. It's clear from the work and discussion of this committee that a framework is needed for increased accountability and metrics oversight to help set clear goals and over time gauge the effectiveness of the research park for future state investment. For Innovation Campus, the state and the university have invested over \$76 million while the private sector has invested over \$99 million since the creation of the NIC. AM1995 would establish a clear reporting requirement and guidance in respect to the funds already invested in the Nebraska Innovation Campus and the requirements in AM1995 will help inform the decisions of this committee in the future as well as future Legislatures when considering appropriations for the Nebraska Innovation Campus. With that, colleagues, I'd personally just like to thank all of you in regards to the work you did over the interim. This amendment essentially is a compilation of our discussions, both in Exec Sessions and informal discussions with the university, to try to provide a more clear intent reporting requirements for us to be able to gauge the effectiveness of the programs and investments we've already made at the NIC, as well as prepare future Legislatures, as I mentioned, via information for them to consider future appropriation requests for the NIC moving forward. And with that, Mr. Vice Chairman, I'd be happy to answer any questions the committee may have. [LB560]

SENATOR HILKEMANN: Any committee members have questions of Senator Mello? We're letting you off easy this morning. [LB560]

SENATOR MELLO: Thank you. [LB560]

HARVEY PERLMAN: Senator (inaudible). [LB560]

SENATOR HILKEMANN: Okay. Okay. Chancellor Perlman. [LB560]

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HARVEY PERLMAN: (Exhibit 2) Thank you. I'm Harvey Perlman, H-a-r-v-e-y P-e-r-l-m-a-n. I'm chancellor of the University of Nebraska-Lincoln. I want to thank members of the Appropriations Committee for the extensive time they gave us to present the status of Innovation Campus at hearings this summer and fall. We continue to believe the project will produce significant benefits for the economic development of the state of Nebraska in the years ahead. We are encouraged by the progress we have made, progress that has been faster than our earlier projections. The original version of LB560 proposed a legislative appropriation. We understand why that appropriation may not be possible in this session. We are hopeful that the committee and ultimately the Legislature will be comforted by the interim study and are as excited as we are about the potential Innovation Campus represents. We're grateful that the second amendment offered by Senator Mello reflects the facts that the promise of Innovation Campus requires a long-term strategy and can be accelerated with additional state support. The current amendment will obligate us to report on progress at Innovation Campus in accordance with the metrics that we discussed as part of the interim study. I am comfortable with these metrics, that they can be reported, with two caveats. First, I believe it's more appropriate that the reporting obligation be imposed of the university, a state agency, and not on NICDC, which is a private corporation. And second, I believe it important to recognize that the university's reporting obligation must be within the limits of the obligation we have to preserve the confidential and competitive information of our private sector partners. Both of these changes are reflected in Senator Mello's most recent amendment. We support Senator Mello's most recent amendment. We have always looked at Innovation Campus as a public-private partnership and, indeed, a partnership between the Governor, the Legislature, and the university to leverage the research and talent of the university to push economic development for our state. We welcome the opportunity to keep the Legislature fully informed of our progress. Thank you, Senator. I'll be happy to answer any questions you might have. [LB560]

SENATOR HILKEMANN: Okay. Do any members have questions of Chancellor Perlman? Seeing none, thank you very much. [LB560]

HARVEY PERLMAN: Okay. You're pretty easy today. Thank you. [LB560]

SENATOR HILKEMANN: Yeah. Are there other proponents for AM1897? Seeing none, are there any opponents to AM1897? Seeing none, is there anyone who wants to testify in the neutral position on AM1897? Seeing none, Senator Mello waives closing and this will end the public hearing on AM1897. [LB560]

SENATOR MELLO: Thank you, Vice Chairman Hilkemann. That will take us to our next bill of the morning, LB755 from Senator Watermeier. [LB755]

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SENATOR WATERMEIER: (Exhibit 1) Thank you, Chairman Mello and members of Appropriations. I am Senator Dan Watermeier, D-a-n, Watermeier, W-a-t-e-r-m-e-i-e-r. I'm here today to introduce LB755. LB755 seeks to appropriate \$16.8 million in fiscal year '16-17 from the General Fund for capital construction projects at the three state colleges. The bill contains intent language for the appropriations of an additional \$33.6 million during the following biennium. The capital construction projects include an addition and renovation of the math/science building in Chadron State College, an addition and renovation of the Theater/Event Center at Peru State College, and a renovation of Benthack Hall, and construction of the Applied Technology Center at Wayne State College. The Nebraska State College System recently completed planning and development aimed at enhancing the educational experiences for current and future state college students. Administrators, faculty, staff, students, and community members were involved in the study process. As a result, the projects that LB755 seeks to fund were identified as key critical needs at the three state colleges. Almost every student at Chadron State College attends classes in the math/science building, which has not seen major improvements since it was constructed almost 50 years ago. This building is a central figure in the development of CSC's STEM, which is science, technology, engineering, and math program. Furthermore, CSC collaborates with the University of Nebraska Medical Center for the Rural Health Opportunities Program, or RHOP, which recruits and educates students from rural Nebraska who are interested in various health professions and who plan to return to rural areas to practice. This facility is used for the RHOP Program, emphasizing the need for the \$21.3 million renovation project. Peru State College will celebrate its 150th anniversary next year. The Theatre and Community Center built in 1921, in 1921, is one of the most utilized buildings on campus, not only by college students but also high school students and community members. The \$7.6 million renovation project addresses needed facility improvements, allowing PSC to continue to provide quality academic, cultural, and civic opportunities to students and to the region as well. The Applied Technology Center proposed at Wayne State College will house Nebraska's only on-campus four-year program that offers an industrial technology education program. It became clear that this important program, which provides teachers, needed a new building as the current one is in bad shape and the equipment is outdated. The remainder of the request for the \$21.5 million at Wayne State College comprises the renovation of Benthack Hall, providing much needed improvements for the family consumer science, and the child development program, and needed privacy for counseling. All three projects include renovation of existing buildings to address HVAC and fire code issues, as well as ADA compliance. Furthermore, these projects make up more than \$13 million in the LB309 Task Force for Building Renewal requests that cannot be funded with current revenues. All three projects were key priorities of the NSCS capital construction biennial request submitted in September of 2014. The Board of Trustees has approved the program statement, which is currently being reviewed by Nebraska's Coordinating Commission for Postsecondary Education. I have presented an overview of the proposed projects and I will let those who follow me go into more detail on each project. But I want to emphasize that these projects will not only benefit the students and the surrounding communities, will have

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an impact that extends throughout the entire state of Nebraska. By funding these projects, it will help the State College System fulfill and enhance their mission of providing quality education, including academics and work force development, to students across the state. I appreciate the time and be glad to answer any questions. But I know there's a few behind me here that will glad to say they will as well. [LB755]

SENATOR MELLO: Thank you for your testimony, Senator Watermeier. Any questions from the committee? Senator Haar. [LB755]

SENATOR HAAR: Yes. Thanks for bringing this bill. I just noticed the letter from Valmont here that we were handed. Is any of this matched by the private sector at all? [LB755]

SENATOR WATERMEIER: I'm going to let the presidents talk about that individually. [LB755]

SENATOR HAAR: Okay, will, yeah. [LB755]

SENATOR WATERMEIER: But yeah. Yeah. [LB755]

SENATOR HAAR: Then we'll ask it again and... [LB755]

SENATOR WATERMEIER: Uh-huh. [LB755]

SENATOR MELLO: Thank you, Senator Haar. Just for...we should have done this the last bill, and it's my fault. Let the record show our friend and colleague Senator Tanya Cook has joined the committee this morning. With that being said, Senator Stinner. [LB755]

SENATOR STINNER: Thank you, Senator Watermeier. Then I attended the Chadron walk-through with a couple of the senators on the panel and I thought I was in the movie Back to the Future. The labs, just for the record, the labs were in worse condition than the ones I had in high school a hundred years ago when I was back there. So it's in bad need of renovation and I think this is a way forward. We have an investment in these colleges and I think we need to take care of those investments. [LB755]

SENATOR WATERMEIER: You know I appreciate that comment. I attended that with you as well at Chadron State and, obviously, I've been in Peru State lots of times. I failed to get out to Wayne State but I did a lot of analysis work with the president and Chancellor Stan and I really appreciate the fact that all three of these projects are different in many ways. But the comment

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you just made about different than what you thought in high school, it's different than what the high school students will see when they come out of college (sic), to go to college today. They have some better facilities in high school. And what we're trying to prepare our kids for at Chadron and Wayne State and even Peru are not meeting what they're coming out of high school and they're certainly not meeting what they see at the work force. [LB755]

SENATOR MELLO: Thank you, Senator Stinner. Any other questions from the committee? Seeing none, thank you, Senator Watermeier. We'll first hear from proponents for LB755. [LB755]

SENATOR HAAR: Do we get large copies of all of these? [LB755]

STAN CARPENTER: (Exhibit 10) If that's what you'd like, Senator, we'll make sure we get them to you. Good morning again, Chairman Mello and members of the Appropriations Committee. My name is Stan Carpenter, S-t-a-n C-a-r-p-e-n-t-e-r, and I'm the chancellor of the Nebraska State College System, and I appreciate the opportunity to come speak on behalf of LB755. I want to thank Senator Watermeier for bringing this bill forward on behalf of the Nebraska State College System. Before I get to the details of the projects, let me just give you a very brief kind of update on the State College System. And as you know, as I often say, the Nebraska State College System anchors rural Nebraska in the northeast corner, the southeast corner, and the northwest corner of the state. Our students get an opportunity to have an excellent education at a reasonable cost. The majority of our students remain in Nebraska after they graduate from Chadron or Peru or Wayne. And our enrollments remain stable, even in the...in spite of the challenging rural demographic that Nebraska faces. Our colleges are strong and vibrant and, in many respects, that is due to your support over many years for us and to the support of the Legislature as well, and I want to thank you for that support. We continue to be colleges of opportunity and access. About 40 percent of our students, undergraduate students, are eligible for and receive Pell Grants as they go to our institutions. And about 50 percent of the incoming class this year has identified as first-generation college students. So we serve a very unique niche, if you will, for students in Nebraska and from around the region. We work very hard to efficiently manage the resources that are entrusted to us by you and the Legislature, and I believe we're good stewards of those resources. And I think one reflection of that is our bond rating. Our bond rating has remained the same for several years at A-plus stable, and I think that does reflect our ability to manage well and to make sure that the resources that we are given from you and from our students are used efficiently. Our colleges have solid accreditation from the regional accrediting agency as well as individual academic accrediting units as well. The last 10 or 15 years or so the state colleges have made tremendous progress upgrading and modernizing our facilities, and that again is in large part to your support. It would not have happened without this committee's strong support and that of the Legislature as well. And I want to thank you also for your support for the Nebraska State College Facilities Sports Fund (sic).

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That's a fund that came into being in 2012 through LB994. That Sports Facilities Cash Fund allows us to address needs for our intercollegiate athletic facilities, our student training facilities, our student athletic facilities, and the like. And without that fund, we would not be able to continue to do upgrades to those kinds of things, like baseball fields and weight training rooms and volleyball courts and things of that sort. So I want to again thank you for your support for that. Additionally, your support in the continued repayment of our bond programs for LB605 and LB198 are very important to us. And as you know, our LB605 funds really went forward to deal with some longstanding deferred maintenance issues that we had then and we will continue those payments for the next four years until 2019 and 2020. And so while we've made some significant progress, thanks to you and the Legislature, on our facility front, we still need to have significant investment in our facilities. It's important that we continue this progress on the facility front and that's why LB755 is quite so critical to us, so we can continue to deliver exceptional programs and opportunities for our students and to affect the economic vitality not only of the regions in which our colleges are located but also the entire state of Nebraska. And again, I want to thank Senator Watermeier for bringing this bill and recognizing the importance of these three projects to rural Nebraska and to our students as well. So let me move on then to the specifics, if I may, and I'll just go through them in the same order that Senator Watermeier did, in alphabetical order, which is the way we generally do things in the State College System. So we'll start with Chadron. Several of you made that trip to Chadron and toured the math/science building and I think came away with a sense that something really needed to be done in that building, that it was great 50 years ago but in the five decades since it has been constructed there has not been any major renovation to that building. And as you saw, the facilities are deficient. Let's put it that way, I guess. The lab facilities are small and insufficient to deal with today's laboratory experiments. Classrooms are small. Ventilation is bad, such that we can only conduct a certain number of limited experiments in the classroom at any one particular time. There's been no major renovation of this building, as I said, for the last 50 years. The lab storage space, the chemical storage space is deficient as well. And so it really is an important project for us because, as Senator Watermeier pointed out, every student at Chadron State College, at one point or another, takes at least one or two courses in this building and some of them, some of them who are enrolled particularly in the RHOP program, the Rural Health Opportunities Program, take a majority of their courses in that building. And that's an important program for us, as you know, because it does take our students who do well in Chadron and they move to the Medical Center where they become doctors or dentists or physical therapists or the like, and then would go back to rural Nebraska to serve the public health needs in rural Nebraska. And as we all know, that's critically important for us to keep that pipeline full, if you will. This project was in our 2016-2017 biennial budget request, as Senator Watermeier pointed out, and was approved by the Coordinating Commission some 16 months ago. And frankly, for those of you who saw it, I think we all agree that this project simply cannot wait. It really needs to be dealt with as quickly as possible. You can see from the Chadron visual over here, I'll get out of your way, that the...and you can also look on page 2.3 of your booklet if you'd like, that the construction and renovation

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and addition to this building is clearly necessary and the addition will really help provide additional space that's necessary for these programs that are so important to our students at Chadron. If you look at page 2.5 in your booklet, you'll see that the project will require about \$21.3 million, just under \$21.3 million in state funding over a three-year period. In this case, Chadron is committed to bringing about \$4 million of its own money or money from the foundation to this project as well. That translates to about 16 percent of the total cost of this project. So the total cost of the project is just a little bit under \$25.3 million. And I think that the college's pledge of \$4 million really reflects its understanding and its need to really get this project done and moving along as quickly as possible, and I hope that you will agree with that about the Chadron State project. Let me move then to the Peru Theatre/Community Event Center project, if you will. As Senator Watermeier said, this building was built 95 years ago and had one kind of update in the mid-sixties, but it is in dire need again of renovation. And if you look at the statement of need section in the booklet, you will see the type of issues that we need to address. And I will not go into those in great detail at this time, but the renovation of this, of the Theatre/Community Event Center, would solve many of those issues. If you look at page 3.4 of your book, you'll see the enormous regional impact of this Theatre and Event Center. As Senator Watermeier pointed out, thousands of folks come through this building annually, including Peru State College students, high school students, residents of Peru and the surrounding southeast Nebraska community. It's also important to note that every year Peru State College celebrates Dr. Seuss's birthday in the Event Center and there are nearly 1,000 elementary students and their sponsors who come to celebrate Dr. Seuss's birthday there, and that's a great connection for them and a great connection for us to let them see that there is a college here and they can think about going to college and they can relate to it once they get to college since they've been there. So that's a very important piece of the puzzle for us and this Event Center bringing those young kids, if you will, to the college. The theatre really serves as instructional space and as competition space. It's the home to many music activities and plays and events of that sort. And it also provides many opportunities for regional and national speakers to come to southeast Nebraska and Peru State College to enhance the cultural opportunities for folks in that portion of the state. For those of you who are familiar with the campus, you'll note that this project right here is really on the south and east side of the building. The theatre is basically built on the south side of the Hoyt Science Center and it's necessary, this renovation project, is really necessary to bring many things up to code, not the least of all are the rest room facilities which are on the second floor with no elevator. And Senator Watermeier can attest they are way, way out of date and can hardly accommodate the 600 or 700 people who could be in that building at any one time viewing a play or a speech of that sort. So it's necessary to get that up to speed, get an elevator in that building, and make things code compliant, make accessible dressing rooms and, as I said, elevators as well. If you look at page 3.7 of your booklet, you'll see that the total project cost for the Theatre and Event Center is just under \$7.6 million spread over three years. In this case, the college would like to bring money to this project but it really can't because it has committed and the foundation has committed to bringing funding to the Oak Bowl renovation,

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which was approved several years ago, and also to the Park Avenue Project. And the Park Avenue Project basically is a partnership with the city of Peru to redo the entrance all the way in to campus. And so those funds that the foundation and the college would...could ordinarily bring to this kind of project are really committed to two other very important projects at this time. So they won't be bringing any money to this, but there are other projects they are bringing money to and I wanted you to be aware of that as well. This project was contained in our 2015-2017 biennial budget request as a planning project, but the college went ahead, as we began to really think about this project, and put its own money to develop the planning document to the tune of about \$25,000. The planning document was approved by the Board of Trustees in November and was then immediately forwarded to the Coordinating Commission for Postsecondary Education for its review, where it is today. So I hope that you will give Peru's Theatre and Event Center some serious consideration. It really is very important, not only to the college but to the region as well, and it will address several very critically important needs that needs to...that we really need to address now. And so then let me move on to the final project and that is the Wayne State College Applied Technology Center and Benthack Hall. Benthack Hall is the home to the applied technology program, if you will, and that building was built in 1972. And while it is structurally sound, it has had no major work done on it since that time and now is in need of major work for the HVAC system, for windows, for lighting, for interior finishes and furnishings as well. It also no longer meets the programmatic needs of the industrial technology program, now called applied technology. And for those of us who have some gray hairs around this discussion, that used to be called shop class in high school, but it's evolved way beyond that now as applied technology. It's evolved and grown and become something entirely different than what we remember as shop class. So we use the terms "industrial technology" or "applied technology" kind of interchangeably in this case. This project was also included in our 2015-2017 biennial budget request as a planning document project. But as we began to think about this and we thought we needed to get moving forward, the college again stepped up, put about \$75,000 towards the planning program statement to get this project moving. So the needs of the applied technology program are known throughout the state, but if you look in your booklet at page 4.12, you will see an article that was in the Lincoln Journal Star on June 8 of this past year, 2015, which delineates the need for applied technology folks in both business and industry and in education. So in response to that clearly demonstrated statewide need, we decided to move forward and the college formed a stakeholder advisory group of folks last summer to gather input about the program, about what business needs, about what education needs from this industrial technology or applied technology program. And included in this group were leaders from business and industry such as Nucor and Valmont and area superintendents from public schools, from the ESUs, from Wayne and Norfolk and Wakefield as well, and some alumni from Wayne who are currently teaching in the applied technology or industrial technology programs in our public schools around the state. So they met to discuss the programmatic needs of this program and the physical plant needs of this program as well to make sure that Peru could continue to offer a high-quality educational opportunity for folks who are interested in the

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industrial or applied technology world. So as a result of that stakeholders group, the college, as I said, decided to move forward with a planning document and the initial idea that was put forth and discussed by the stakeholders and the college was the renovation of Benthack Hall, which is here. And as they talked through that, they really looked at the building, looked at the programmatic needs of the applied technology program, and basically, reluctantly, came to the conclusion that that building wasn't going to work, that it had...the program itself had outgrown the facilities that are available in Benthack Hall. So what to do? Well, they came to the idea of maybe we ought to build a new building for applied technology. What would we do with Benthack Hall then because it's still structurally sound but it does need renovation? Well, on the second floor of Benthack Hall, as I said, on the first floor is where you find the applied technology program, on the second floor is the family consumer sciences program that Wayne State College has. And as part of that program, there is a child development center there. It's affectionately known as "Kiddie College" and it's well known. It serves not only the college but it serves folks from Wayne and the region as well. But it cannot be licensed by the state because of access issues, that is to say because it's on the second floor of Benthack Hall. So if we build a new Applied Technology Center to accommodate the programmatic needs for the applied technology program, we renovate Benthack Hall and we can bring the family consumer science program down to first floor, where "Kiddie College" can expand and where we can enroll a larger number of kids in the program, have more of our students be part of that program to serve the region, so we can get a license from the state because we will solve the access problem at that point. Well, so we have a good family consumer science program, we have a great child development program. We can expand that. We can make it stronger and get it licensed. Then what to do with the second floor of Benthack Hall? Well, the college also has a psychology department there that is housed on the third floor of Brandenburg Education Building and it has recently been accredited nationally by CACREP, which is an accrediting agency for these kinds of programs, very important, very instrumental in making sure that we continue to have a quality program there. But as they got that accreditation, the organization pointed out that there's a problem with this program being housed on the third floor of Benthack Hall and that problem is it does not provide confidential access or confidential entrance to people who are coming to get help. And so if we can take that program from Brandenburg third floor and move it over to Benthack on the second floor, they'll have confidential access to that program to satisfy the needs as pointed out by the accrediting agency for it. So it's important. It's kind of a set of musical chairs here. If we can get a new building for the applied technology program and move those programs around, it will strengthen all three of the programs and better serve the folks of northeast Nebraska and the state of Nebraska as well. You can see from the chart here that the new Applied Technology Center would be built to the east of Gardner Hall. There's not enough room where Benthack is to have it there or to build that building there, and there wasn't enough, really, room on that site to put an addition there. So the thinking of the stakeholders group was to put a new building to the east of Gardner Hall, have a second floor connection because Gardner Hall hosts the business program at Wayne State College. And so there's a connection there

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between the applied technology program and the computer sciences program. And what's that connection? Well, think robotics between the computer science program and the applied technology program and the sharing of faculty and the synergies that can be developed by having those two buildings next to each other and working together where they provide common classroom space, office space for our faculty, and new lab space as well. You can also see that there's access from the road to the new Applied Technology Center so that equipment and materials can be developed directly to the labs. That would not have been the case had we been able to build the addition at Benthack Hall. So that's kind of the set of musical chairs that we're looking at here. If we build the new Applied Technology Center, we renovate Benthack Hall, we move the program "Kiddie College" from the second floor to the first floor, we move the psychology and counseling and related programs from the third floor of Brandenburg over to the second floor, those programs, all of them, can now expand and really serve the region and the state in a greater fashion. If you look at page 4.8 of your booklet, you'll see the total project cost for Wayne, the Wayne project, which is just under \$25 million, again over three years is our projection. And you'll see that Wayne State is looking to bring about \$3 million, between the foundation and its own funds, to this project, and that's about 12 percent of the total costs. LB309 Task Force is also looking to contribute about \$480,000 to this project as well, so the cost to the state is just under about \$21.5 million. You'll also see in your booklet that there are quite a few letters of support for this project from folks around the state who think that the Applied Technology Center and the renovation of Benthack Hall is critically important, and let me just mention a few of those folks that you'll see letters from in your booklet. You'll see a letter from Roland A. Temme from TMCO here in Lincoln; from Mogens C. Bay, the CEO of Valmont Industries; from Tony Raimondo, the chair of Behlen Manufacturing; from Dirk Petersen, the vice president and general manager of Nucor Steel; and from the former Speaker of the house, former Speaker of the Legislature, Mike Flood. These are in addition to several other letters that have come from folks from area chambers of commerce, from school districts, and ESUs. Overall, I think you'll agree that it's quite an impressive list of folks who really support this project and believe that it ought to go forward. So with the \$3 million that the college brings forward on this project, I think you can see that they believe that this is an important project and that it can be done efficiently and effectively. All three of these programs really will be improved if we can get this project in place and expand it to serve not only our students but folks in northeast Nebraska. So let me wrap up by saying I really congratulate and commend the colleges for putting these projects forward, doing serious study as efficiently as they can to put forth efficient and cost-effective projects. These will serve our students and the regions and the state of Nebraska for years to come. And I recognize the difficulty that the state faces with its financial circumstances at this point, but if we invest in these projects now, the long-term good of the state will be really, really well served. Thank you for letting me ramble on a bit. And I'd be happy to answer any questions you might have. [LB755]

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SENATOR HILKEMANN: Thank you. Are there questions from the committee? Senator Kintner. [LB755]

SENATOR KINTNER: Well, Stan, you're a good rambler, so... [LB755]

STAN CARPENTER: Thank you, sir. [LB755]

SENATOR KINTNER: ...yeah, you do it well. Obviously, you know we're in a cutting mode right now. We may be cutting north of \$150 million out of our budget. If we could only stick our toe in the water this year and just get started on it, and you had those conversations with Chairman Mello, okay, if we can only do a little bit, let's put it here then we can get started with this much and push it back a little bit. Have you had those conversations? [LB755]

STAN CARPENTER: Well, we've talked with Senator Mello at some length about the financial circumstances the state finds itself in. We've talked about perhaps looking at other ways to finance this over time. But we've not had any kind of dip our toe in the water and what do we do first conversations. [LB755]

SENATOR KINTNER: Yeah. I mean I can't speak for this committee. You know, my guess is this committee would be very favorable to this. It's just probably a timing issue. Once again, I'm speaking for myself, but I'm just kind of guessing. [LB755]

STAN CARPENTER: Yeah, I understand, Senator. So... [LB755]

SENATOR KINTNER: So, you know, do we have some wiggle room in terms of how we can move this through and take it a little slower if we have to or... [LB755]

STAN CARPENTER: Senator, we would work with you any way we can to get these projects going and figure out which steps go first. So if there are some thoughts about how to do that or if you would like us to think about that, we'll do that. But I appreciate that. I understand the difficulty you all face in terms of the revenue forecasts and so on, so forth. And I'm sure at the end of the month it's going to go up. But given that, we needed to bring these projects forward. We need to invest in these buildings. These are the people's buildings. They're owned by the people of the state of Nebraska and we really need to invest in them not only for the sake of the buildings but for the programs that are there and the long-term future of the regions in the state. So we are open to any creative way to think about these projects. [LB755]

SENATOR KINTNER: Thank you very much. [LB755]

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STAN CARPENTER: Thank you, Senator. [LB755]

SENATOR HILKEMANN: Senator Bolz. [LB755]

SENATOR BOLZ: Thank you. I appreciate your perspective. You've certainly done your homework. [LB755]

STAN CARPENTER: Thank you, Senator. [LB755]

SENATOR BOLZ: I just...I have a question. I think I have two questions. The first is when I look at your reports for the Wayne College projects, I see \$3 million coming from the college. And for Chadron, I see \$2 million in private donations. I don't see for Peru a local contribution. Am I missing that? [LB755]

STAN CARPENTER: No, you're not, Senator, and as I tried to point out before, the Peru State College and its foundation has recently committed a great deal of money to two other projects, the Oak Bowl project which was...I think that was in 2012 when that was approved or thereabouts. And so it brought some of its own money to that project because, while this body was very generous, it was not generous enough to cover the entire cost. So the foundation helped; the college brought some of its own money to that. That is just finishing up basically. The other project that it brought money to is the Park Avenue project and I don't know if you've ever been to Peru but it is a long drive from whatever that road is into the college that really needed to be corrected and fixed. There were no sidewalks. The lighting was bad. And so in partnership with the city and some grant money, the college brought some of its own money to that project to help that to improve the entrance to the college, not only for visual sake but for safety sake. So in essence, right now they're tapped out. [LB755]

SENATOR BOLZ: Okay. I can appreciate that. I guess I would be curious just to hear you talk a little bit about what you think appropriate expectations are from the campuses when we're looking at a package of projects like this. [LB755]

STAN CARPENTER: Sure. Well, in the perfect world we would ask the state to pick everything up because these are state buildings and they are owned by the state of Nebraska. However, I recognize that the reality of the circumstances these days is that we need to have a private-public partnership. So that's why you see the \$4 million from Chadron, from the college and from the foundation there, as about 16 percent, I think is what that is, of the total cost of that project, and the \$3 million from Wayne to fund about 12 percent of that project. I don't have any magic percentage of what that would normally be and I don't think that I would want to really get to

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that kind of point saying, okay, every building that we need to have done that's owned by the state we'll bring X percentage to. I think what we can think about is doing what we can with the size of the foundations that we have and the way that the college can occasionally tuck some money aside and save it for these projects. I would point out that several years ago Wayne State renovated its science building on campus completely without any state funds or assistance. So we've been in the mode of doing what we can, as much as we can, however we can to address the needs of our facilities. [LB755]

SENATOR BOLZ: I appreciate it. It's not a critique of any campus in particular. It's just trying to understand... [LB755]

STAN CARPENTER: Sure. [LB755]

SENATOR BOLZ: ...what factors we should consider. [LB755]

SENATOR HILKEMANN: Additional questions? [LB755]

SENATOR STINNER: I got...I do, I do have... [LB755]

SENATOR HILKEMANN: Senator Stinner. [LB755]

SENATOR STINNER: Right now we have approximately four more years on an existing bond. Is that correct? [LB755]

STAN CARPENTER: On our LB605 bonds, that's correct, Senator. [LB755]

SENATOR STINNER: Okay. This normally would fall under a bonding situation, would it not, since it's capital construction? [LB755]

STAN CARPENTER: Well, sometimes we do it that way. We have done it that way but not, I don't think, always we've done it that way. We've had direct appropriations. For example, for Armstrong Gymnasium, I don't think that was a bond issue. But we have done bond where the state has...we've issued bonds to our facilities corporation that the Legislature has agreed to pay off over time. So we've done it both ways, Senator. [LB755]

SENATOR STINNER: Okay. There is an opportunity. Would it make sense to do a refinance of existing bonds, adding some of this to that bond and resetting the bond? [LB755]

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STAN CARPENTER: Sure. You know, we would take a look at that and see what the bond market is like, whether it would be beneficial to refinance LB605 and throw new bonds on top of that or just go out and issue new bonds for these projects, which we could do. We just went into the bond market in December and then in January for revenue bond projects at Wayne and at Peru, and the bond market was very favorable. And we're in the process of going out to refinance some other revenue bonds here this week as well. So we would certainly look at that and decide whether it would be better to refinance LB605 and throw these in or just go out and issue new bonds for the facilities work. [LB755]

SENATOR STINNER: Thank you. [LB755]

STAN CARPENTER: Yes, sir. [LB755]

SENATOR HILKEMANN: I have a couple of questions for you, sir. [LB755]

STAN CARPENTER: Yes, sir. [LB755]

SENATOR HILKEMANN: We're talking about this particular bill is a \$16 million bill but we're really looking at a \$58 million project when we put the three of them together, over...and you're asking this over a three-year period of time. [LB755]

STAN CARPENTER: That would be the request, Senator. Yes. [LB755]

SENATOR HILKEMANN: Okay. [LB755]

STAN CARPENTER: I mean... [LB755]

SENATOR HILKEMANN: And your...the foundation money that's coming in, you said I think, what, Chadron was \$4 million and there's zero at Peru and there's... [LB755]

STAN CARPENTER: And \$3 million... [LB755]

SENATOR HILKEMANN: ...maybe \$3 (million) at Wayne. [LB755]

STAN CARPENTER: ...at Wayne. Yes, sir. [LB755]

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SENATOR HILKEMANN: So \$7 million... [LB755]

STAN CARPENTER: Yes, sir. [LB755]

SENATOR HILKEMANN: ...is coming in, foundation. Are there other private resources that could be available to help fund these projects? [LB755]

STAN CARPENTER: Well, I don't know if there are other private resources that are available. I know that there have been discussions with business and industry, particularly on the Wayne project, to think about equipment and so on, so forth, and training in that regard. I don't know whether private resources, Senator, but I'd be happy to explore them if I knew what they might be. [LB755]

SENATOR HILKEMANN: Okay. On the Wayne project, you've got on that technology portion, I went up to visit that particular project... [LB755]

STAN CARPENTER: Yes. [LB755]

SENATOR HILKEMANN: ...and you've got a pretty significant community college within about a 25-mile distance of your campus. [LB755]

STAN CARPENTER: Yes, sir. [LB755]

SENATOR HILKEMANN: Is there any...will there be any coordination of the effort between the community college there in Norfolk and the Wayne Campus and... [LB755]

STAN CARPENTER: Yes, Senator, that's a good question and the answer is, yes. We've began to have discussions with Northeast Community College, both at the presidential level and at the chief academic officer level, to talk about transfer programs, to talk about working together collaboratively. So those discussions have begun and we expect that they will be fruitful in the future once we get this program up and running. We're not looking to duplicate what they do. This is a different kind of program than what they are putting forth. But we are looking to make sure that if their students want to transfer to Wayne and to continue on in the applied technology world or the industrial technology world, they can do that. So, yes, we are working and talking with Northeast about this. [LB755]

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SENATOR HILKEMANN: If I understand, when we were at the Wayne facility, you're actually going to be focusing more on training teachers. [LB755]

STAN CARPENTER: Well, that is part of it, Senator, but they're also looking to educate folks in the industrial/applied technology world to move into business and industry as well. And that's why you'll see support from folks like the Nucor folks and Valmont folks and Behlen folks, because they need folks who are trained, if you will, in applied technology and computer technology to move into their businesses as well. So that's why they're very interested. They were part of the stakeholders group and really recognized the importance of this program, not only to provide teachers but to provide folks to go into business and industry as well. [LB755]

SENATOR HILKEMANN: Okay. So as I understand it, Norfolk is more for training of the technicians. You would be training the trainers basically. [LB755]

STAN CARPENTER: We're training the trainers, training the managers, training the administrators, not being...not having the folks who were actually doing that kind of hands-on work but folks who are managing them and understand the robotics, for example, of how to get something done or other areas of the applied technology world as well. So, yes, this would be kind of the next step up as opposed to those folks who are doing the hands-on kind of things, but they would know how to do that obviously. [LB755]

SENATOR HILKEMANN: Okay. We've got some nice letters from Valmont, from Nucor and some of these. Have any of those corporations stepped up and say they would be willing to match some state funds that would be available, that would be made available? [LB755]

STAN CARPENTER: Yeah, I don't believe those discussions have taken place, Senator. We have had those folks as part of the stakeholders group. There have been discussions about equipment and maintenance and maintaining current equipment and that kind of sort, those kind of things, and also in terms of training programs and apprentice programs and the like. But we've not had a discussion with them, to my knowledge, about would you give us matching funds. [LB755]

SENATOR HILKEMANN: Is this typical of state college systems around the country that maybe the large industries maybe would support the university concepts but they don't support the state colleges? Is that a... [LB755]

STAN CARPENTER: I don't know if we can reach that generalization, Senator. I think that business and industry supports state colleges where they can, when they can. If there is a program that makes sense to them, if a program that would benefit them, obviously then they

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would be looking to support that as best they can. And I think that's why you see the support from folks like Behlen Industries and Valmont and Nucor, because they have a need for folks to be educated in the applied technology world to come to work for them. [LB755]

SENATOR HILKEMANN: May I ask a question about the Chadron project here? [LB755]

STAN CARPENTER: Certainly. [LB755]

SENATOR HILKEMANN: As I was out there to the Chadron project as well, and I agree with Senator Stinner and Watermeier that there's a...one of the things that I was taken back by at that, that facility was built in the mid-sixties? [LB755]

STAN CARPENTER: Yes, sir. [LB755]

SENATOR HILKEMANN: It didn't seem that a facility built in the sixties, that that was an adequate facility at that point, it would seem, around the other facilities. Was there a situation of trying to cut corners at that point? In other words, we have very low ceilings. We have that type of a thing that I compare it with my own experience... [LB755]

STAN CARPENTER: Sure. [LB755]

SENATOR HILKEMANN: ...in my college at that time. [LB755]

STAN CARPENTER: Well, Senator, I was in high school in the sixties so I don't know what happened out there. But I would guess that there must have been some of that at some point, trying to get that building built. That building looked like my high school laboratories when I was taking physics and chemistry, which I didn't do very well at, in the mid-sixties. So I can only guess that you're probably right about that, but I don't have any evidence to that fact. [LB755]

SENATOR HILKEMANN: So we're talking about a good portion of this is for renovation of that project at Chadron. We're still going to have some structural deficiencies I would think there for science laboratories. Am I correct, or... [LB755]

STAN CARPENTER: No, I... [LB755]

SENATOR HILKEMANN: ...is the new section going to cover up...take care of some of that problem? [LB755]

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STAN CARPENTER: I think, Senator, the renovation and the new addition will take care of those problems. We're not looking to maintain the problems that we have. We need to improve them and bring them up to standards of 2016-2017. So the deficiencies that you saw there for the lab space and the chemical storage and the like and the ventilation will all be dealt with. This is a project that will bring that building up to speed to current standards and hopefully be able to maintain those standards for years to come. [LB755]

SENATOR HILKEMANN: Okay. Thank you very much. [LB755]

STAN CARPENTER: Thank you, Senator. [LB755]

SENATOR HILKEMANN: Are there other questions, committee? [LB755]

STAN CARPENTER: Thank you for your time. [LB755]

SENATOR HILKEMANN: Okay. [LB755]

STAN CARPENTER: I appreciate it very much. [LB755]

SENATOR HILKEMANN: Thank you, Chancellor. Are there other proponents for LB755? [LB755]

TERRY McCLAIN: (Exhibit 2) Good morning. Vice Chairman Hilkemann and members of the Appropriations Committee, I want to thank you for allowing me to make a few comments in support of LB755 and specifically the proposal for Wayne State College. [LB755]

SENATOR HILKEMANN: Could you give us your name and spell it? [LB755]

TERRY McCLAIN: I will. [LB755]

SENATOR HILKEMANN: Okay. [LB755]

TERRY McCLAIN: (Inaudible), yeah. My name is Terry McClain, T-e-r-r-y, McClain, M-c-C-l-a-i-n. I live in Fremont, Nebraska. I retired from Valmont Industries in late 2014, where I spent approximately 41 years, and the last 20 years as senior vice president and chief financial officer. I have an undergraduate degree from Wayne State College many, many years ago. The reason I've agreed to publicly support this project are many, but most important is the fact that I believe

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it's vital to support the long-term growth of the state of Nebraska and its third largest industry, which is manufacturing. Manufacturing and manufacturing processes have been an important part of my career for the last 40 years. Valmont is not only a major manufacturer and service processor in the state of Nebraska but it's a global player with 100 locations in over 22 countries throughout the world. I actually started my career in the production side of the business at the Valley plant in Nebraska. It was there I received training in some of the fundamentals of manufacturing and process improvement techniques, and I mention this only because I believe that there's a low level of understanding of just how substantial the opportunity is to build a diversified manufacturing and construction management work force and presence in our state. Not only do we have a solid manufacturing base but we obviously have a large construction design and engineering presence with firms such as Kiewit Construction, HDR, and others who are active every day in supporting this kind of economic activity. Much of the United States, we've seen manufacturing viewed as somewhat of a dirty industry that is performed in relatively low labor markets, and many people have convinced themselves that the service industry and in our state further developing our agricultural base is the only way to move forward in our state. There's no question that the service industry and agricultural industry are vital to the country and to the state of Nebraska, but an additional reality is that manufacturing and construction science areas have some of the most highly compensated jobs and some of the highest rates of investment in plant and equipment in the world. The Nebraska Department of Education recently identified industrial technology teachers as a critical need in both the rural and larger metropolitan school districts in our state. Wayne State College is the only postsecondary institution in Nebraska that offers a four-year industrial technology education program. Twenty-four percent of the industrial technology education teachers in the state have a Wayne State College degree. The number of graduates in this discipline could be increased significantly if the proposed project is implemented in the applied technology area at Wayne State College. Manufacturing is not the only beneficiary of the programs in facility descriptions in this proportion...or portion of LB755. Construction management is also a big area in our state that is vital to our economic future. Beyond educating teachers, who will then develop our students in secondary and postsecondary fields, Wayne State also, through the industrial technology side, produces managers for the building material trade, construction managers, environmental health and safety specialists, inventory managers, production foremen, programmers, and estimators. All of these fields are supported by the strong educational programs in the Applied Technology Center. If you're familiar with the changes in manufacturing and construction over the past 25 years, you know much of the work today is of a highly technical nature. The machinery, the control systems, etcetera, all require technical management, computer programming, and other skills that simply weren't necessary in the past. Today, if you go to a modern manufacturing and process facility you'll be surprised at the level of sophistication, not only of the equipment but the knowledge and skill levels necessary for the hourly workers as well as the production management group. I'm fortunate to be on the board of Christensen Lumber Company in Fremont where you can see floor and wall systems for our home, office, and industrial use being

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designed and manufactured with high-speed equipment that is computerized and scheduled by management and hourly workers in an extremely sophisticated manner. This is just an example of what's necessary to be successful in today's manufacturing and construction environment. One last thing: I was privileged to be part of a committee of educators and small and medium manufacturers in northeast Nebraska this last summer where they discussed how necessary it was to upgrade our skills and our technology at our educational institutions if we are to be competitive and continually grow our manufacturing and construction-related jobs. The consensus of the teachers and small and medium manufacturers in this group was that the state, as a state, we are woefully behind in our ability to educate our young work force coming out of our secondary schools, even for minimum requirements necessary to be successful in the future. I respectfully ask your support, particularly of the request for \$22 million of state General Funds and LB309 funds to support the Wayne State College project. Seldom have I seen projects of this nature that directly link to the development of our work force and to the economic sectors, which I believe have a tremendous potential for our state over the next 50 years. With that, I'd be happy to answer any questions that you may have. [LB755]

SENATOR HILKEMANN: Okay. Thank you, Mr. McClain. Are there questions for Mr. McClain? I've got a couple of questions. One of the things, you said you see this project at Wayne that this will increase the number of...like I'm going to use the term, industrial arts instructors and so forth that we'll have. It's my understanding that our secondary schools are not teaching industrial arts like they used to teach. [LB755]

TERRY McCLAIN: Well, I can't comment for all, in the educational side, what's going on. What I heard from the instructors and the teachers that were part of this committee this summer was that one of the reasons, they have to go outside of the normal system in order to get the resources for what they do have to teach. They're not teaching maybe shop as most of us remember it, but they're having to teach industrial type technology, which is how to program a machine, getting these people just ready, just out of high school now, ready to take the basic jobs. So I can't comment that they're not teaching shop anymore, if you will, but they clearly are still teaching industrial type courses. And I think that's the dilemma we have. My understanding, again, you have to understand where I'm coming from. I'm retired and am just part of the support for manufacturing in the state. My understanding is, though, we have a tremendous number of deficiencies yet in our number of teachers that we have. We have many, many teachers that are going to be retiring out of the system in industrial technology. We have a huge shortage in that area just in the high school level. Our company in the past has supported with high schools and two-year schools basically trying to just get people that are qualified in basic welding, which I was taught basic welding when I was in high school. But again, that was so long ago that nobody cares I guess to a large degree. So again, I think there's a big shortage. And I really believe if you've seen small manufacturers and the kind of equipment that is available for them, how difficult it is for them to get people to match up with those skills. Most of them will say, look, I

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just have to train on my own, I'd have to because I'm not getting the kind of education...educated work force that I need out of the high school system. [LB755]

SENATOR HILKEMANN: You mentioned, I think in your testimony you said that Wayne State is responsible for, is it, 80 percent of the industrial technology teachers across the state? [LB755]

TERRY McCLAIN: No, 24 percent of the industrial technology teachers have degrees from Wayne State. [LB755]

SENATOR HILKEMANN: Oh, 24 percent. [LB755]

TERRY McCLAIN: Yeah, 24 percent. Yes. [LB755]

SENATOR HILKEMANN: Okay. Thank you. Are there other questions? Thank you for coming this morning. [LB755]

TERRY McCLAIN: Thank you. [LB755]

SENATOR HILKEMANN: (Exhibits 3, 4, 5, 6, 7, 8, and 9) Are there additional proponents for LB755? Additional proponents. Seeing none, are there any opponents for LB755? Those placards make it hard to see if there's anybody getting up, but don't see anybody there. Is there anyone that wishes to testify in a neutral position on LB755? Seeing none, Senator Watermeier, you're asked to close on your... [LB755]

SENATOR WATERMEIER: Thank you, Vice Chairman Hilkemann. I appreciate that. I wasn't even planning on closing, but Senator Kintner's response about negotiations behind the scenes, I think he's getting to the fact of how would you prioritize this over that. And let me reassure the committee that as soon as I got involved in this project this summer, we were concerned about financing. And then we get the report on the fiscal analysis of the state and that sets us even further back. But we'll certainly be involved with what...how we can best finance this, how we can best pay for these projects, and there will be a lot of negotiations that goes on I think behind the scene. So with that, I just appreciate the conversation and I think it's a worthy project and want to look at how we can finance it. [LB755]

SENATOR HILKEMANN: Thank you, Senator Watermeier. With that, we will close the hearing on LB755. Now we'll have Senator Hadley for LB858. [LB755]

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SENATOR HADLEY: (Exhibits 1 and 2) Vice Chair Hilkemann, members of the Appropriations Committee, my name is Galen Hadley, that's G-a-l-e-n H-a-d-l-e-y. I represent the 37th District and I'm happy to be here to talk about LB858. First, I'd like to tell you that there has been a little change in the priorities. The first priority now is the "Hadley Hall for Retired School Teachers." (Laughter) It has two residents, Marilyn and Galen, and it needs a new driveway. So we're going to move that up in the priority list at this point in time. LB858 creates the University of Nebraska Facilities Program of 2016. The 12-year capital proposal seeks to continue the state and university partnership through a deferred maintenance, repair, renovation, facility addition, and facility replacement projects on all four campuses, allowing for capital projects that meet shared strategic priorities of the Board of Regents and the state, and align with a data-driven facilities analysis undertaken by the university. I want to reemphasize, and I think it will be talked about later, a data-driven analysis. It's just not looking at buildings and saying, we think they need to be repaired. We did go out and get outside consultants to look at our facilities to tell us what they feel is the best approach to the facility repair and maintenance. LB858 directs the Legislature to appropriate \$11 million each year for FY 2016 and '17, and FY 2017-18, and \$22 million each year thereafter through FY 2028 from the General Fund, for a total of \$242 million over a 12-year period. The university will provide matching funds on a one-to-one basis. The university will meet its share of the investments through four years of dedicated 1 percent tuition increases beginning in 2016-17. The increases amount to about \$2 more per credit hour annually for a typical Nebraska undergrad. The university tuition and attendance costs continue to be well below those at similar institutions. For example, the cost of tuition and books and fees and supplies and room and board at UNL is 22 percent lower than the average of other Big Ten public institutions. Due to the university's CollegeBound Nebraska financial aid program, which promises full tuition coverage for Pell-eligible Nebraska undergrad students with the greatest financial need, would not be impacted by the tuition increases. The university has developed a list of 17 buildings which, their analysis shows, have the greatest needs for renewal and where improvements would align with priorities such as undergraduate education and STEM fields. University of Nebraska buildings represent more than 70 percent of the state's total building assets, which are valued at \$4 billion. It is a matter of good stewardship for the state to maintain its investment in these assets. NU makes up less than 14 percent of the state's total budget, down from 21 percent three decades ago, a trend which has limited their ability to fund additional deferred maintenance costs. Since 1999, just over half, \$907 million, of NU capital construction projects have been funded by private donors. I want to stop for a minute and say one of the hardest things you can have in a university is raising money for bricks and mortar. People generally do not like to give money for bricks and mortar because there's a feeling that that is the state's obligation to fund the bricks and mortar. So for the university to have \$907 million in private contributions I think is very, very noteworthy and it represents a lot of work by the University of Nebraska and the University of Nebraska Foundation to do that. The state receives a tremendous bargain in paying only for the O&M on these buildings, whose constructions were privately funded. Half the LB605 bonds will be paid off in 2017, with the other half scheduled to

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be paid off in 2021. With interest rates at an historic low, we have an opportunity to build on the momentum previous legislation has created. A proactive, proven, strategic approach to addressing deferred maintenance needs is in the best interest of the state, university, and students. And I'd like to end up, if I could, with just a quick personal story. I was the first employee hired by the University of Nebraska at Kearney when it came into the University of Nebraska System, July 1, 1991. It was a...at that time it was in the State College System, and it came in July 1 and I was hired as dean of the College of Business and Technology. The building that I had when I showed up was the old tuberculosis hospital in Kearney on the campus, the old TB hospital. And I learned early on that we did not try to recruit students and walk them through the building when it was raining, because we would have buckets in the hallway collecting the water that leaked in. So we would just drive the students by and tell them what a nice-looking building that they would be taking classes in. Also, the classrooms had support pillars in them so if you were unlucky enough to be a student and you were behind the support pillar, you couldn't see the faculty member or the board. Had narrow...the faculty offices were old patient rooms. The reason I'm telling the story is that the previous two project...bonding issues allowed us to remodel that entire building and make it basically a state-of-the-art classroom building for the University of Nebraska at Kearney. This is a competitive business we're in and students like to have up-to-date facilities with which to continue their education. They feel they're paying it. I think it's important. There's the old saying, and we all heard it: you pay me now or you pay me later. You know, you're going to pay me; it's just a matter of when. I realize that you have many funding requests and I know that you will consider them all as you go through, but eventually we're going to have to work on these kinds of projects. It's important that we keep this amount of dollars that we have invested in these assets, keep them up to date and to meet the standards that today's students want. I would be happy to answer any questions you might have about the project or such as that. [LB858]

SENATOR HILKEMANN: Senator Haar. [LB858]

SENATOR HAAR: Well, it's well known, Senator Hadley, that you and Marilyn traveled to some rather exotic places, and "Hadley Hall" will have to be built in Nebraska. [LB858]

SENATOR HADLEY: That's right. In fact, I have, at 3112 Country Club Lane, we've already got the building. (Laughter) All we need to do is remodel it a little bit. [LB858]

SENATOR HILKEMANN: Senator Stinner. [LB858]

SENATOR STINNER: One of the things that I'm always concerned about when I look at brick and mortar, state government, all of the rest of that is funding depreciation, deferred cost. Is this \$22 million in total, is this a number that the university should be putting away for deferred

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maintenance? Or is there another number out there that says, as this bond issue rolls off, we're going to have to put another half a million dollars in, this will be a constant? [LB858]

SENATOR HADLEY: Senator Stinner, I do not know the answer to that, but my gut reaction is that there will be more, because as you roll it over...just, if I can answer it this way. We've had two different...LB605 and LB1100, I believe, so to me that sends an indication to me that this...that 15-20 years from now we might be looking at the same kind of thing if we don't do some kind of funding. [LB858]

SENATOR STINNER: Yes. And that's what I'm reflecting on, is the fact that we've had these issues, that about the time they come due we have to issue more bonds and the cost of construction, of course, goes up. [LB858]

SENATOR HADLEY: That's right. [LB858]

SENATOR STINNER: So... [LB858]

SENATOR HADLEY: I think that's...I would entirely agree, Senator Stinner. [LB858]

SENATOR HILKEMANN: Additional questions for Senator Hadley? [LB858]

SENATOR HADLEY: So I can expect that this will just fly through? (Laughter) [LB858]

SENATOR HILKEMANN: Well, I don't know about that. I don't know about the Country Club. I don't know about the Country Club address that you have, Senator. [LB858]

SENATOR HADLEY: Okay. Thank you and I will stick around for a closing. [LB858]

SENATOR HILKEMANN: Okay. [LB858]

SENATOR HADLEY: Thank you (inaudible). [LB858]

SENATOR HILKEMANN: Are there additional proponents for LB858? [LB858]

HANK BOUNDS: Good morning. [LB858]

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SENATOR HILKEMANN: Good morning. [LB858]

HANK BOUNDS: (Exhibits 3 and 4) Vice Chairman Hilkemann, members of the committee, thank you for this opportunity to testify in favor of LB858. I'm Hank, H-a-n-k, Bounds, B-o-u-n-d-s, president of the University of Nebraska. I was hoping that you would give the Speaker an affirmative answer (laughter) and I was just going to pass the opportunity to testify. Before you, you should receive two things. One is my written testimony, and two is a three-ring binder that has a number of documents in it to support my remarks this morning. I felt that it may be more beneficial for me to just walk you through my experience the past ten months as opposed to reading the testimony to you. [LB858]

SENATOR HILKEMANN: That would be great. [LB858]

HANK BOUNDS: So the first thing I will tell you is that you should really be proud of the campuses. They've taken limited resources, they've partnered with you in a way that I think has really got a lot of mileage out of limited resources in a very large physical plant enterprise, and they've really done a good job of maintaining the facilities that they have. I also want to thank Speaker Hadley. His experience with the university is certainly beneficial. So ten months ago or so I started, I started to look at and try to understand the challenges that we face as a university, the opportunities that exist. One of the challenges that we face is obviously we have aging infrastructure, again, with limited opportunity to address those issues. When I think about how we deal with this, I look at what happens in other states. And we have...our circumstances are a bit different. First of all, let me say that the LB1100 and LB605, both of those pieces of legislation have gone a long way to helping us resolve the issues that we face. But to Senator Stinner's question earlier, it is a stopgap measure. Facilities will continue to age and facilities will continue to need investments in the future. So as I look at this issue, we wanted to make certain that we really understood the issue in a very deep way and we want to use data to understand it. We knew that there were...that you have limited resources, we have limited resources, and we wanted to deploy those resources in a way that would make the most sense. And so we brought in an engineering firm to give us a rating, an FCI, a facilities condition index score for each one of our buildings on all four campuses that would cost more than \$5 million to build today. And so that FCI looked at roof, HVAC, electrical, envelope, structure, superstructure, the interior, plumbing, life safety, and we received a score. Then we knew that we really needed to understand how we use those buildings, where the compression points are, when students are in buildings, the type of space that we have, and then marry those two pieces of information, so the use of the building compared to the quality of the construction or the needs of the facility. So obviously, we wouldn't want to spend a lot of money on a building that is rarely used, given very limited resources. This FCI score told us a number of things. The first thing that it told us was if we're to move our buildings to like new, the costs would be north of \$1 billion. So we have 70 percent of the state building assets. And I'm talking only about academic

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space. We're not talking about auxiliary. So take food service, athletics, book stores, dorms out of the mix. This is purely academic space. We knew that that would be a request that the Legislature, combined with us, we knew that we couldn't get there. We knew that that wouldn't be a reasonable request. Industry standard is to try to move all of our buildings to a score of 80 percent. That number would be \$456 million. Even at that, we knew that it would be difficult to reach. And so we went to each of the campuses, asked them to do an analysis separate and apart from the analysis that we had completed, and then we started the process of really trying to figure out what do we absolutely have to do to ensure that we have quality facilities that will keep us in a competitive place, both in the state and nationally. As you've heard me say a number of times, we are in the most competitive higher ed marketplace of our lifetime, and facilities really do matter. You know, when you try and recruit researchers to a lab that is 30 years beyond renewal and they visit us and they visit one of our competitors, it puts us in a...it's really difficult to compete in those circumstances. So what we have...what we are bringing to you is a request that asks you to partner with us once again. We partnered in the late 1990s. We partnered in the mid-2000s. So we began with a \$5.5 million contribution over a ten-year period from the Legislature. We matched that with \$5.5 million in tuition. In the mid-2000s, you doubled down on your effort and we did as well, so \$11 million and \$11 million. We are coming back to you now asking you to once again double your commitment. We are going to double our commitment, and so \$22 (million) and \$22 (million). But rather than a ten-year commitment, as we run the numbers and try to reach a number that's close to about \$400 million over the next ten years, we can't do that in ten years. It takes 12. So, you know, in my view, this is one of the most important issues that we're going to face over time. I know that state revenue doesn't look like we all wish that it would look right now, but I think we also all have to recognize that these issues are not going away. Again, to Senator Stinner's question, this number will only grow over time. The second issue is that I think it's probably clear to all of us that interest rates aren't going to improve over time. Hopefully, they will flatten, but I don't think they're going to get better. And then when you have facilities that are not in the best of condition, those facilities actually get more expensive to maintain over time. And I think we probably all understand that the cost of construction is not going to lessen over time. Also, I want to point out that in addition to only working on academic space, we're not talking about new facilities. This is...we actually started with a premise of no net new facilities. We do at a couple of locations realize that the cost of raising the facility and building anew and a right-sized facility is more cost-efficient than just a redo of the building that we have. This is about not only having good facilities but, you know, really at the end of the day it is about maintaining our competitive advantage across this country. I would ask you to take just a moment and take a look at this document. I won't go through each of the projects because there are a number of them. Each campus has a number of projects. This document I think carefully outlines what those projects are, the type of space that is included in those particular buildings, and the reasons for upgrading those facilities. And so combined with Speaker Hadley's comments and the comments that I've provided you, both in writing and

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verbally here today, perhaps I should pause my testimony now and at least attempt to answer any questions that members may have. [LB858]

SENATOR HILKEMANN: Are there questions for Dr. Bounds? Yes, Senator Haar. [LB858]

SENATOR HAAR: Well, this sort of follows up on Senator Hilkemann's question about Chadron earlier on. You're not looking at sort of just stopgap fixing buildings, right? I mean going into the future, we're going to have to look at things like energy efficiency. And buildings are multigenerational. So as we go into this, I mean, these are not stopgap. [LB858]

HANK BOUNDS: So if we...you will see in places where we are renovating laboratories. We wouldn't renovate the laboratory to look like a laboratory that was built in the 1970s. We would renovate the laboratory and redesign it in a way that would meet the needs of the kind of...the types of research, the types of research that is done currently. So "renovation" may be not the best way to describe it. It really is sort of reconfiguring our buildings to make certain that they are twenty-first century competitive spaces. [LB858]

SENATOR HAAR: Uh-huh. [LB858]

SENATOR HILKEMANN: Senator Bolz. [LB858]

SENATOR BOLZ: Good morning. [LB858]

HANK BOUNDS: Good morning. [LB858]

SENATOR BOLZ: I'm reviewing your fiscal note and noticed the reference to the 1 percent tuition increase over a period of four years. Could you just explain to me what that means in terms of a young person paying tuition? What's that going to mean in terms of what their bill is? [LB858]

HANK BOUNDS: So a 1 percent tuition increase is about \$2.6 (million) per year, \$2.6 million per year. And that...and what is that on a credit hour? So the per credit hour is a little over \$2. So if a student is taking 24 credit hours and if they're a full-time student at 12 and 12, about \$48. [LB858]

SENATOR BOLZ: Uh-huh. And then over a period of four years, that's (inaudible). [LB858]

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HANK BOUNDS: That would increase each year. [LB858]

SENATOR BOLZ: Right. It's not a judgment statement. I just...I think it's always important that we're paying attention to what the impact on people who are struggling to afford higher education might look like. This is a little off subject so forgive me, but I've recently gotten some communication from constituents about related fees and I'm curious if you know how our fees have increased over time. [LB858]

HANK BOUNDS: I don't have that committed to memory, but I can tell you that with tuition and fees, whether we're talking about UNL and its competitors, its peers, or UNK or UNO or UNMC, we are in a very competitive position. We are a fraction of the cost. UNL, if you look at tuition, is about 50 percent of the average of the Big Ten. The others are at about 75 percent. And even if you add in fees, associated fees, we are still much less...our costs are much lower than our competitors. [LB858]

SENATOR BOLZ: Uh-huh. I can appreciate that. I just want to make sure that for the record and for the public conversation that piece of this is articulated. I think it's important that we keep an eye on tuition rates for our young people and other students pursuing higher education. [LB858]

HANK BOUNDS: We clearly understand and support that position and wish that there were other options. [LB858]

SENATOR HILKEMANN: Senator Kuehn. [LB858]

SENATOR KUEHN: Thank you, Dr. Bounds. I appreciate your testimony and your willingness to kind of get right to questions and all the background work you and your team have done so far. I've got a series of questions, just to help me understand some of the metrics. So far you've identified that the FCI score and the program would be for academic space only, not auxiliary space. But in terms of the data you've put forward on capital construction and funding sources, does that \$907 million, representing 52 percent of your capital construction, is that also academic-only space or does that also include your auxiliary space? [LB858]

HANK BOUNDS: That is an apples to apples (inaudible). [LB858]

SENATOR KUEHN: Okay. So \$907 million of academic-only space from private sources? With regard to the \$22 million in tuition increases and that commitment, assuming that you say this committee would not match the full \$22 million but a part thereof, what then becomes the Regents' commitment with tuition resources? Is that \$22 million annually a firm commitment on

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the part of the Regents so that's something you can continue to go forward? Or will that be matched only to what this committee would appropriate? [LB858]

HANK BOUNDS: So actually we would have to...so if the Legislature said we can give some portion of the additional \$11 million, so \$11 million is already churning through the appropriations model, the new money is \$11 million new money each year. And if the Legislature said to us that we can only give some portion of that, then we would have to go back and really reconfigure how we would deploy those dollars. Because, as...so we've gone through this model. We know what it would take to address the facilities issues here. We know what it...but we know what that total amount is. If the Legislature says we can give you \$5 (million), we would have to then look at what makes sense for us; what are the buildings that we can actually address going forward; how will that work out through an amortization schedule over 12 years. Does it make sense to do 1 percent, 1 percent, you know, over four years or do we need to think through some other model? So this doesn't get us to 80 percent. This gets us to \$389 million. To get to 80 percent we have to go to \$456 (million). And so a fraction would require...I think the board is committed to doing this but we have to be...we'll have to be really careful about what that looks like because we don't, you know, we don't want to go up 1 percent each of the next four years, then not have enough money to complete a building. It wouldn't make sense to capture money that we can't really deploy fully. [LB858]

SENATOR KUEHN: Okay. And that leads to, I guess, my next question which is if only partial funding comes about, I truly appreciate your FCI index and a metrics-based approach that looks at both the utilization as well as where the buildings are now. Would that FCI approach continue to prioritize buildings based on need so some of the worst in the system get addressed first or will a new system be deployed? I guess as I look at the FCI system and the buildings you've prioritized, will they continue to go from worst on or we'll be looking at a whole different system? [LB858]

HANK BOUNDS: That's what, you know, we...the current model doesn't consider that there are X percent of students or there's X percent of space on Y campus and so they get X percent. The model really looks at the overall need of the university. If we had the full \$1 billion then we could do that. [LB858]

SENATOR KUEHN: Uh-huh. [LB858]

HANK BOUNDS: But given that we have limited resources, we're deploying them in a way that makes sense for the university's greatest need. And we would take that approach in recalibrating. [LB858]

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SENATOR KUEHN: Okay. And then finally, what's the O&M strategy going forward? You know, deferred maintenance is a result of series of financial choices made over time to cut back in terms of ongoing maintenance and ongoing continual upgrades to facilities in exchange for current pressing needs and lack of resources. So considering we're looking at a very substantial investment, both on the part of students and of the state, how do we ensure that we're not, 12 years from now when this program ends, right back in the same position? [LB858]

HANK BOUNDS: We are...we will be back in the same position. When we have tuition prices that are dramatically lower than our peers, you know, if you look at faculty compensation, we are less than our peers now. We have these facilities issues that are with us. So, you know, campuses are taking as much off the top as they can and applying those dollars to the neediest facility issue. So we are spending money every year on facilities. We have...an enormous amount of money is being spent every year because we have \$10 million square feet of property that has to be maintained. Because we don't have other options like many of our competitors do, like general obligation bonds where we receive an appropriation, this issue will not go away. And I don't want to leave here with you thinking...if we get the full \$22 million from the Legislature and we deploy \$22 million there will be deferred maintenance issues that have to be addressed in a decade from now. We should be spending, if you look at the industry standard, about 2 percent of our total cost on the facilities. That's about \$80 million. We're not nearly there, even with all of the monies that we're already spending and that we...so the monies that we spend on facilities now we can't deploy toward recruiting other students or to attracting more researchers or toward attracting more students and using more money toward needs-based aid or other types of aid. We're having to put those dollars toward facilities because we just don't have any other options. And you know, I recognize that you are limited in the resources that you have as well. Twenty-two and twenty-two doesn't get us to 80 percent. It gets us to some number...some percent lower than that. If there's a...if you can't get there then those deferred maintenance issues will still be around and they will grow over time. [LB858]

SENATOR KUEHN: So I guess following up to that, if the only tool you have is a hammer, every problem looks like a nail. And so are there other issues other than simply continuing kind of chasing a deferred maintenance program? Are there other policy tools, other financing tools that make sense that we need to be looking at from a broader policy perspective that enable more effective deployment of dollars, give you more ability to manage the resources so we're not continually in this deferred maintenance cycle? [LB858]

HANK BOUNDS: I wish I had a good answer for you. I wish we had access to general obligation bonds. I wish we had other sources of revenue that we could tap into. We have had conversations about, you know, does it make sense to go borrow all the money? Would it be more cost-effective to borrow some of it and then cash flow some of the dollars so that we don't have the interest charges and we can...you know, we pick up a few...you know, more money,

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more cash along the way? I wish I had a good answer but I think the options are fairly limited.
[LB858]

SENATOR KUEHN: Okay. That's helpful. Thank you. [LB858]

SENATOR HILKEMANN: Senator Watermeier. [LB858]

SENATOR WATERMEIER: Well, thank you, Vice Chairman Hilkemann. Thank you, President Bounds. Appreciate you being here. [LB858]

HANK BOUNDS: Yes, sir. [LB858]

SENATOR WATERMEIER: I'd just make a statement as well. I really appreciate the effort that was put in by hiring an engineering firm, making the investment in the future in getting this FCI score, because I really think it helps back up what you're asking for. And I guess I'm just dreaming a little bit outside the box. And to follow up with what Senator Kuehn had asked about maybe prioritizing, but when you went through that assessment and you have the building is in this sort of shape and you had the other side of it, the usage of it, did that come together in changing your curriculum needs and how that affected what you're actually offering? Maybe that's just a statement. You don't need to answer that. But I'm assuming, envisioning, and dreaming that probably happened, why we're wearing this building out where the needs are at.
[LB858]

HANK BOUNDS: Well, I don't know that it drives curriculum because the market drives the curriculum, faculty drive that. What we really I think more...we're able to more deeply understand is where the really hot spots are. You know, so in other words, I see Chancellor Perlman here. We know that we have significant capacity issues in laboratories, which is why you see a significant portion of the dollars being deployed on labs at UNL. We, in other places, we find that there are other issues. And so while we are looking universitywide, we're looking campus specific in terms of what the challenges that individual campus faces, like in Lincoln the perfect example is laboratory space. Lincoln has a real shortage of large classroom space. We're not solving that issue here. We're trying to solve the most pressing issues on each campus.
[LB858]

SENATOR WATERMEIER: Okay. Thank you. I know that's maybe not a fair question, but I just am assuming that those kind of things happen because you're using these numbers for not just this but probably for the future. The other thing was that you had mentioned that no new buildings, not new net buildings. Now if you had the decision to make that the building wasn't in

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good enough shape to renovate or to repurpose, you would tear it down and start over, if that was the best choice for the dollars. But what you meant by that was not building something new. [LB858]

HANK BOUNDS: That's correct. [LB858]

SENATOR WATERMEIER: Okay. Just I wanted to let you define that a little further. [LB858]

HANK BOUNDS: So we are...we do believe that there are two buildings, Nebraska Hall on the Lincoln Campus and Otto Olsen on the Kearney Campus, that we are...that it is much more wise to raze those buildings and build a new facility that is more in line with what those buildings need...how those buildings need to function for our curricular purposes currently. [LB858]

SENATOR WATERMEIER: That's what I wanted to support, just to make sure that you didn't feel constrained that you were saying you wouldn't build a new building. Certainly, if that's the best investment, we've got to support that as well too. [LB858]

HANK BOUNDS: So Otto Olsen, you know, if Doug Kristensen were here, he would tell you that it makes no sense at all to try to... [LB858]

SENATOR WATERMEIER: If he were here. [LB858]

HANK BOUNDS: If he were sitting here. (Laughter) He is here. [LB858]

SENATOR WATERMEIER: He's here. [LB858]

HANK BOUNDS: I think he would tell you that Otto Olsen is one of those buildings that it really doesn't make sense to invest money in that facility; that it's not a wise investment. [LB858]

SENATOR WATERMEIER: Yeah. I guess I just...my main statement was just appreciating the fact of the science that you put into getting to that point. You weren't just strictly looking at the structure of the building, the age of the building, but the use. And I just think it's really good use of the state funds of what you did there, so I appreciate that. [LB858]

SENATOR HILKEMANN: Are there additional questions? Oh, oh, Senator Cook. [LB858]

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SENATOR COOK: Thank you, Senator Hilkemann. Thank you, Dr. Bounds. I'm a little disturbed that in an environment where I looked forward, personally, and my community looked forward to an emphasis on student instruction, student achievement, support for student success, we're back to a brick and mortar conversation. And from what you said, the most pressing issue on each campus amounts to us meeting deferred maintenance needs on each of the campuses. It's not focused at all on researchers, faculty, need-based scholarships, ensuring that students finish within four years. So if you don't get this--and it sounds like even if you do get this money it's going to be a chase for the rest of the time that universities have physical plant buildings--that the students will never be the top priority of the university system. That's what it sounds like. [LB858]

HANK BOUNDS: So clearly, I have not been very articulate then. The issue here is that...so if the Legislature were to provide general obligation bonds every year, like many of our competitors receive, the monies that we are currently spending to maintain facilities--and facilities matter--we could take those dollars and redeploy them in a way that could really impact student success. My point was that we face real...we have...a billion would be too strong because that wouldn't be moving us to 100 percent. We have \$700 million in deferred maintenance and that issue absolutely has to be addressed. It doesn't take away from the fact that we need to ensure that more students move across the finish line, whether it's freshmen or sophomore retention or our four-year and six-year graduation rates. I didn't mean to imply that at all. But I do know that this issue is not a quick fix. It's an issue that we...that I think every university across America is dealing with. And we have to address it. I would love to be able to...I would love to be in here only talking about getting more student aid. This is a risk. This is a risk for the future of our university and it has to be addressed, so please don't take that as we're not focusing on student success at all. You'll see me again on the next biennium where I'll be really focused on what our appropriation needs will look like from need-based aid, student support, faculty compensation so that we can maintain and recruit the best faculty. But I also could not keep you from knowing about the stress that our university faces in terms of keeping facilities, keeping our facilities in a place that makes certain that we are competitive. [LB858]

SENATOR HILKEMANN: I guess I would follow up on that question, Senator, in the sense that we use this term "deferred maintenance," and I guess, having taken the tour with Chancellor Perlman through some of the...I'd like to say that maybe what we should use, instead of "deferred," the repurposing of these buildings that we're having here. And I would challenge any of you that have not had the opportunity to see. In one of the halls I know we went through where we've repurposed some of that building. And then we've got the area that we're going to be doing. And I know that was also the case out at UNO when we went through the building there. That I know that's...the term we use is "deferred maintenance," but what we're doing is we're moving our facilities for the twenty-first century. Would you agree with that statement? [LB858]

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HANK BOUNDS: Facility renewal is a much better way to phrase what we're doing. [LB858]

SENATOR HILKEMANN: I like that term. Yes. And the other thing that I think that we need...that I saw when I was looking through these facilities, is the universities have to provide excellent opportunities for the professors to come in and continue their research projects. And I was rather taken aback by some of the facilities that we're providing for our research professors. And if we want to be one of the leading universities, we have to provide the facilities that will attract the recruiting of professors. And I think that that continues to be a challenge for the university to bring in the very best of the best. And we need to provide that facility. Is that a fair statement? [LB858]

HANK BOUNDS: That is completely fair. But I think you could also expand that to talk about students. [LB858]

SENATOR HILKEMANN: Exactly. [LB858]

HANK BOUNDS: Students have choices. When you speak specifically to research spaces, attracting graduate students that are doing this research is as competitive as it is to bring in faculty. To grow student population is incredibly competitive. You know, there are lots of institutions across the country that are recruiting Nebraskans as hard as we are recruiting Nebraskans. And I will tell you that I think that we are...we obviously have room to improve, but in terms of addressing student learning needs, I think we're very competitive. As I look at how other institutions try...you know, the things that they do to support student success, I think we are doing good work there. I would love to have more resources there as well. But it's such a competitive marketplace across the board. [LB858]

SENATOR HILKEMANN: And a final question, Dr. Bounds: I went through this project and I went through the tours that were provided for the university there. I'm familiar with all those projects except the one that Senator Hadley mentioned about at that 3500...is that one...did that just miss the book? [LB858]

HANK BOUNDS: You're really putting me in a box here, (laughter) Mr. Chairman,... [LB858]

SENATOR HILKEMANN: Thank you, Dr. Bounds. [LB858]

HANK BOUNDS: ...since the Speaker is still behind me here. (Laughter) [LB858]

SENATOR HILKEMANN: Are there other questions for Dr. Bounds? [LB858]

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HANK BOUNDS: Thank you all very much. [LB858]

SENATOR HILKEMANN: Seeing none, thank you. Are there other proponents for LB858? [LB858]

SHELBY WILLIBY: Chairman Mello and members of the committee, my name is Shelby Williby, S-h-e-l-b-y W-i-l-l-i-b-y, and I'm a sophomore, chemical engineering major, at the University of Nebraska-Lincoln, and I'm from Valley, Nebraska. I'm here to ask you to continue to help the university keep its buildings in good condition so that students like me can receive the best possible education that prepares us for our careers. I chose to attend the university because it offers great programs for a reasonable cost. I know one of the main reasons that the university is able to stay affordable while also maintaining quality academic programs is that the Legislature provides strong support for public higher education. So first, I want to thank you, this committee in particular, and all Nebraska policymakers for their support. It makes a real difference for the students. One of the reasons I picked engineering as my major was that there are a lot of great job opportunities for engineering graduates. It's always been important for me to have a career that I'm passionate about and help others, and that will also allow me or allow myself to someday support my family. My goal is to use my degree to develop more sustainable forms of energy for future generations. My education is the springboard to my career. If I want to achieve my goals, it starts with a great education at Nebraska. I know that's what I'm getting at the university. At the same time, we have to make sure that the classrooms and the labs that students and professors use every day are kept up to date. I think if you ask any student, they would tell you that modern learning spaces are incredibly important, not only when it comes to their choice of college but also for their education. In a field like engineering, technologies are evolving even as I sit and talk with you. It's important that our buildings reflect that. And if our facilities are outdated, we risk not being as prepared for the work force as we need to be. The buildings that make up the engineering complex were built decades ago. One of them used to be a watch factory and the hallways are easy to get lost in. UNL has done a great job with the facilities that are available, but the opportunity is to make major upgrades that would make better use of the space and make the complex more suited to a twenty-first engineering education and research. Our chancellor and engineering dean have set high goals to increase enrollment and faculty hiring in our college, and I think if we want to recruit more students and professors we have to have facilities that make us competitive with other universities. So I'm very supportive of the plan to renovate the engineering complex as I see it as an investment in today's students and the students of the future. I think many students also understand that these renovation projects are not free and we have a responsibility to pay some of the costs of our education. No one likes a tuition increase, but let me share a few facts from my perspective about why I think a modest tuition increase is reasonable when it comes to keeping our buildings up to date. First, the University of Nebraska is a great value. UNL is one of the best values in the Big Ten, and a small increase in tuition will not change that. Second, remember that when we're talking about a

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tuition increase, we're talking about an increase in the net price. Most students receive financial aid that covers at least part of their tuition costs. Third, the university covers full tuition costs for any Nebraska student who receives a Pell Grant, so the lowest income students will not be affected by any increase in tuition. And fourth, when you break down the 1 percent tuition increase the university is proposing, the cost is minimal for the students. We're talking about \$5.50 per month for full-paying students. That's the cost of the trip to go get a cup of coffee. For me, one coffee a month is absolutely worth it when I think about how we have an opportunity to make improvements that will set students up for long-term success. Thank you for your time, and I would be happy to answer questions. [LB858]

SENATOR MELLO: Thank you for your testimony this morning, Ms. Williby. Are there any questions from the committee? Seeing none, thank you. [LB858]

SHELBY WILLIBY: Thank you. [LB858]

SENATOR MELLO: Next proponent for LB858. [LB858]

KYLE MEYER: (Exhibit 5) Chairman Mello, members of the committee, thank you. My name is Kyle Meyer, K-y-l-e M-e-y-e-r. I'm the dean of the College of Allied Health Professions at the University of Nebraska Medical Center. I'm here to share a personal, ground-level story with you of the success of our college as it relates to building funding from renovation from LB605. In 2008, Bennett Hall on the UNMC Campus became the first real home of UNMC's College of Allied Health Professions. I will say I don't believe it's an exaggeration that the momentum my college is experiencing today can be directly credited to that renovation. I might indulge you for just a second to give you some very brief background about what's in that building, the Allied Health Programs. Allied Health make...the professionals make up about 60 percent, it's estimated, of the U.S. healthcare work force, professionals like physical therapists, physician assistants, radiographers. We actually have 12 programs now. I won't list all of them for you. Those groups of individuals are housed in Bennett Hall. The allied health professions in general are critical to the delivery of high quality, accessible, and affordable care, and to meet the healthcare needs of Nebraska my college and all of UNMC recruit talented faculty, deliver high quality educational programs, and of course conduct relevant research. I'm here representing all of the deans of our university and I think any of them would tell you that to do those things, to really develop premier programs, facilities really do matter. In 2006, following the passage of LB605, the Regents approved the renovation of Bennett Hall. Bennett Hall was actually built in 1918 and was the second-oldest building on the UNMC Campus. It had not been renovated in more than 40 years and the space had become antiquated with some laboratory space but really not very effective. The good news was, though, it was structurally sound and it was located in a perfect position in terms of the educational area of our campus, ideally located for redesign and

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repurpose. The estimated cost to replace Bennett were over two times the eventual \$8.9 million renovation budget. Renovation created over 66,000 square feet of state-of-the-art office and education space, brought it up to code, ADA regulations, new telecommunications, all of the things that you would expect. And then our ten programs...then ten programs, which had previously been scattered across the campus, were consolidated into this newly renovated Bennett Hall. That was the first time in our 36-year...then 36-year history that all of the programs had been in one place at one time. Just that mere fact of giving us a home has significantly elevated the awareness about the allied health programs across the campus and certainly across our university system, dramatically improved our opportunities for collaboration, led to more efficient work practices, improved our planning and resource allocation because we were all in one place, led to a growth in research collaborations and funding, and significantly enhanced recruitment of students and faculty. I may add, too, you may be aware that we were in the middle...the university was in the middle of a capital campaign at that time, a campaign for Nebraska. Allied health had, for the first time in its history, its own campaign committee. We raised over \$4 million. That was the first time in the history of our college that we were able to do that and six newly endowed professorships. Those outcomes I believe can be directly linked to two significant, subsequent seminal events in the school's recent history. Because of the increased awareness of the value and the need for allied health professionals, the school was included in the university's 2011 Building a Healthier Nebraska Initiative, then brought forth by then-president J.B. Milliken. Thanks to Senator Hadley and the generous support of this committee and others, several allied health education programs were expanded and are now offered in the Health Science Education Complex on the UNK Campus, better serving the students and citizens of rural Nebraska. Secondly, the outcomes noted above had a direct impact on the university's 2015 decision to transition the then-school--our school was a unit within the College of Medicine--to its own free-standing college. The ascent to college status as UNMC's sixth college has already increased our national prominence and laid the foundation for our continued growth and success. So in closing, I believe the state and the university have a considerable investment in the building assets on the four campuses, as President Bounds has stated. This legislation, this long-term partnership, exemplifies good stewardship, provides cost-effective solutions to renew, repurpose, and maximize the use of these assets. I'm here to urge your support of the legislation to ensure more successes like that of the College of Allied Health Professions. Thank you. [LB858]

SENATOR MELLO: Thank you for your testimony this morning, Dr. Meyer. Are there any questions from the committee? Seeing none, thank you. [LB858]

KYLE MEYER: You're welcome. Thank you. [LB858]

SENATOR MELLO: Next proponent for LB858. [LB858]

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BART RUTH: (Exhibit 6) Good morning, Chairman Mello and members of the committee. My name is Bart Ruth, B-a-r-t R-u-t-h, and I currently serve as president of Agriculture Builders of Nebraska. As a 1981 graduate of the College of Agriculture, I have a great deal of pride in this university and the role that it plays in maintaining a strong economic base for our state. A great amount of change has occurred within agriculture in those 35 years since I left campus with a B.S. in agronomy. I would also make a case that the skill set required of today's young producers is even far more advanced than those that my son needed when he graduated from UNL a decade ago. The advent of precision technology and the layers and layers of data that we have at our disposal today have created a complex array of tools to navigate and utilize. Today's successful producers must wear many hats on a daily basis: agronomist, mechanics, marketer, IT specialist, and financial analyst to name just a few. And agriculture is not alone in this need for a highly educated work force. If Nebraska is to continue to be in the top tier of agricultural production and continue its growth in manufacturing and other high-value industries, we must provide the resources to maintain our university system. The university's ability to produce talented graduates depends not only on talented staff and programs but also in providing quality facilities. When students have access to updated classrooms and learning facilities, they receive the type of education that will put them in a position to meet Nebraska's work force needs. While we don't have time to talk about every renovation project the university is proposing, I am impressed that the projects have been carefully chosen to advance priorities that are important both to the university and to the state as a whole. The one example that I am most familiar with is the renovation of the Food Industry Complex at UNL. This renovation will continue the impressive momentum on East Campus that is positioning agriculture and natural resources programs for growth. The enthusiasm and excitement on East Campus is obvious when you set foot on that campus and will allow the university to continue to meet the needs of Nebraska agriculture. For those residents in the central part of the state, the Otto Olsen building at UNK has long outlived its usefulness. And if UNK is to continue filling its role as the educational hub for rural Nebraska, it needs a new facility that can better serve today's students and faculty. And just as I must continually balance priorities in my farming operation, you as policymakers are balancing many priorities as well. And just as I can't commit to every need, I know that you can't fund every single renovation need at the university. The university isn't asking to have all of its needs funded. It is clear to me, however, that the university has taken a proactive approach to deferred maintenance that demonstrates a commitment to responsible stewardship of its resources. Nebraskans can be proud of the partnership that exists between the university and the state. It's a partnership that works and one that I hope will continue. Students, faculty and staff, businesses, and diverse industries, including agriculture, will benefit. Thank you for your time today. And I would be happy to address any questions. [LB858]

SENATOR MELLO: Thank you for your testimony this morning, Mr. Ruth. Are there any questions from the committee? Seeing none, thank you. [LB858]

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BART RUTH: Thank you. [LB858]

SENATOR MELLO: Any other proponents for LB858? Seeing none, are there any opponents for LB858? Seeing none, is there anyone here in the neutral capacity on LB858? Speaker Hadley, would you like to close? [LB858]

SENATOR HADLEY: I thank the committee for listening to the testimony. Just a couple of things: this was a data-driven project and that number that was assigned to every building on the campuses isn't going to go up. This isn't something that heals itself over time. That number is going to continue to go down on projects. So I think it's important that we understand that this is not something that helps itself. Secondly, Otto Olsen was mentioned earlier as a building, and I happen to know a little about it since that was...two of my departments were housed in Otto Olsen. It's been a project we've talked about for years. Let me just give you one example. One of the big decisions I had to make not long after I came to the University of Nebraska at Kearney was what we were going to do about the classrooms and offices in Otto Olsen because they were not air conditioned. And so we scrounged some money up to get window air conditioners in that building. Now how many students like to go into a classroom that has window air conditioning? It's like...I was thinking of examples. Anymore if you go out to rent an apartment and it has a window air conditioner in the apartment, it generally doesn't go to the top of your list for those apartments. Otto Olsen has a lot of different units in it: fine arts, mathematics, computer science, family and consumer science, industrial technology. That's just an example of what this money. So I appreciate your willingness to listen. I know we have a lot of different requests and you do a tremendous job of sifting through that by the time they reach the floor. So I just really want to thank you for all your work. And I'd be happy to answer any questions. [LB858]

SENATOR MELLO: Thank you, Mr. Speaker. Are there any questions from the committee? Senator Bolz. [LB858]

SENATOR BOLZ: Thank you, Speaker Hadley. This is a well put together proposal. It's thoughtful. It's well researched. But I feel a need to just add a comment to the record which is that a 1 percent tuition increase to me is...it's not just about a cup of coffee. It's about the cost of higher education as a whole. We're currently only meeting 39 percent of the financial need through our Nebraska Opportunity Grant Program. So it's not a commentary about this proposal necessarily. It's a fair cautiousness about what this means for families affording higher education. And I just felt that it was important to say that in the bigger context of college affordability, it's not just the cost of this particular project. It's how it all comes together. So great work. Appreciate the proposal but wanted to put that on the record. [LB858]

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SENATOR HADLEY: You know, Senator Bolz, if I could just have one minute, I want to echo what you said. I, you know, I spent over 30 years in higher education, I figured out the other day 19 of them in some administrative position. And the idea of tuition costs and costs to the students was on my mind the entire time I was there. And I look at one number. I have kind of a cheat sheet that shows our budget at the state 20 years ago versus now, and the one area that's taken the biggest hit of all the things that we fund by the state is higher education in this state. And we're going from state-supported to state-aided, and we certainly don't want to become a Colorado where we just basically privatize our public institutions. That would be very, very inappropriate. [LB858]

SENATOR MELLO: Thank you, Senator Bolz. Any other questions from the committee? Seeing none, thank you, Mr. Speaker. [LB858]

SENATOR HADLEY: Thank you. Always a pleasure to be before the Appropriations Committee. [LB713]

SENATOR MELLO: That will end today's public hearing on LB858 and take us to our next public hearing on LB713, Senator Stinner. After LB713, we will have LB852 from Senator Cook. Can I see a quick show of hands in regards to those wishing to testify on LB713? And how many on LB852? [LB858]

SENATOR STINNER: You want me to go really fast, I suppose. [LB713]

SENATOR MELLO: We're here till 1:00, so we're good. We're here till 1:00. [LB713]

SENATOR STINNER: Thank you, Chairman Mello and members of the Appropriations Committee. For the record, my name is John, J-o-h-n, Stinner, S-t-i-n-n-e-r, and I represent District 48. I'm sponsoring this bill because I'm encouraged about the positive impacts of dual-credit experiences for high school students on their development as skilled members of the work force and educated members of the community. Dual-credit opportunities also improves the state's ability to keep talented young people in their communities and in the state. The passage of LB713 can increase both academic success and the economic future of Nebraska. The access to College Early Scholarships, or ACE Program, would receive additional funding through the passage of this bill. This program provides funding to students whose families qualify as families in poverty. ACE funds cover the cost of taking college-level courses while still in high school. These courses are called dual credit because the students earn both high school and college credit for the same course. The importance of participation in dual-credit courses are twofold. First, it has dramatic academic benefits. Dual-credit programs are successful across the country and are considered an important educational and economic engine because they support first-generation,

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college-going students' transition to posteducation...postsecondary education, prepare students for the rigor of college, and reduce the likelihood of the need for remedial coursework, reduce the amount of time students are in college and out of the work force, may reduce tuition costs for students entering college with transferable credits, and the most measurable and most important--students that participate in dual-credit courses while in high school perform significantly better than their peers both in high school and college with higher GPAs and degree completion rates in both secondary and postsecondary levels. Second, the dual-credit course provides college-level, advanced skills training in career academies, focused on the needs of local industries, most often provided by local community colleges whose graduates are more likely to stay and work in their local communities. Both individual leaders, like Governor Ricketts, and industry leaders, like the State Chamber of Commerce, have identified these goals as critical to the success of Nebraska to compete with the global economy. Access to dual-credit courses are not some sort of entitlement plan, but it is an investment in the state of Nebraska and its own success. ACE gives students academic momentum that increases high school graduation rates as well as completion rates at a two- or four-year program. Investing up-front in students' futures through dual-credit scholarships will help create a generation of college graduates, skilled workers, and productive members of the community instead of becoming recipients of other types of state services in the future. We are well aware of the correlation between high school dropouts and our prison population. Finally, the Nebraska Department of Education reports that students taking dual experience while completing career academy programs have a graduation rate above 99 percent. While not all dual-credit opportunities are part of career academies, career academies include dual-credit classes for students. Career academics are programs built around the needs of local and regional business and industry, and involve partnerships with local high schools and colleges serving the communities of those businesses and industries. Students that complete the high school and college education necessary for those industries are well prepared to stay in their communities. The intent of LB713 is to provide sufficient funding in the Access...in the ACE Program so that the percentage of students in poverty who have access to dual-credit options while in high school will be comparable to nonpoverty students. In doing this, the state's investment can provide the vehicle that reverses the conditions of students living in poverty while creating young Nebraskans who are well prepared to work, live, and grow in Nebraska. I'm happy to answer any questions and I'm sure that there will be other more-qualified people behind me. [LB713]

SENATOR MELLO: Thank you, Senator Stinner. Any questions from the committee? Seeing none, thank you, John. [LB713]

SENATOR STINNER: Thank you. [LB713]

SENATOR MELLO: First hear from proponents for LB713. [LB713]

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MIKE BAUMGARTNER: (Exhibit 5) Thank you, Mr. Chairman. My name is Mike Baumgartner, M-i-k-e B-a-u-m-g-a-r-t-n-e-r. I'm the executive director of Nebraska's Coordinating Commission for Postsecondary Education. And I want to thank Senator Stinner for his commitment to dual credit and the ACE Program and for the excellent comments he made. And I will make an effort not to duplicate his comments already because it was really an excellent introduction. The ACE Program has been around since 2007. It was created then and administered by the Coordinating Commission for Postsecondary Education. It's a program for low-income high school students enrolled in early enrollment courses or dual credit. Most of the students qualify through eligibility for free or reduced-priced lunches, or through other economic hardships, but primarily through free and reduce-priced lunches. And you might recall that in 2015 the Legislature added additional criteria for students taking dual enrollment as part of a career plan of study, so that bumps the income requirement up a little bit to 200 percent of the federal poverty level for those students in the dual-credit courses and a career plan of study. The program has proven itself successful. Of the 1,919 ACE students in 2014-15, 76 percent received a grade of B or better in their ACE-funded college courses. More than 83 percent of ACE students go on to college, compared to 78 percent of non-low-income students and about 57 percent of low-income students. Demand for ACE continues to grow. The number of student applicants has increased every year since the program began. Last year we had over 1,900 students receiving scholarships and for 2015-16 we've awarded 1,700 with 530 applications pending review. Unfortunately, the number of awards is limited due to reduced funding. Beyond what's already showing up in the number of applicants we have this year, we believe there's a lot of untapped potential for the program in the state. About 40 percent of pre-K to grade 12 students qualify for free and reduced lunch and that is a lot of students. In high school, that is between 36,000 and 40,000 students. Furthermore, of the growth of the career academies and that slight change in ACE eligibility that was instituted last year, we have a number of eligible students in the career academies that typically take between four and eight dual-enrollment courses during the course of their studies at the career academies. So if you look at Lincoln or Grand Island or Scottsbluff, what they're able to take from Southeast Community College, from Central Community College, or Western Nebraska, those students in those career academy programs are going to be able to take between four and eight college credits, which is between 12 and 24 credit hours. Some can even do more in those areas that a career academy offers for the students. So we have demand for the program, we have good results, but the funding has declined. We've been relying partially on federal funds for the program. So in 2014-15, we had \$681,706 from the state General Fund, and \$272,000 from a federal grant that is disappearing, for a total of \$953,000. This year we have \$735,000 in state General Funds, and we are certainly grateful for that increase in state General Funds, but we're down to \$60,000 in federal funds. Next year we will have no federal funds for the program as the CACG program is going away, federal government. So we're going to be going from \$953,000 last year to \$735,000 next year at the same time that we're seeing an increase in the number of students who would like to participate. I think the state should think about its long-term goals for participating in dual-credit

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programs. We believe that every Nebraska student that has the ability and interest deserves the opportunity to participate in dual credit or early enrollment opportunities and that, at a minimum, Nebraska should ensure that low-income students have the same opportunity to participate that non-low-income students have. I'd like to see us do better than that though. If we look across the Missouri River to Iowa, you can see a program where almost 30 percent of high school students participate in dual enrollment: 59 percent of seniors, 39 percent of juniors, 14 percent of sophomores, and 7 percent of freshmen. I think that reaching Iowa's goal, reaching Iowa's level of participation is a worthy goal. There's no reason that that opportunity should stop at the river. Were we to reach that goal, it would be a much more expensive program. We'd be talking about \$6 (million) to \$7 million at that level of participation. Certainly, that's far out in the distance both in terms of getting students ready for that and for paying for it. But the additional appropriation for the ACE program that's included in Senator Stinner's bill would start us in that process, move us toward the best in the country dual enrollment and all the great outcomes that come from that. Thank you, Senator. [LB713]

SENATOR MELLO: Thank you for your testimony this morning, Dr. Baumgartner. Are there any questions from the committee? Senator Kuehn. [LB713]

SENATOR KUEHN: Thank you, Chairman. Thank you, Dr. Baumgartner. I appreciate your time and some of the information. With regard to the ACE program, certainly it's been in existence now going into its ninth year. We have a lot of information about participation and we have a lot of information about who is participating. We have very little information on the true outcomes. So in the data that you've presented, you know, I don't doubt that students are enjoying dual-enrollment courses. I certainly see the consumer demand for them. But I think it potentially is a broader discussion that we need to have with regard to outcomes and what actually we're doing to students with regard to dual enrollment. So you certainly have issues of grade B or better. You've talked about going on to college. Where are the numbers regarding degree completion rates? Where are the numbers regarding student indebtedness? Where are the issues regarding employment improvement and outcomes? We're almost a decade into this program. And nationally, as you look at dual enrollment, if you approach higher education as nothing more than checking off a series of boxes, it achieves its goal. When we talk about reducing graduate debt load, when we talk about access to careers, that information nationally is not necessarily stacking up. So in this particular program, where are we in those metrics? [LB713]

MIKE BAUMGARTNER: We are currently able to look at retention persistence and graduation. The other measures that you mention we can't do on a per-student basis. As the longitudinal data system grows and have the Coordinating Commission better access to that data, we would be able to look at some of those measures that you're talking about. That could be done in conjunction with the parties to that agreement, with the Department of Education, the Department of Labor. So that is a direction that I think would be absolutely worthwhile going to.

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Right now I can tell you that the retention is good. The graduation rates are similar to other students which is... [LB713]

SENATOR KUEHN: But my question is, they're similar to but not better. [LB713]

MIKE BAUMGARTNER: Well, as a former boss of mine said to me, they're still poor students. They come from poor families. And the fact that we're getting them in at a much greater rate and graduating at the same rate is certainly not a small accomplishment, because otherwise you're looking at maybe 55 percent of students going on and finishing. Let's say they finished at a regular rate. You'd still be losing quite a few students simply because we have more going on and completing at the same rate. I would like to raise that rate. Everybody would like to. But the fact that they are completing at the same rate of other students I think is a pretty good accomplishment. [LB713]

SENATOR KUEHN: Okay. In terms of eligibility for the ACE program, are there criteria other than financial eligibility? So do students, to receive an ACE Scholarship for dual enrollment, first have to demonstrate grade level competency in math or reading comprehension? Or is the only criteria, since you alluded to the reduced need for remediation and things like that, are we assuring that students who are getting these dollars and going into dual-enrollment courses have first met their basic academic level capabilities in math and in reading? [LB713]

MIKE BAUMGARTNER: They have to be eligible to participate in the college-level course. [LB713]

SENATOR KUEHN: Okay. But most of those college-level courses don't have a prerequisite. You know, they don't have to have an ACT standard. So at this point, it's just, if you pay your 500 bucks to whatever sponsoring institution or on-line dual-enrollment course and have met the academic...or the financial criteria, there's no academic competency criteria. [LB713]

MIKE BAUMGARTNER: Well, the academic piece is already built into the system because the principal is not going to allow them to enroll in dual credit. The college isn't going to take them for dual credit if they would place into remedial or if they just finished their (inaudible). [LB713]

SENATOR KUEHN: You're willing to stand behind that and say that's not how it works in high schools. [LB713]

MIKE BAUMGARTNER: That every student, every student should be qualified to take a high school...or a college-level course based on a COMPASS score or an ACT or a recommendation

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from teachers or where they've completed their coursework already. Now, do some slip through? I don't know. It's certainly possible. [LB713]

SENATOR KUEHN: Okay. Thank you. [LB713]

SENATOR MELLO: Thank you, Senator Kuehn. Any other questions from the committee? Seeing none, thank you, Dr. Baumgartner. Other proponents for LB713. [LB713]

RANDY SCHMAILZL: Randy Schmailzl, R-a-n-d-y S-c-h-m-a-i-l-z-l, president at Metropolitan Community College in Omaha, Nebraska. We are certainly a benefactor of this scholarship. This last year we've had--and I'm going to refer to some of this on my phone, I'm trying a new gizmo today so I hope this will work--186 students attended Metro last year; 52 percent are minority students. They come from 24 different high schools in our four-county area. And Metro, I'm not sure what the other institutions do, but we do something a little different and we discount the student's tuition so that the scholarship will go further. You know, instead of charging our full rate, we try to meet, with the limited amount of money, we try to meet the scholarship halfway. And it works well because we can make sure at that point in time all of it is paid for, all the class is paid for, for the student. And we also have a book scholarship fund. The one thing I will tell you about this scholarship is I've had a number of other positions at the college and one of them was to work with the local high schools. It is a well-known scholarship in the high schools and it's a well-known scholarship at Metro. So one of the students that this last year was in the program, Christopher (phonetic), at Metro, he comes from a low-income family. He took a construction job in high school to support his family of four. The high school counselor said, you know, have you ever thought about going to college? He says, no, no, I don't think I can do it. And he says, well, why don't we...we've got this scholarship, you know, and it's with the state and Metro puts a little money in. So Christopher came to the college. And what we do, to answer the Senator's question, at Metro is we use the ACT/COMPASS test and we're getting ready to change to another placement test. You know, we're open admission so everybody gets to come to Metro, but that doesn't mean we're going to put you in a class you can't succeed in. And reading, math, and writing is tough sometimes for even adults that come to Metro. So we place all our students. Even though the high school may say they're ready, we still test them to make sure you can do the coursework. And Christopher was amazing. He took a weather and climate class to start with, and that was part of our winterization program, weatherization program at the college, which we thought that might help his construction. And then he signed up for History in 1877, which, okay, and human relation skills, and he ended up with a 3.7 grade point average. And he's a senior this year and he's going to go ahead and come to Metro to get his certificate in welding and his associate in business administration. So I just...I think that example probably plays out more at Metro than ever. Eighty-three percent of the grades that we awarded last year's students, and this is documented so we can send it to the financial analyst, Mr. Hovis there, if he needs some information, eighty-three percent of the grades offered were a C or better. And I want to

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speaking about that in terms of how special that is. And it's not special that in singular that since the students are a low income. These are college-level classes that a high school student is taking. These aren't watered down classes that, you know. So our students are in there with adults our age and they're in there just with everybody else getting their degree, which, you know, when you go into those courses, I don't know if I could have done it back then. Graduate of Crete High School, I don't think I could have went to Doane or Southeast back then and stuck it out in those classes. But it's what makes this program work. And so I just want to make sure that you're aware that from the college side of this we see this as a resource, one of the many resources that we have to help low-income students from the Omaha area come to the college. And it's a good starter. Plus, when these...when you complete these courses at Metro, they will transfer anywhere in the United States. Now if you complete an English Comp course, it will go to any college in the United States. It's listed as English Comp I, and most colleges will take English Comp I. And so if you don't come to Metro, you can still use this course someplace else. So the dream is there. And I do think, Senator, your ideas, in answering your question holistically, are at least ideas that I know I can go back on our 186 students, I think I can get you good solid answers for. We don't have a state database that you can load this all in and that, and we're working with Mike and the CCPE and we'll get there. But I can at least give you the smaller answer for Metro. I'm not sure how that, you know, rolls over to everybody else. So thank you and I'd answer any questions that you have. [LB713]

SENATOR MELLO: Thank you for your testimony this morning, President Schmailzl. Are there any questions from the committee? Seeing none, thank you, Randy. Next proponent for LB713. [LB713]

DENNIS BAACK: (Exhibit 1) Senator Mello and members of the Appropriations Committee, for the record, my name is Dennis Baack, D-e-n-n-i-s B-a-a-c-k. I'm the executive director of the Nebraska Community College Association. I think Randy has done an excellent job of describing what all of our colleges are experiencing with these students. These students are becoming very, very successful. And anecdotally, I can tell you that we're finding a lot of students who take...who get these scholarships and come to our schools with saying that they'd never ever thought about going to college. They didn't even give it any thought. They didn't think they could succeed at college. And these courses and these scholarships help them take a college-level course that is college level--it is all across the state--taught by very well-qualified people, and they find that they are successful. And once they're successful in one of those courses, they tend to continue on after that. And we do, the other colleges do a lot of the same things that Metro does. We do some discounting and stuff for those dual-credit courses to try to help out to make sure that these students, especially the lower income students and stuff, can have an opportunity for success in college. And I think these are some of the most successful scholarships that I've seen done across the state of Nebraska in my tenure with the community colleges. So with that, I would be happy to answer questions. [LB713]

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SENATOR MELLO: Thank you for your testimony this now almost afternoon, Mr. Baack. Are there any questions from the committee? Seeing none, thank you, Dennis. [LB713]

DENNIS BAACK: Thank you. [LB713]

SENATOR MELLO: Next proponent for LB713. [LB713]

DANIEL PHILLIPS: Good morning. My name is Daniel Phillips, D-a-n-i-e-l, Phillips, P-h-i-l-l-i-p-s. I'm the director of the Career Pathways Institute in Grand Island, Nebraska, and here representing that as well as Grand Island Public Schools. First off, I wanted to thank everyone for the support so far and, again, would encourage the support to continue in this capacity. A little bit about Grand Island Public Schools: Grand Island Public Schools hovers around 64 percent free and reduced lunch. The Central Community College is who we go through for our dual-enrollment opportunities. Grand Island Public Schools, and senior high in itself, accounts for a third of the Central Community College dual-enrollment students and over half of the scholarship received through Central Community College. My campus, the Adams Street Campus, we are in our third year of being open. Our student body there represents about 7.5 percent of the student body of Grand Island Senior High, but when we look at the total amount of scholarships received for dual-enrollment opportunity through ACE, we're about 40 percent of the scholarships received come through the students at the Career Pathways Institute Adams Street Campus. Just looking over the past couple years, in 2014-15 our free and reduced lunch rate at the Adams Street Campus was at 61 percent. Of those students that were eligible, we had, ironically, 61 percent of students that received the ACE foundation and took a dual-enrollment opportunity through one of our many pathways. Of the 31 seniors, 11 of those went on to college right out of CPI. It's a little lower than we'd like, but pretty much all of our students that are in that situation are either working full-time while they're going to high school or have to continue to work even to receive that college opportunity. But they did make that effort and continued to work in the community as well as going on to college. This year our free and reduced lunch percentage has dropped a little bit--we're about 50 percent on my campus-- primarily due to the fact that we have students from other districts coming to our school as well. So that's lowered our percentage to about 50 percent. But our percentage of students that qualify that receive scholarship and taking the dual enrollment has risen this year, so we have about 65 percent of our students that are eligible are taking the courses for dual enrollment. Within the Career Pathways Institute, our students can finish at a minimum of a semester of college and a maximum of a full year in the skilled and technical content areas. And then if they can add the math and the general requirements, that just increases the amount that they can get done while they're in high school, which obviously lowers the amount of time that they would have to spend on their own outside of high school. How this has impacted the community, and the biggest thing that I wanted to talk about today, is even though we don't have a long sample of students, just two years coming out, we've already seen the impact on these students in our community. They

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get that foundation. It has been said before, these kids realize, yes, I can function in a college class, I can have success in a college class. And they can get their skills set to the point where they can go into a place of employment and make a big impact right off the bat. If you saw "Our Town Grand Island" in December, the two students that were featured on there were both ACE Scholarship recipients and both completed the first semester of Central Community College. They started working full-time at Dramco Tool right out of high school and now are finishing up. They'll both graduate this May with their associate's degree in precision manufacturing. So again, I could go on and on with the success stories that we've seen in a small amount of time, but I just wanted to again thank you for your support so far and hope that it continues to make an impact on the students of poverty. [LB713]

SENATOR MELLO: Thank you for your testimony this morning, Mr. Phillips. Are there any questions from the committee? Senator Kuehn. [LB713]

SENATOR KUEHN: Thank you. Thank you, Mr. Phillips, and Career Pathways is certainly a model for success and one that we look to around the state for a great career academy. Just one quick question, since you do have quite a bit of data on the students enrolled in your program. So the 31 in your seniors, what percentage of those are at proficiency level or competency level in math or reading compared to the greater Grand Island Public Schools population? [LB713]

DANIEL PHILLIPS: The Central Community College does all of our COMPASS testing to ensure that. I would have to get that information from them to see on the math analysis to see which would have to go in at a remedial area. But that's information that I'm sure I could get and get to you. [LB713]

SENATOR KUEHN: Okay. That's helpful. Thank you. [LB713]

SENATOR MELLO: Thank you, Senator Kuehn. Any other questions from the committee? Seeing none, thank you, Mr. Phillips. [LB713]

DANIEL PHILLIPS: Thank you. [LB713]

SENATOR MELLO: Next proponent on LB713. [LB713]

JAMI JO THOMPSON: (Exhibit 6) Good...good morning, I guess. I was going to say good afternoon. It's pretty close now. My name is Jami Jo Thompson, J-a-m-i J-o, Thompson, T-h-o-m-p-s-o-n. I am the superintendent of Norfolk Public Schools, which is the largest school district in northeast Nebraska. We serve approximately 4,200 students each year. I would like to thank

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you for your time today. I know you have a very difficult job ahead of you determining which bills and programs will get funded during a year when the state is facing a budget shortfall. I do not envy you in that endeavor whatsoever, but I can relate to it as my district is facing a \$1.3 million reduction in state aid next year. I have to look at every program very carefully and prioritize them and determine which ones will get an increase in funding, which may be cut or reduced. So I have a very similar task to you in that regard. But I am here today to ask you to support LB713, the ACE Scholarship Program. I believe that this bill and this program should be a legislative priority due to the benefits that these scholarships provide to our secondary students and to the communities that those students later live in and work in. As you know, ACE Scholarships are available to students whose family income is considered below poverty level. These scholarships enable students to take courses that give them both high school and college credit while they are still in high school. Research shows that there are many benefits to these courses. They prepare students for the rigors of college and reduce the likelihood that they will meet remedial coursework. They support our first-generation college-going students to have a successful transition to college. They reduce the amount of time that students need to be in college. They reduce college tuition costs. They increase high school and college graduation rates, and they provide college-level, advanced skilled training in career academies. Career academies are becoming more and more important to our local communities because they offer courses that are focused on the needs of the local industries. Because the large majority of these courses are provided by local community colleges, their graduates are more likely to stay in the local communities, and that assists with the work force shortage that many communities are facing all across the state of Nebraska. Last year, Norfolk's local community college, Northeast Community College, awarded 668 ACE Scholarships to high school students completing dual-credit courses. Seventy-six of these scholarships went to Norfolk Public School students. That was an increase of 25 students from the previous year and an increase of 55 from the year before that. I believe there are two factors involved in this increase. Number one, the number of students that we have living in poverty is increasing, and therefore the number of students that are unable to pay for dual-credit courses is also increasing. Our free and reduced lunch rate has increased from 29 percent in 2000 to 49 percent in 2015, a 20 percent increase. And the second reason is that we are working collaboratively with Northeast Community College to expand our career education and industry-related coursework. We are doing this to address the needs of our students to have practical skills when they graduate and to help our community address the significant work force shortage that exists in northeast Nebraska. The ACE Scholarship Program will be critical to two programs that we are implementing within Norfolk Public Schools next school year. We are implementing career academies in five areas next year: construction, automotive, nursing, drafting, and agriculture. Those are all areas of high need in northeast Nebraska, where we have a significant work force shortage. We are also starting a program that would allow our high school seniors to take career and technical education courses at Northeast Community College on Friday afternoons when the Northeast Community College facilities and instructors are available. They don't have courses of their own at that time. So our students would

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have the opportunity to be on the college campus, get college courses from those instructors, and really learn what it's like to have that experience. It will be a great opportunity for them and also help our community in that work force shortage if our students are able to afford the cost of the dual-credit tuition. Unfortunately, the federal government has eliminated their funding for ACE Scholarships, which means that the continued success of this program is dependent on state funding. Without ACE Scholarships, we would have far less students participating in dual-credit courses simply because our students could not afford them. I'm asking you to prioritize funding for these scholarships and support LB713 because this is an investment not only in our students but in our community and our state as well. Thank you. [LB713]

SENATOR MELLO: Thank you for your testimony this morning, Dr. Thompson. Are there any questions from the committee? Seeing none, thank you. [LB713]

JAMI JO THOMPSON: Thank you. [LB713]

SENATOR MELLO: Are there any other proponents for LB713? Seeing none, are there any opponents for LB713? Seeing none, is there anyone here in the neutral capacity on LB713? Seeing none, Senator Stinner, would you like to close? [LB713]

SENATOR STINNER: I know it's close to the lunch hour, but I do need to close on this one. When I was approached to bring this bill, I knew there was going to be a really big fiscal note, so it caused me quite a bit of pause. But I wanted everybody to understand what this parity looks like in a dollar-and-cents sense. It's, you know, \$2,795,000 is a lot of money, but when we talk about work force development, I think we're all trying to figure out how we can better do the work force development. We're talking about career academies work force development. Our junior colleges, our community colleges have really, really focused on that. Our high schools are starting to focus on that. This is a way forward. When we talk about dropout rates and trying to make school more relevant, this is a program that does that. When we talk about breaking the cycle of poverty, giving young kids in poverty an opportunity to see a way forward, I think this is a program that does that. That's why I'm bringing the bill. I'm going to keep it in front of you. I think it deserves some consideration and I think long term it does a lot of good. And I truly believe that we have to collect the appropriate data to continue to provide the evidence that this is doing what we're saying it's going to do. So that's why I brought the bill. I think it's a good bill. It's a big bill but please consider it. Thank you. [LB713]

SENATOR MELLO: (Exhibits 2, 3, 4, and 7) Thank you, Senator Stinner. Are there any other questions from the committee? Seeing none, that will end today's public hearing on LB713 and take us to our next public hearing of the morning, LB852 from Senator Cook. Real quick, I want to apologize, we did receive letters of support for LB713 from the Nebraska State Education

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Association, the Association of Independent Colleges and Universities, Mid-Plains Community College, and Erin May, a student at Southeast Community College. With that, Senator Cook on LB852. [LB713]

SENATOR COOK: Good afternoon, Senator Mello and colleagues on the Appropriations Committee. I'm Senator Tanya Cook, that's spelled T-a-n-y-a C-o-o-k. I represent the 13th Legislative District in Omaha. I come before you today to introduce LB852. LB852 would provide an additional \$6 million from the General Fund for 2016-17 for our community colleges to be used for their operating budgets. I bring this to you not just because I'm a member of this committee but because I've been a long advocate for our educational system. Over my years in this building I have introduced several bills intended to strengthen and enhance education. I have a particular soft spot for our community colleges as I recognized how invaluable they are to individual citizens, their prosperity, and progress in our state as a whole. The challenges our community colleges face are numerous. Work force training demands require constant innovation and new programming. This makes it necessary to invest in upgraded equipment, faculty training, forward-thinking curriculum, and facility investments which are ongoing even as staff work with today's students. Many students are among the hardest to serve. This includes those who are reentering society from the correctional system, students who use English as a second language, students with developmental issues, the unprepared, first-generation postsecondary students. This reality makes more remedial education necessary, and that means more money and more time. It is difficult for our community colleges to meet these and other challenges while keeping the net price of higher education affordable to students. I will use Metro Community College as an example of the need for the additional funds and how the dollars would be used. Metro would use its portion of the funding for investments in support structures that are proven to increase student persistence and goal degree completions. This includes college success navigators, enhanced career and educational planning, and new individualized approaches to developmental education. Metro is investing \$90 million in new buildings, mainly for the construction trades, IT, career academics, and advanced manufacturing. Fifty percent of the cost is being covered by private funds. I must note that Metro's trades programs continue to grow in enrollment. For example, since 2010 automotive technology credit hours have taken...have increased 31 percent, plumbing credit hours earned have increased 100 percent, diesel technology credit hours have increased 28 percent, and enrollment in welding technology is up 60 percent. Our community colleges help provide a highly skilled work force for businesses and industry. With career technological education being an important part of the community college charter, these institutions work regularly with local business and industry to keep their curriculum and programs relevant to work force needs. How the funding would be allocated: The base state aid funding amount of \$87,870,147 for all six community colleges continues to be allocated based on a fixed amount set in statute. Any funding above this level is distributed based on a formula devised in 2013 following the implementation of my very first legislative proposal, LB340. LB340 provided for the Coordinating Commission for

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Postsecondary Education to conduct a study of the allocation of funds to these colleges. That resulting formula is: 25 percent is divided equally among the colleges, 45 percent is based on the three-year average of full-time students, and 30 percent is based on the three-year average reimbursable education units, or REUs. The \$6 million requested in LB852 would be allocated according to this formula and is estimated as follows: Central Community College, \$842,539; Metropolitan Community College, \$1,835,358; Mid-Plains, \$543,327; Northeast, \$736,419; Southeast, \$1,516,657; and Western, \$525,700. Nebraska's community colleges are an integral and essential component of the educational options in our state. These contributions by the state of Nebraska, coupled with the fact that, according to the Nebraska Coordinating Commission for Postsecondary Education and 2014-15 12-month enrollment report, community colleges serve 41 percent of the state's overall undergraduate population, community colleges need and deserve the support sought in LB852. I would ask that you look upon this request favorably. Thank you. [LB852]

SENATOR MELLO: Thank you, Senator Cook, for your introduction. Are there any questions from the committee? Seeing none, thank you, Senator Cook. [LB852]

SENATOR COOK: Thank you. [LB852]

SENATOR MELLO: We will first hear proponents for LB852. [LB852]

RANDY SCHMAILZL: Randy, R-a-n-d-y, Schmailzl, S-c-h-m-a-i-l-z-l, president, Metropolitan Community College. Thank you, Senator Cook, for bringing this bill forward and also your work in the past years to help continue the mission of the community colleges. And it's not that no one else does that. It's the fact that some of the bills that have been brought forward over the years were specific, and this is a specific bill--although it's \$6 million and money is tight--it goes back to the total funding over the years for community colleges. And I'm sure Mr. Hovis can go back and recreate this for you or we can send him this information. Back in 2001 approximately \$64 million represented the appropriation to community colleges and that grew to \$68 million in 2006 and '07. So there was very small growth over that period of time. In 2007 and '08, a new formula was written by Senator Raikes. It also would involve K-12. But the community college formula, in order to make that formula work, \$16 million was put into the community college pie to make that formula work. And it had a lot to do with subsidies for smaller schools, subsidies for rural schools. And so that raised our total to \$84 million. Over the next five years the pot either stayed the same, went down, but we added in the end about \$3 million over those five years. So it's not until three years ago when we started to come back to the Legislature to ask for similar amounts that the university and the state colleges were receiving. So this year's amount is 3 percent, and currently there's \$97,481,000 in the General Fund state appropriation. For Metro--and I happen to know Metro better than the other community colleges so I'm going to use that as

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my example--our funding of the college general fund, 45 percent of our funding is property tax, 27 percent state aid, and 27 percent tuition. So we've attempted to have some skin in the game by our students. Although our tuition is low, it's due to our budget being low. We're right around \$100 million in general fund budget and we serve 42,000 students annually in credit/noncredit classes, and business and industry. Senator Cook mentioned about a \$90 million business...funding for some new buildings. Metro has not ever built a building for the trades. We built one for culinary and went out and got private donations for that. But most of our buildings that we have are donated buildings or buildings that was made for other purposes. And so in the modern education world you need space, you need new equipment. And so we did not come back to the Legislature and ask for money. We raised \$45 million locally. It's considered the largest community college donation in America. Our business, local businesses, our local individuals that supported the project understood that we need to invest in Metro for ourself. And that's why, when you go back to the dividing of this money, the only way to move the community colleges forward in terms of a foundation is by increasing the \$97 million we got. And it's hard to come back each year and ask for more than 3 percent when everybody else is looking at 3 percent, so that's why we've come back or support coming back for the \$6 million. Metro, there's a lot...there's a number of issues out among community colleges right now. Some of it's property tax valuations and that. But I would let you know that for Metro Community College only 5.5 percent of our valuation comes from ag land. So a very small portion of our property tax comes from ag land because we're urban-rural. But in the last seven years, our property tax valuation for the college and for our area has gone up 16 percent and that's not the same as this whole system is working. So we're definitely interested in General Fund support due to the number of initiatives we got, GED that we inherit from others, and ESL. So my red light is on; I'll stop. I certainly will answer any detailed questions you have also. [LB852]

SENATOR MELLO: Thank you for your testimony, Mr. Schmailzl. Are there any questions from the committee? Senator Watermeier. [LB852]

SENATOR WATERMEIER: Thank you, Chairman Mello. I guess I appreciate your comment here but I want to make sure I got the numbers right. You're talking about a 3 percent increase in the operating fund. But if you were getting \$100 million today in state aid from the state, you're asking for \$6 million, you're going to have a 6 percent increase in your operating side of the state aid. [LB852]

RANDY SCHMAILZL: For all the community colleges. [LB852]

SENATOR WATERMEIER: Yes. [LB852]

RANDY SCHMAILZL: Yes. [LB852]

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SENATOR WATERMEIER: If you were directly...your comment about 3 percent was just for Metro? [LB852]

RANDY SCHMAILZL: No, it's 3 percent. When universities came and the state... [LB852]

SENATOR WATERMEIER: Yes. [LB852]

RANDY SCHMAILZL: ...colleges came and everything, the award to the community colleges was 3 percent. [LB852]

SENATOR WATERMEIER: Okay. [LB852]

RANDY SCHMAILZL: So that moved it from \$94 million to about \$97 million. And this request is \$6 million above. [LB852]

SENATOR WATERMEIER: Yeah. Right. Thank you. [LB852]

SENATOR MELLO: Thank you, Senator Watermeier. Any other questions from the committee? Seeing none, thank you, Randy. Next proponent for LB852. [LB852]

DENNIS BAACK: (Exhibit 2) Senator Mello and members of the Appropriations Committee, for the record, my name is Dennis Baack, D-e-n-n-i-s B-a-a-c-k. I'm the executive director of the Nebraska Community College Association. This has already gotten to be a long day for you. You got a lot more coming up yet this afternoon. I'll try to be very brief, but I think that, you know, the important thing is that what President Schmailzl said is we need to invest in our community colleges. If we're going to try to increase our work force and do the kinds of things you're asking us to do for work force development and stuff, I think that the state needs to invest dollars in that. I know we have other sources of revenue. We have the property tax and we have tuition. I think this...the more the state invests in us, that helps take a little pressure off of both of those. And I think we have to continue to keep our tuition as low as possible in the community colleges because we are supposed to be the most accessible. And you know we have lots of scholarships and those kind of things available, too, but we want to still remain the most accessible institutions of higher education in the state. And property tax, I mean, you know, my boards, they have to deal with that on a yearly basis and it's not an easy thing for them. There's a lot...there's farmers on the board, there's business people on my boards, and they understand the pressures that are out there on property tax. They really do. But they also feel like they have to have the dollars available so that their colleges can operate properly, so they can offer the right kinds of services to their constituents. And I think the more the state invests in us, that takes

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pressure off on property tax. I know some of the colleges have just looked at this and said, if this comes through, I'm going to reduce my property tax levy similarly to that, because that's where they're getting pressure. They get pressure from their local citizens. So with that, I'd be happy to answer any other questions if you have any. [LB852]

SENATOR MELLO: Thank you for your testimony, Mr. Baack. Are there any questions from the committee? Senator Hilkemann. [LB852]

SENATOR HILKEMANN: So what you're saying from that is that they would use this as a property tax relief fund in a way? You said that they would take that... [LB852]

DENNIS BAACK: Yeah. I think there's...historically, there was a time when the Legislature did that. If you go back to Governor Johanns' administration around 2000, there was a time there where the state had some extra funding available and the state then said to the community colleges, okay, we're going to give you \$30 million each of the next two years of the biennium and we expect you to do property tax relief, and that's what happened. We did do property tax relief those years. Those years the levies dropped, I think some of them dropped as low as 1.3 cents from...they were averaging about 7 cents then. But some of them dropped as low as 1.3 (cents) and I think the highest at that point was 2.4 (cents) or 2.7 (cents). So they did automatically drop with those funds that the state put into community colleges. [LB852]

SENATOR HILKEMANN: But this bill does not specifically outline that. [LB852]

DENNIS BAACK: It does not specify that. At that time, at that time we actually had a formula that had a trigger built into it. If the state got to a certain level, then additional dollars would go to property tax relief. [LB852]

SENATOR HILKEMANN: So it could be that Western Community College would do different than Metro Community College with the funds. [LB852]

DENNIS BAACK: Yes. Yes. And those are the determinations that those local boards make. Each college has an 11-member elected local board and those are the decisions that they make for their local areas, yes. [LB852]

SENATOR HILKEMANN: Thank you. [LB852]

DENNIS BAACK: Uh-huh. [LB852]

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SENATOR MELLO: Thank you, Senator Hilkemann. Any other questions from the committee? Seeing none, thank you, Mr. Baack. [LB852]

DENNIS BAACK: You bet. [LB852]

SENATOR MELLO: (Exhibit 1) Are there any other proponents for LB852? Seeing none, the committee received a letter of support for LB852 from the Nebraska State Education Association. Are there any opponents for LB852? Seeing none, is there anyone here in the neutral capacity on LB852? Seeing none, Senator Cook, would you like to close? Senator Cook graciously waives closing. That will end this morning's public hearings for the Appropriations Committee. As noted in the schedule, the Appropriations Committee will begin hearings this afternoon at 2:00 p.m.; I repeat, our hearings will begin at 2:00 p.m. Thank you. [LB852]

The Committee on Appropriations met at 2:00 p.m. on Tuesday, February 9, 2016, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB800, LB838, LB1053, and LB1074. Senators present: Heath Mello, Chairperson; Robert Hilkemann, Vice Chairperson; Kate Bolz; Tanya Cook; Ken Haar; Bill Kintner; John Kuehn; John Stinner; and Dan Watermeier. Senators absent: None.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello. I'm from south Omaha, representing the 5th Legislative District and serve as Chair of the Appropriations Committee. I'd like to start off today by having members do self-introductions, starting first with Senator Kintner.

SENATOR KINTNER: Hi. I'm Bill Kintner from Legislative District 2.

SENATOR COOK: I'm Senator Tanya Cook from District 13 in Omaha.

SENATOR KUEHN: John Kuehn, District 38 in south-central Nebraska.

SENATOR HILKEMANN: Senator Robert Hilkemann, District 4. That's west Omaha.

SENATOR STINNER: John Stinner, District 48, Scotts Bluff County.

SENATOR MELLO: Sitting next to Senator Stinner is Senator Kate Bolz from District 29 from Lincoln who will be joining us shortly.

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SENATOR HAAR: I'm Ken Haar, District 21, which is northwest Lincoln.

SENATOR MELLO: And sitting next to Senator Haar is Senator Dan Watermeier from District 1 in southeast Nebraska, and he will be joining us shortly. Assisting the committee today is Laurie Vollertsen, our committee clerk. Our page for the afternoon is Julia. And our first fiscal analyst, actually, I believe our only fiscal analyst today, will be Sandy Sostad. On the tables in the back of the room you will find some yellow testifier sheets. If you're planning on testifying today, please fill out one of the sheets and hand it to Laurie Vollertsen when you come up. It helps us keep an accurate record of today's public hearing. There is also a sign-in sheet in the back that if you do not wish to testify but would like to record your position on a specific bill and/or budget item. If you do have any handouts, please bring at least 11 copies up with you and give them to the page. If you do not have enough copies, please let her know so she can make additional copies for the committee. We ask that everyone, I repeat, everyone begin their testimony first by giving us your first and last name and spelling it out for the public record. During the portion of the day that is the public hearing on legislative bills, we will begin bill testimony with the introducer's opening statement. Following opening statements, we'll hear from supporters of the bill, followed by those in opposition, then those speaking in a neutral capacity. We will finish with a closing statement by the introducer of the bill if they so wish to give one. When we hear testimony regarding state agencies, we will first hear from a representative of that state agency. We will then hear testimony from anyone who wishes to speak on the agency's budget request. We will be using a strict five-minute light system this afternoon for all testifiers other than the introducer of a bill or an agency representative. When you begin your testimony the light on the table will turn green. The yellow light is your one-minute warning. And when the red light comes on, we ask that you please wrap up with any of your final thoughts. As a matter of general committee policy, I'd like to remind everyone that the use of cell phones and other electronic devices is not allowed during our public hearings. At this time I would ask everyone, including senators, to please look at our cell phones, make sure they are on the silent or vibrate mode. And with that, at this time we will begin today's public hearing with Agency 13, the Nebraska Department of Education.

(AGENCY BUDGET HEARING)

SENATOR MELLO: Is there anyone else here wishing to testify on Agency 13, the Nebraska Department of Education? Seeing none, that will close today's hearing on Agency 13, the Nebraska Department of Education, and take us to our first bill, LB838. But I do not see Senator Bolz here. Senator Harr, would you be available to go? [AGENCY 13]

SENATOR HARR: For you, yes.

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SENATOR MELLO: We will change the agenda to move up LB1053 from Senator Burke Harr. [LB1053]

SENATOR HARR: Thank you, Chairman Mello. Members of the Appropriations Committee, it is a distinct honor to appear before you. My name is Burke Harr, H-a-r-r. I am from Legislative District 8, which is located in Douglas County, more specifically within Omaha, more specifically within parts of Dundee, Benson, and Keystone neighborhoods. Thank you. LB1053 is an appropriation to fund...for funds for the State Department of Education. LB1053 would make a one-time \$250,000 appropriation to the Nebraska Department of Education to thereby grant to the Nebraska Whole Child Project, an interlocal cooperation made up of 71 school districts and ESUs. The Whole Child Project is dedicated to uniting education and medical communities in collaboration to address the plague of physical and mental health needs affecting the children of our great state of Nebraska. There is a companion bill I have in LB1052 that deals with MIPS, which is Medicaid in Public Schools. Be glad that you don't have to deal with that. That being said, Senator Cook knows what it is. [LB1053]

SENATOR COOK: Yes. (Laugh) [LB1053]

SENATOR HARR: They both appropriate \$250,000. Obviously, we'd work it out so that we wouldn't give them \$500,000. Following me are representatives from the Nebraska Whole Child Project who would probably be able to identify the specifics of the program better than I and to describe the program. I learned a lot about it. I think it's a great program. But they probably understand the ins and outs of it better than I do. So I would probably defer to them any questions. Thank you. But I would entertain any questions you may have. [LB1053]

SENATOR MELLO: Thank you, Senator Harr. Are there any questions from the committee? Senator Hilkemann. [LB1053]

SENATOR HILKEMANN: Yeah, Senator, you said this...you said Whole Child Project. [LB1053]

SENATOR HARR: Yes. [LB1053]

SENATOR HILKEMANN: Is this a new program? [LB1053]

SENATOR HARR: No. It has been in existence...well, again, it all depends on your definition of "new." It has been in existence for several years but it's made up of school districts across the state and ESUs. [LB1053]

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SENATOR HILKEMANN: And how is this money distributed? [LB1053]

SENATOR HARR: Let me just say, those coming after me could address that issue better than I could because, while I have a 10,000-foot understanding, they have a very specific. [LB1053]

SENATOR HILKEMANN: Okay. [LB1053]

SENATOR MELLO: Thank you, Senator Hilkemann. Are there any other questions from the committee? Seeing none, thank you, Senator Harr. [LB1053]

SENATOR HARR: Thank you. [LB1053]

JOHN SPATZ: (Exhibit 1) Thank you, Senator Mello and members of the Appropriations Committee. I don't get to Appropriations very often, so this is kind of fun for me. My name is John Spatz, it is spelled S-p-a-t-z but it is pronounced Spots (phonetically). I really appreciate Senator Harr introducing this. And I just got done listening to the beginnings of LB959 over in Education right now and the discussion on property taxes and school funding. And I know all of you are hearing a lot about those discussions right now. That's a big issue in the state right of Nebraska, I agree. And one of the things I'm a little concerned with, though, as we project over the next several years, I've handed out a couple things. Number one is over the last 20 years the percentage of the state budget--and I'm not telling you anything you don't know, you all know this--the percentage of our state budget has been going to things like corrections and Medicaid and child welfare, whereas the university and colleges the percentage of the state budget has been going down. Special ed has been going down. TEEOSA has been close to flat but it's been going down a little bit as a total percentage. When we're talking about a \$4 billion budget, a .6 percent is a pretty big difference. So one of the things that I'm concerned about as we look over the next few years, if we really do want to have property tax reduction, which I do, if we want to lower our reliance on property taxes, which I do, how do we ultimately get to that solution? And I look at the state budget and I look at some of the things that are...create demand on the state budget. I think most of us would like to spend money on education. I think most of us would like to spend money on roads, on property tax relief. But the demand side of the budget, things like Medicaid, corrections, juvenile justice, foster care, things we have to spend money on, the demand for those things continues to grow. And you could probably look at a lot of reasons as to why those things grow, but poverty and mental health I think play a big role in a lot of that. So when I started as the executive director of the School Board Association in 2012, my board of directors and I had a discussion about what is our role as a statewide organization in advocating for student achievement more directly than we normally have. At the time, we discussed how we need to engage nontraditional partners to address student achievement. At the time, I was with a group called the Partnership for a Healthy Lincoln. And there's going to be some data, people are

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going to show you, from people behind me. But long story short, it showed that healthier kids do better on standardized tests, which isn't terribly surprising. So at the time we had a vision to say we'd love to get this type of data for policymakers across the state because I put myself in the shoes of a school board member. Never really thought of, you know, recess and P.E. and health and how that related to student achievement. But looking at that data, it made sense. Healthier kids are going to do better in school. So our original vision with the Whole Child Project, we created an interlocal company to address physical health. We thought if we could help school districts get this type of data that linked health and student achievement, that would be great for policymakers. And I'm referring to school board members. If we could share best practices, we thought that would be very helpful because there's some great things happening in Nebraska school districts along the lines of physical health. And then if we could collaborate with the private sector to generate resources to help schools create healthy cultures, we thought that would be a great idea. So we wanted to do three things: collect data, share best practices, and try to generate resources in the private sector. That was our vision. The response we got from superintendents was this is great, we're all on board, we love it, but what about behavioral health? What about mental health? And that's a daunting subject, as all of you know. So the board of the Whole Child Project in August of 2015 voted to expand the vision to address behavioral health. So the question is, what are you going to do about behavioral health. Answer is what we're trying to do is bring education to the table, the medical community to the table to develop a statewide infrastructure where we are collaborating to bring resources and to bring solutions to school districts across the state when it comes to behavioral health, because I hear this in urban and rural, equalized, nonequalized, rich and poor districts across the state. Behavioral health is becoming overwhelming. And when I look at the long-term trend of this state, if we find that magic wand this year and somehow calm the waters with property taxes and school funding--I'm not sure if we're going to find that but I'm rooting for you--if we find that solution, I'm concerned that three or four years from now if this trend continues, we're going to be having the same discussions about property taxes and school funding as we're having right now. We've got to break this trend. I want to naturally make fewer people eligible for corrections and Medicaid, not by kicking them out but by improving mental health, addressing poverty, and trying to bring our infrastructure as an organization to this discussion. So Senator Harr has agreed to introduce this bill for a quarter of a million dollars to kind of get the process rolling. We need to start this. We need to hire an executive director. We need operational funds to get this moving, and that's really what the \$250,000 would be for. [LB1053]

SENATOR MELLO: Thank you for your testimony this afternoon, Mr. Spatz. Are there any questions from the committee? Senator Hilkemann. [LB1053]

SENATOR HILKEMANN: So what's your budget at the present time? [LB1053]

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JOHN SPATZ: We have a little bit of money right now. The Whole Child Project board needs to vote. They're going to hire a fund-raiser. Like I said, our original vision was to really collaborate with the private sector to address physical health. We don't need a ton of money to do that. And really, our long-term vision is to be sustainable through grants, through working with foundations and what have you, and we have a plan and a vision to do that. But it's going to take some time because we don't have any staff devoted to it right now, full-time staff devoted to it right now. So what the quarter of a million would go for would be to hire an executive director and to begin building the database. Ultimately, you're going to hear more from some of the speakers about what that database is going to look like and how we hope to integrate student achievement and student health together. [LB1053]

SENATOR HILKEMANN: So right now this is strictly an idea basically. [LB1053]

JOHN SPATZ: Well, it's...no, it's an organization. It's an interlocal organization. It's a formal corporation owned by the school districts and the ESUs across the state of Nebraska. They have a bank account. They're organized with the Secretary of State. They have some funds and at the next meeting they're going to address trying to hire a fund-raiser, somebody who can devote time to looking for private sector funds to really build this organization. But when you do that, people want to see those funds go for programs. We need operational funds to get things started, so that's the discussion. And also long term, if we really do want to make a difference in the behavioral health world, I think there's going to have to be a partnership with the state, not necessarily from a funding perspective but from a policy perspective. We're going to have to have a relationship with not just the Legislature but with HHS, with NDE, with the communities out there that are trying to address this. [LB1053]

SENATOR HILKEMANN: So you're looking at this more for... [LB1053]

JOHN SPATZ: Start-up. [LB1053]

SENATOR HILKEMANN: ...the mental health aspect of it. [LB1053]

JOHN SPATZ: Uh-huh. Physical and mental health, both. [LB1053]

SENATOR HILKEMANN: Okay. Is there any private funding? What type of private funding do you have behind this project? [LB1053]

JOHN SPATZ: We...well, we have some money in the bank. I don't know what it is. I could get you that information. And they're going to... [LB1053]

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SENATOR HILKEMANN: But no major benefactor is doing this. [LB1053]

JOHN SPATZ: No, not yet. We've... [LB1053]

SENATOR HILKEMANN: No major corporation (inaudible). [LB1053]

JOHN SPATZ: No. I've got a huge vision. I've got a lot of places where I anticipate going. And to tackle behavioral health is pretty daunting. So what we're discussing, as our board of directors, what is our responsibility and role in pursuing something that ultimately we think is going to have a long-term, huge impact or beneficial impact with the state. And I know you're used to people coming to the Legislature and pointing their finger and saying, I need a bill to fix property taxes or school funding or roads or water or you name it. Part of what we're trying to do here is engage and say, we've got to figure out a way to be a part of the solution as an educational community. What are we going to do to come to the table, to bring the medical community to the table, to really bring some solutions to this discussion? [LB1053]

SENATOR HILKEMANN: Well, you say you have a big vision of this. [LB1053]

JOHN SPATZ: Yeah, uh-huh. [LB1053]

SENATOR HILKEMANN: And not asking for a long diatribe on this, but let's say that this fund is here. In ten years, what would your vision have said that this Whole Child Project would have accomplished? [LB1053]

JOHN SPATZ: Great, good idea. I think once we get up and running, the vision really would be to engage the early childhood world, because we're seeing kids come to preschool and kindergarten already with behavioral issues that if we find intervention earlier it's going to make our lives a lot easier when it comes to Medicaid eligibility many years down the line. Also, we put into the organizational documents that colleges and universities could join. It is my hope that we ultimately get the university system to be a part of this and the college systems to be a part of this. I...what we want this to be is from a birth through college infrastructure of collaboration on physical and mental health. We have a more specific vision for physical health. You're going to hear some data about some of the things that schools are doing right now in the physical health world. I need the education world and the medical world to come together to start building a vision of what we can do within this infrastructure we're creating for behavioral health. [LB1053]

SENATOR HILKEMANN: Okay. [LB1053]

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SENATOR MELLO: Thank you, Senator Hilkemann. Senator Kintner. [LB1053]

SENATOR KINTNER: No. I'll pass. [LB1053]

SENATOR MELLO: Okay. Any other questions from the committee? Seeing none, thank you, John. [LB1053]

JOHN SPATZ: Thank you for your time. Appreciate it. [LB1053]

SENATOR MELLO: Next proponent for LB1053. [LB1053]

SUSAN BORCHER: Good afternoon, Senator Mello and members of the committee. I'm coming to you as a board member of the Nebraska Whole Child Project. I'm also coming to you as a board member... [LB1053]

SENATOR MELLO: Could you please just state and spell your name for the record? [LB1053]

SUSAN BORCHER: Oh, spell my name. Susan Borchner, S-u-s-a-n B-o-r-c-h-e-r, board member for the Nebraska Whole Child but also board member for Johnson County Central Community Schools in Tecumseh, Nebraska. The schools are looking for a way to improve the health of their students, because we do know it will improve their academic performance. We are trying to find that happen. There's so much information out there and it's difficult to figure out exactly what to use, what to try, how to do things, and who do we have on staff that can do this. We had a committee meeting last night with our principals because they are struggling with behaviors, with mental health issues that just are way above what our counselors can deal with. And their struggle is they have no connection to someone else. How do they connect somewhere? There really is no set on that. So that behavior, the behaviors and that mental health, is a huge piece of what we're dealing with in our schools. The other piece, too, is the physical. Our obesity rates, just low fitness levels of our children, how can we improve that? Because we know every bit of evidence is out there that tells us that if they're more fit they're going to do better academically, also be more involved with other programs, not just your test scores but also they're more involved in the band, in sports, in public speaking, all of those pieces. Fit children just do better and it does impact for a lifetime. So what the Whole Child Project is looking to do is to pull that all together. I look at it, as a board member in my community, as it could be a wellness coordinator for us. A lot of the districts, larger districts, have wellness coordinators. We were begging one of our teachers last night to take on the role of doing some fitness activities after school with some of our young girls who are looking for something, but there's only so much we can expect from people on our committee and on our school. So we kind of look at this as a

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wellness committee. It would...the goal is to help schools understand how to collect good information and good data, a database that then they could enter that data and get some qualified people to help them interpret it to see if what they're doing is helping, what changes can be made. Then also mental health, making that connection to how can we get help. We really are limited to just giving them a list of psychologists. That's about the extent that we have. Local community area, it's minimal what they can get. Parents have been trying. We would also like to be able to share best practice, have that researched so schools aren't trying to figure out what they should be doing, and also sharing just amongst all the schools what have you tried, the successes, the challenges going on within our school district. Those are things we're really looking to try to do and it's a way to coordinate all of this across the state so all of our young people are getting the best physical, emotional supports and help, and that our school has supports. So we're looking for the funding to get this started. [LB1053]

SENATOR MELLO: Thank you for your testimony... [LB1053]

SUSAN BORCHER: Thank you. [LB1053]

SENATOR MELLO: ...this afternoon Mr...Ms...Mrs. Borchner. I'm sorry. Are there any questions from the committee? Senator Kintner. [LB1053]

SENATOR KINTNER: Hi. Well, thanks for coming. When John was testifying he said that kids that aren't hungry learn better. So now we're giving free and reduced lunches. Sometimes they get free breakfasts. On programs outside school they get food stamps. Now we got fat little porkers and you're talking about a program to get them to lose weight. Do we have a problem here? I mean really, we fatten them up with all this free food. All these hardworking taxpayers are buying them food and now you've got to figure how to get them thin. I see a problem there. [LB1053]

SUSAN BORCHER: I think it's helping children and educate, understand how to make good choices. And I think it's a big piece also with our families too. The food is a big issue. We have children, we do backpacks on the weekend and we try to be very, very healthy. Exposing children to better food choices has been a big change. We have one...a number of refrigerators with good snacks because they're not coming from home with the best snacks. That's one thing we have started so the children can have better snacks to choose. So don't have a definite answer for you, but we do have to help them understand what their best choices are. This could be a way to help schools do this. [LB1053]

SENATOR KINTNER: Have you thought about not giving them the free lunches and breakfasts and telling the federal government to get out of your school and take their money with them?

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Have you ever thought...I mean have you ever...do they...has that ever come up anywhere?
[LB1053]

SUSAN BORCHER: That I don't know. [LB1053]

SENATOR KINTNER: I'm asking. I'm not mad or anything. [LB1053]

SUSAN BORCHER: No. [LB1053]

SENATOR KINTNER: I'm just wondering if you tell them don't. [LB1053]

SUSAN BORCHER: No, I understand your frustration too. [LB1053]

SENATOR KINTNER: I always think I'm mad. I'm just trying... [LB1053]

SUSAN BORCHER: No, I understand your frustration, too, because I see the choices being made in the homes. I work with early intervention and I work with children, birth to three, and I work with the families in the home and spending a lot of time just talking to those families about what choices of food and how to offer better foods and do that. It's a huge education piece that needs to happen. [LB1053]

SENATOR KINTNER: But no one has ever thought about quit giving them free food. That's never come across anyone's desk or anything? [LB1053]

SUSAN BORCHER: Well, the lunches are very nutritional and the breakfasts are very nutritional, but they don't have anything at the home, for whatever reason. [LB1053]

SENATOR KINTNER: Well, I could tell you the reasons. We could sit here for a half an hour, I could run right...reason by reason by reason by reason by reason. [LB1053]

SUSAN BORCHER: True. Yes. [LB1053]

SENATOR KINTNER: There's all kind of reasons and none of them are good. [LB1053]

SUSAN BORCHER: Right. [LB1053]

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SENATOR KINTNER: And we keep subsidizing bad behavior. And I'm very frustrated when I see the amount of taxation we have at the federal and state level... [LB1053]

SUSAN BORCHER: Uh-huh. [LB1053]

SENATOR KINTNER: ...and now we got fat kids and we're worrying about how we're going to slim them down. We're the ones that made them fat. [LB1053]

SUSAN BORCHER: Yeah. And it's the education of those children and I think this Whole Child Project could help with that. [LB1053]

SENATOR KINTNER: All right. Well, it's beyond the scope but I get just a little (inaudible)... [LB1053]

SUSAN BORCHER: Yes, I get you. [LB1053]

SENATOR KINTNER: ...half a thousand dollars. But I just look at the money being spent everywhere and it's probably above what we can talk about here. But I do thank you for what you're doing and I do thank you for taking your time to come here. Didn't mean to take all my frustration out on you. [LB1053]

SUSAN BORCHER: That's okay. [LB1053]

SENATOR KINTNER: But thank you anyway. Okay? [LB1053]

SENATOR MELLO: Thank you, Senator Kintner. Senator Cook. [LB1053]

SENATOR COOK: Yes. I need some clarification, please, Mrs. Borchers (sic). You...Borcher. You said something about they're not connected and I wasn't certain if you meant the child was not connected to family and community in support of all these great outcomes, or whether or not you were speaking about the school buildings and school districts not being connected with resources to help children and families. [LB1053]

SUSAN BORCHER: It's difficult to make that connection to those outside resources. [LB1053]

SENATOR COOK: From the schools and school districts. [LB1053]

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SUSAN BORCHER: From the school point of view. [LB1053]

SENATOR COOK: Okay. [LB1053]

SUSAN BORCHER: From what I'm hearing from the principals, and it's always that if you suggest this or, you know, here's different things, and who's going to pay for it? [LB1053]

SENATOR COOK: Yes. [LB1053]

SUSAN BORCHER: And that's trying to be careful with that, but trying to find out a good, clean, solid way to refer to good people for child mental health. [LB1053]

SENATOR COOK: Right. Okay. Thank you. [LB1053]

SUSAN BORCHER: Uh-huh. [LB1053]

SENATOR MELLO: Thank you, Senator Cook. Senator Haar. [LB1053]

SENATOR HAAR: Yes. Do you find in what you're doing that only poor kids are obese? [LB1053]

SUSAN BORCHER: No. This is not...that's kind of a mind-set people have of it but, no, it can be at all socioeconomic levels. [LB1053]

SENATOR HAAR: And I experience that in my own extended family as well. [LB1053]

SUSAN BORCHER: Uh-huh. [LB1053]

SENATOR HAAR: And I just hope you've never heard the suggestion we ought to be starving kids, too, to make their parents behave better, because I'm of the belief that if children are obese or overweight it's the fault of the parents. Once you grow up, I guess it's your own fault. But you don't teach children by starving them. [LB1053]

SUSAN BORCHER: Yeah. But teach children by giving them a chance to try new foods and experience new things has been a big improvement. I know with early childhood programs, that's

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one of the things. They try to bring different food choices that maybe they're not getting so they can experience it. And it's been very helpful. [LB1053]

SENATOR HAAR: Okay. In fact, John was talking about research, and it's got to be out there, that kids that are hungry don't learn very well. [LB1053]

SUSAN BORCHER: It's definitely out there, yes,... [LB1053]

SENATOR HAAR: Uh-huh. [LB1053]

SUSAN BORCHER: ...very much so. [LB1053]

SENATOR HAAR: Okay. Thank you. [LB1053]

SENATOR MELLO: Thank you, Senator Haar. Senator Hilkemann. [LB1053]

SENATOR HILKEMANN: You alluded to it just a little bit ago, Mr. Spatz did, and you mentioned early childhood education again. [LB1053]

SUSAN BORCHER: Uh-huh. [LB1053]

SENATOR HILKEMANN: I'm very...I'm very much convinced early childhood education is an important factor. I see so many different organizations saying we've got to have this early childhood education, early childhood education. There doesn't seem to be anybody coordinating all of this. And you know, the Extension Service is doing something, all these different organizations. Is there any kind of a coordinated effort for the early childhood education? [LB1053]

SUSAN BORCHER: Nebraska Department of Education has different things out there. They do evaluations. But I think what I run into, there's a lot of different programs that are present in some areas but not in other areas. And to make a connection, I know that from professionally, that they have other groups coming into the home and then trying to make that connection. And that is a challenge. And that could possibly be one of the things where down the road we're kind of hoping that we can really be a coordinating effort for things. [LB1053]

SENATOR HILKEMANN: I asked the previous testimony...or the testifier. If this project is started, where do you see it in ten years? [LB1053]

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SUSAN BORCHER: I would see it in ten years, I would like to see that the schools have some things in place that are working well for them, that they know that they're working well. They've been able to collect data. They've been able to see improvements. I would like the schools to be confident and able to be running their wellness programs because they have the information they need that has been geared for them specifically, their school setting, because every school and every district is very different. [LB1053]

SENATOR HILKEMANN: Do other states have this type of a program? [LB1053]

SUSAN BORCHER: That I'm not certain about. I really don't know that but we could find out. [LB1053]

SENATOR HILKEMANN: Is there any model that we can...that you can utilize for...determine where you're taking this program? [LB1053]

SUSAN BORCHER: There are different things with the National Dairy Council, with the GENYOUth group. We have been visiting with them and hearing how they've been doing things to kind of help model the program. Those would be the two that I am aware of. I'm sure John knows of other ones he's been using, but those are the two main ones that I'm familiar with that we've been looking at their programs. [LB1053]

SENATOR HILKEMANN: Thank you. [LB1053]

SENATOR MELLO: Thank you, Senator Hilkemann. Are there any other questions from the committee? Seeing none, thank you, Ms. Borchner, and thank you for your service on the school board. [LB1053]

SUSAN BORCHER: Thank you. [LB1053]

SENATOR MELLO: Next proponent for LB1053. [LB1053]

BOB RAUNER: (Exhibit 2) Good afternoon, Senators. My name is Dr. Bob Rauner, B-o-b R-a-u-n-e-r, testifying on behalf of the Nebraska Medical Association and also because of my role in a community-level version of this. So when you talked to John earlier, basically what we want to do is create a state version of what already has been created in Lincoln, okay, and also Kearney, Norris Public Schools. There are examples across the state. What I brought up basically is data. Across the way here Governor Ricketts talked about his enthusiasm for continuous quality improvement. To do that you need solid data. And in many instances in Nebraska we really don't

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have it and that's one of our problems. So the first slide there is actually...this is Lincoln Public Schools from two years ago. This is our math, reading, and science results based on whether the kid is aerobically fit or not. We have a little fitness test we run the kids on in Lincoln Public Schools. They pass it, they score much better. If they don't pass it, their scores are worse. And actually, right, I don't have writing on here. We'll have it this year. But actually writing tests you'll see the exact same thing. So what does it do? It helps you figure out what works, what doesn't, what other things in addition to classroom teaching make a difference in how good the kids are succeeding. As far as models, there's actually quite a few models. If you go to Robert Wood Johnson Foundation Web site, there's "Signs of Progress" where they highlight communities across the country that are doing good work in this area of reducing child obesity. Two of those places are Kearney Public Schools and Lincoln Public Schools. We're actually on the map and have some of the best programs in the country. So one thing we want to do is create a statewide version of this. There are state-level efforts. Arkansas Center for Health Improvement is an example where they're trying to do this on a state level. Senator Kintner, you mentioned earlier, what about these obese kids and the food they eat. The most common misconception about child obesity is it's mostly not the food. It's because they're sitting still too much and they're drinking too many calories. So it's not because of the free and reduced-cost lunch, the lunch they got at school. It's the fact that they're sitting all day. Many of our elementary schools have an average of one day a week of P.E. So if you sit a kid down all day and he goes home, drinks Mountain Dew and Frappuccinos, he gets obese. It's mostly not the food. That's the biggest misconception. So that's the biggest problem. So how do we make a difference? And so this bottom slide, that's actually what we've done in Lincoln Public Schools. I've been doing this for about eight years. It took a couple years to get it started. That's what you need the seed money for. You need the data to convince the school board and people to make changes, and then you start making changes and those are our results. We've had five straight years of reductions in child obesity, four straight years in improvements in aerobic fitness. Kearney Public Schools actually has an even longer program that goes back eight years. The key ingredient that was missing is they didn't have an entity to help them do this. This is actually not simple stuff. In Kearney it was a university professor that helped. And me, it was me and a couple groups here in the medical community that helped and went to the school to work on this. The other issue, and like John says, you know, the biggest pressure on the state budget isn't schools, it's Medicaid. Why is Medicaid and healthcare getting so expensive? Because we're obese and out of shape and we have bad health habits. How do you change those habits? The best place to change those health habits is in the schools. Where best to educate kids than the schools? And so the biggest issue here, it's a health issue but it needs to happen in the schools and that's what helps figure out everything else. Now one of the other problems with this is it's complicated issues here. And so on the back I've got two slides that probably look remarkably similar. Okay? Each of those dots is one of our elementary schools here in Lincoln, Nebraska. On the bottom slide, bottom axis, it's the same thing. It's the number of kids in poverty or free and reduced-cost lunch status. But what it's measuring is totally different. One is performance in

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math, the other is obesity. Okay? And the point of this is actually the factors leading to both are very, very similar. It's more comprehensive than just reading, math, or reading, writing, arithmetic. A lot of things go into the success of a child: their aerobic fitness, whether they had lunch this morning, how well their parents are doing, how motivated they are, whether they're depressed or bullied, things like that. Those all have some interplay here. In the healthcare world, we actually do what we call risk adjusting. That's not done in our school study. That's one of the biggest things missing in our education data right now is they don't do that. A prime example is your likelihood to end up in a hospital. If you're taking care of patients who are all healthy and fit and doing great, and the other guy is taking care of patients who have heart failure and diabetes and are obese, they're going to have much different results. Same thing happens with our schools. You can't take a school where 95 percent of the kids are on free and reduced-cost lunch and everybody in poverty, versus a school where everybody is wealthy and they're sons and daughters of university professors, and expect them all to do the same. You need to correct for that. Otherwise, the data is going to tell you the wrong thing. And you need really high-level data ability to now analyze that, and that's what I do. That's one of my roles here with Lincoln. Same with Kate Heelan in Kearney. She's a University of Nebraska at Kearney professor. And so those are the kind of things we talk about. There are state examples. There's a lot of misconceptions about obesity. We knew (inaudible) and Lincoln Public School is trying to work on the mental health side of things because that's probably one of the...you probably heard over and over again, that's one of the biggest untapped areas that we need to do some fixing. Early childhood, we've actually found that we're having great results when kids are in school but they're all still showing up to school just as obese. So we actually are trying to move into the early childcare setting, not just for education but even from the obesity and fitness angle here in Lincoln. So I'll close it there and be happy to answer any questions that you have. [LB1053]

SENATOR MELLO: Thank you for your insightful testimony this afternoon, Dr. Rauner. Are there any questions from the committee? Senator Kuehn. [LB1053]

SENATOR KUEHN: Thank you, Chairman. Thank you, Dr. Rauner. I could not agree with you more. The data is clear on the effects of obesity on learning, long-term health, public health, etcetera. My question is I want to follow up on a comment you made with regarding a statement that elementary students having P.E. only one day per week. [LB1053]

BOB RAUNER: Yes. [LB1053]

SENATOR KUEHN: Certainly, I think that is the challenge we have, is we're supposed to have physical education programs. So could you explain to me why those programs are not effective and where the gap seems to be? [LB1053]

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BOB RAUNER: A couple things led to that. One is No Child Left Behind, which made it all about math and reading. That was the only thing that was measured. That was the only thing that was managed, and everything else fell away. So everything else got cut, essentially. We also have almost no standards really on physical education amount. So you're supposed to have X amount of minutes of math. You're not supposed to have X amount of minutes of physical education in our schools right now. And so when schools look for things to cut to have more time for reading, what do they cut? They cut P.E., they cut music, they cut language, they cut everything else. And so a lot of our schools are down to one day a week. And frankly, for a P.E. teacher, that's not enough time. I mean if you're going to practice and work out, you can't do it one day a week. You got to do it three days a week. And so that's one of their problems. Then when I started actually, there was actually some of our schools, not only did they have only one day a week of P.E. Some of them had actually gotten rid of recess altogether, and that's actually been very counterproductive. It turns out that kids have to move to learn. It's attention span. You've actually got study after study saying if you let the kid literally run around for 30 minutes and then take a test, they'll actually score better. And so we kind of went...the pendulum swung so far behind because of the fear of No Child Left Behind that they really cut, literally cut P.E. to one day a week at most of our schools. [LB1053]

SENATOR KUEHN: So my question is those were local choices then that were made. [LB1053]

BOB RAUNER: Uh-huh. [LB1053]

SENATOR KUEHN: Those were local boards that made decisions... [LB1053]

BOB RAUNER: Yes. [LB1053]

SENATOR KUEHN: ...on staffing. And so it seems to me then that the best potential option is, you know, Mr. Spatz's group and others which are looking at school boards and serving as a clearinghouse. I guess I'm just struggling with, you know, certainly being a strong advocate of physical education, I think physical educators are trained both in the assessment and the metrics of how to assess those programs. That's part of their professional training and credentialing. My question with regard to the entire concept of this program is with a number of already existing frameworks, whether that be the Association of State School Boards, NAHPERD is very active in Nebraska and has played a critical role in the Kearney Public Schools success, as well as professional groups for educators and others that already have a built-in communication framework for sharing best practices, for serving as a clearinghouse. I'm trying to wrap my head around why have an interlocal agreement with a group of schools which are hit-and-miss and we're not including all of the ESUs in this group? If this is a concept which I think we all agree is worthwhile in terms of increasing physical education activity among our students, why

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recreate another organization that only targets a subset of education and why not work within an existing framework to share those best practices, to encourage school boards to look again at the cost savings and make those local decisions about programming within their schools? [LB1053]

BOB RAUNER: Okay. Well, basically, if you look at almost every successful, quality improvement initiative in healthcare on a community level, they call it collective impacts, one of the buzzwords for example. The key thing you need is data, essentially a clearinghouse organization of some sort with staff with an expertise to have this happen and basically to communicate what the data means and how to fix it. If you don't have those things, it doesn't work. It can look differently. So in Kearney, it's actually...it's out of the University of Nebraska at Kearney, so it's a university-run organization. In my organization, it's called Partnership for a Healthy Lincoln. It's a 501(c)(3) nonprofit. In Norris, essentially it's a small district. They just basically got together and said we're going to do this. You had John Skretta and a couple folks who just basically led it. They decided to do it, essentially. That happens occasionally, but it's hard. That's not common. So you...most of the time to make this work you need some organization to help make it happen and provide the expertise. In Lincoln and Kearney, you're big enough and you've got university and/or expertise locally who just says we're going to work with you on this. A lot of our school districts across the state, they just don't have anybody locally. Broken Bow Public Schools just doesn't have anybody locally to do this. So our goal was to essentially create this organization to be that organization for Broken Bow if they want to do it or Kimball if they want to do it. [LB1053]

SENATOR KUEHN: So Broken Bow isn't a participant in the Nebraska Association of School Boards. [LB1053]

BOB RAUNER: Well, they've joined, yeah. [LB1053]

SENATOR KUEHN: Broken Bow is not a participant. They have no teachers that are members of NSEA. [LB1053]

BOB RAUNER: Yeah. [LB1053]

SENATOR KUEHN: Broken Bow doesn't have... [LB1053]

BOB RAUNER: Yeah, they're all members. [LB1053]

SENATOR KUEHN: ...outreach from Central Community College in their community?
[LB1053]

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BOB RAUNER: Yes. They're all members but, again, there's no local organization to do the measurement and take it on. So one of our biggest obstacles to getting started in Lincoln Public Schools is getting access to the data and measuring it. [LB1053]

SENATOR KUEHN: So... [LB1053]

BOB RAUNER: Somebody has to be able to pull that measure to gather data to figure out what's working, what's not and, frankly, take that to the school board. [LB1053]

SENATOR KUEHN: So how will this \$250,000 then build a local organization in every community in Nebraska to do that? I guess I'm not seeing... [LB1053]

BOB RAUNER: Yeah, okay. [LB1053]

SENATOR KUEHN: ...the leap in...if you're talking about building an infrastructure there, we have redundant infrastructure all over regarding education. [LB1053]

BOB RAUNER: Yeah. Well, one thing is economies of scale. Once you create a data system, ramping it up is as cheap as adding server space. So for example, all the schools already measure obesity. They already...well, most of them, a lot of them the P.E. teachers do measure the PACER score, which we're using here. They all do NeSA testing. But where do you put that in? Where do you put that data into one place where you can pull it together? That's my job. I actually get this jumble of spreadsheets that I help with my stats program. I pull it together for LPS, but who's going to do that for Broken Bow Public Schools? Because, problem is this data...NeSA comes from one data system, you got the school demographic system which is another data system, you got the PACER scores which are coming out of something called Fitnessgram. There's no way to merge those. You need somebody with expertise to pull those together. Once you've done it once, you know, it doesn't take me any longer to do this for 3 schools than it does to do for 52 schools, because once I've got it set it's just run, run, run, one after the other. So you have to create the infrastructure first. Nebraska Association of School Boards, the reason they want to do this, they actually have the IT infrastructure. They actually do a lot of this warehousing of data for school districts across the state. That's one of their roles, one of the services they provide. So there you've got server space, you've got IT people. Once you've got this structure built, it's very...it becomes less and less expensive over time, but you first have to have the start-up funds to build it. And we're working on grant funding. We've talked to health insurance companies, for example, that are interested. We talked to other foundations in the country. The reason John chose a joint public agency is because you can take routes from two areas. You can take it from state funding or you can take it from foundations. And so we have both options essentially. I hope that answers. [LB1053]

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SENATOR KUEHN: That is very helpful. Thank you. [LB1053]

BOB RAUNER: Okay. [LB1053]

SENATOR MELLO: Thank you, Senator Kuehn. Senator Haar. [LB1053]

SENATOR HAAR: Yes. Well, first of all, I want to say thank you because I've known your work for a long time. And I suspect you could be making a lot more money as a doctor if you didn't care so much about kids. [LB1053]

BOB RAUNER: Yeah. [LB1053]

SENATOR HAAR: And that's a compliment. [LB1053]

BOB RAUNER: Thanks. [LB1053]

SENATOR HAAR: So this says address physical and mental health. [LB1053]

BOB RAUNER: Uh-huh. [LB1053]

SENATOR HAAR: Those two are...you talked about academic performance but how else do you look at the mental health? [LB1053]

BOB RAUNER: Uh-huh. It's kind of broad, so there's a couple things. One, this study, we actually publish this in the Journal of Pediatrics, by the way, the physical fitness side of things. But the other area that people are really moving into is the concept of motivation. Kids who are driven and motivated do better on just about everything. Actually, some of our middle schools are actually doing...they're called motivation engagement skills. They see how engaged the kids are. And if they can address that motivation engagement, you will see dramatic improvements. That's sort of, not quite, as severe as a severe mental health issue like, say, schizophrenia or something. But sometimes lack of motivation, lack of engagement because of whatever. Like the Teammates program you may be familiar with, one of the things that does is gives them an adult that cares about them. It does help a lot with the motivation of the kids. It keeps them out of trouble. A lot of this does tie to fit together. Some of this happens, turns out that ADHD, a lot of the ADHD in kids may be due to a couple things, not anything that changed up here but what changed is the fact they sit too much, they drink too much caffeine, and they don't get enough sleep. Yet, they've been treating with medications, probably treating the wrong thing. If we had

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the kids active, if they got enough sleep at night, if we got them off of the Frappucinos and the Mountain Dew's, a lot of the...about half of the ADHD would probably go away. And so that's a mental health issue. It's affecting problems. But its roots are often in lifestyle or diet or other things. [LB1053]

SENATOR HAAR: One of the things we've talked about a lot in this committee I think is we'd like to see database results. And so what can you give us out of this project? [LB1053]

BOB RAUNER: We could create the database for the state. One of the problems is we literally don't know how many obese kids there are in Nebraska. We don't. Arkansas knows. California knows. Texas knows. Nebraska has just not measured. They've measured voluntarily once about seven years ago and it looked like it was actually much worse in rural areas, and no follow-up was ever done on it. That drove me crazy because we have districts doing this. If we could just collect that data centrally we could find out. I'm pretty certain...I'm from a rural area and if you look around rural areas, I think the obesity problem is actually much worse in rural Nebraska. But we don't know because we've not bothered to measure. And it's hard to fix something...you know, first step of fixing a problem of something is admitting you have a problem, and we don't know if we have a problem there. So this data could become one district at a time. It's not a mandate. People can voluntarily participate. They can choose not to. I think we have overwhelming interest in participating. We've got over 70 who want to participate if we create this, and we're not forcing anybody to do anything. [LB1053]

SENATOR HAAR: Okay. The next question you don't have to answer, but you said you've looked at a lot of models. Do you know of any model for treating obesity by starving kids? [LB1053]

BOB RAUNER: No. (Laugh) That's a long, complicated issue. But the biggest problem, frankly, is people focus too much on the food, not enough on what they drink and how active they are. [LB1053]

SENATOR HAAR: That's good. Thank you. [LB1053]

SENATOR MELLO: Thank you, Senator Haar. Are there any other questions from the committee? Senator Kintner. [LB1053]

SENATOR KINTNER: Hi. Well, thanks for coming here. [LB1053]

BOB RAUNER: You're welcome. [LB1053]

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SENATOR KINTNER: You might be a little smarter than me. I'm just a former teacher so maybe I don't understand these graphs too much. [LB1053]

BOB RAUNER: Okay. All right. Sure. [LB1053]

SENATOR KINTNER: Well, I was a P.E. teacher. I probably could have answered this first question... [LB1053]

BOB RAUNER: All right. [LB1053]

SENATOR KINTNER: ...Senator Kuehn asked. But so I look at this, I'm looking at the two charts here with the little line. [LB1053]

BOB RAUNER: Sure. Yeah. [LB1053]

SENATOR KINTNER: So if I read this, it says the more people we give free food to the worse they do in math. [LB1053]

BOB RAUNER: No, that's a surrogate marker for how poor they are essentially. [LB1053]

SENATOR KINTNER: How poor they are. [LB1053]

BOB RAUNER: Yeah. It's not...they're all getting the same lunches. It's some are paying money, some are have a reduced price, some are getting it free. [LB1053]

SENATOR KINTNER: Well, I know some kids are bringing it from home. They don't like the Michelle Obama lunches. They want good food. They want cupcakes. They want Fritos. [LB1053]

BOB RAUNER: Well, I wouldn't call that good food. [LB1053]

SENATOR KINTNER: They want the stuff that we used to eat. [LB1053]

BOB RAUNER: That's actually one of the problems. You'll find out that if you...I would challenge you to go to your local elementary school, sit down with the kids and watch what they get from the food service and watch what they bring in. You'll find out what they bring in is often

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a heck of a lot worse than what the food is at the school. So what we're doing, this is not a marker of getting free food. It is a marker of poverty and that's one of the biggest...it is the ultimate confounder on almost everything health and education related. Poverty affects both and that's why I come at it from the health angle, honestly. [LB1053]

SENATOR KINTNER: And then as I look down here, oh, there's a...I guess we can't draw a correlation, but more free meals, fatter people. [LB1053]

BOB RAUNER: No, more poverty,... [LB1053]

SENATOR KINTNER: More poverty. [LB1053]

BOB RAUNER: ...fatter people. [LB1053]

SENATOR KINTNER: So more poverty, fatter people. [LB1053]

BOB RAUNER: Yes. [LB1053]

SENATOR KINTNER: Oh, just out of curiosity, you probably look at this stuff. [LB1053]

BOB RAUNER: Yeah. [LB1053]

SENATOR KINTNER: If we didn't subsidize poverty, would people be thinner? [LB1053]

BOB RAUNER: No. [LB1053]

SENATOR KINTNER: They wouldn't. [LB1053]

BOB RAUNER: That's not the problem. It's not. The reason they're more obese is because, well, if you live in an unsafe neighborhood where your parents are afraid to let you go out and run around, guess what, you're moving even less. And you already took P.E. out of school, you already took recess out of school. Now you've got someone who's afraid to let their kid out. The other thing is what food are they eating. If money gets cheap, what do you buy? You buy the cheapest food. [LB1053]

SENATOR KINTNER: Cheapest food. [LB1053]

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BOB RAUNER: Cheapest food happens to be not very good for you. [LB1053]

SENATOR KINTNER: Which is the stuff I eat. It's why I look like this. [LB1053]

BOB RAUNER: It's Mountain Dew. It's the dollar value menu meal, which is horrible to live on. It's okay to do once in a while but not every day. You know, one of the parents that I remember the most, very poor, very obese mom, worked at McDonald's. She was afraid to let the kids go out at night so they just hung out at home and watched TV until she got home. And what free food did she bring home? All the stuff...left over stuff she got at McDonald's. [LB1053]

SENATOR KINTNER: McDonald's, yeah. [LB1053]

BOB RAUNER: So why is it poverty? Well, frankly, it's because it takes either more time or money to make healthier food, to have access to the food. They sometimes don't know what's healthy. They, you know, we have immigrants that I used to work with a lot. They would eat what they watch. What do they watch? They watch Mountain Dew. So they think Americans should drink Mountain Dew. These refugees come in and they adopt our food-based habits based on the commercials they watch essentially. So it's not because they're getting...they're on free and reduced-price lunch that they're obese. It's because of all the things that go with poverty. In my neighborhood, it's a nice neighborhood, nice park, the kids can run amuck. If you've got gang violence in your neighborhood, you're not going to let your kids run amuck, are you? And so that's one of the issues. [LB1053]

SENATOR KINTNER: Right. Okay. [LB1053]

BOB RAUNER: Rural areas, I am a farm kid, we always were out playing on the farm. Nowadays kids are driven to school so they're not running it off anymore, and I think that's one of the reasons the rural is worse, is people are so tied to their cars these days in the rural areas. And of course, frankly, it's harder for them to buy fresh produce because, you know, most of the stuff closes down. They got to drive 30 miles down the road to go to Walmart now. So they're eating unhealthy food and, of course, the beverage marketing. So that's the big reasons. [LB1053]

SENATOR KINTNER: Okay. Okay. So this \$250,000 we're talking about, what does it buy us in terms of putting a dent in this stuff right here? [LB1053]

BOB RAUNER: Creates start-up funds. We've got to have an executive director. To get grant money, you got to do fund-raising. You got to write grants. It takes time. You got to build the

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data space. So he's got server space but someone has got to create the program that will accept PACER scores from the P.E. teachers' program, obesity scores from the school nurses' program, NeSA scores from either directly from the district or the state, if they'll cooperate. It then assembles that data so when Broken Bow says, hey, we want to do this, we can give them every year, here's your results, here's how they look compared to your peers across the state, here's how you're doing over time. That's what you need to do to continue this quality improvement. You got to have that data to know what's working and what's not. [LB1053]

SENATOR KINTNER: Okay. Very good. Thank you. [LB1053]

SENATOR MELLO: Thank you, Senator Kintner. Senator Cook. [LB1053]

SENATOR COOK: I read the X axis, Doctor, as percent of students or percentage of students qualifying for free/reduced meals. [LB1053]

BOB RAUNER: Yes. [LB1053]

SENATOR COOK: So they may or may not be availing themselves... [LB1053]

BOB RAUNER: Yeah. [LB1053]

SENATOR COOK: ...of the lunch (inaudible) at school. [LB1053]

BOB RAUNER: Yeah, that's our best measure right now because we don't actually force parents to disclose their income. So we do rely on parents to apply, which is actually a problem. Actually, I'm a child of teen parents who were rural and too proud to apply. We probably could have gotten free and reduced-cost lunch, but they were too proud to apply, essentially. So it's not a direct measure but it's the best measure we have of income and kids right now. So it would be...I'd rather have other...like, obviously, one of the best measures isn't just this but education of the mother is probably one of the most predictive things for assess of children. [LB1053]

SENATOR COOK: Yeah, I understand it's a good (inaudible)... [LB1053]

BOB RAUNER: We don't have access to that, so we're essentially using the data we got. [LB1053]

SENATOR COOK: ...national model too. [LB1053]

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BOB RAUNER: It's not, yeah, it's not perfect but it's the best we got right now. [LB1053]

SENATOR COOK: Yeah. Thank you. [LB1053]

SENATOR MELLO: Thank you, Senator Cook. Any other questions from the committee? Thank you again, Dr. Rauner. Are there any other proponents for LB1053? [LB1053]

JAY SEARS: (Exhibit 3) Good afternoon, Chairman Mello, members of the committee. For the record, I am Jay Sears. That's J-a-y S-e-a-r-s, and I represent the educator members of the Nebraska State Education Association, and I'm here before you supporting LB1053. Earlier this morning I was across the hall and supported LB1052 and, let me tell you, I have no idea what MIPS are all about in the formula that we were walked through. And I appreciate Mr. Spatz explaining the process where we might be able to get funding for a number of other issues, in particular behavioral health issues that our members are finding in their classrooms with children and their families and where they come from. And so as we look at the Whole Child Program and getting some start-up funds to begin to collect the data, one of the things that surprised me the most was when the Lincoln Public Schools published their data about obesity and student achievement, and that made me sit up and think, wow, poverty does have an effect upon learning. But if I just listen to my members, they tell me that every day. And so we are in support of providing a small appropriation to help support the beginnings of this project so that we can collect the data so we can get back to doing physical education and research along with our math and our science and our reading and our writing and all those important test scores. So with that, we've got three more bills coming and I get to testify for all three. Thank goodness I'm not across the hall where it's going forever. So thank you for the opportunity today. [LB1053]

SENATOR MELLO: Thank you for your testimony, Mr. Sears. Are there any questions from the committee? [LB1053]

SENATOR KINTNER: Yes, I have a question. [LB1053]

SENATOR MELLO: Senator Kintner. [LB1053]

SENATOR KINTNER: Jay, thanks for coming out. [LB1053]

JAY SEARS: Sure. (Inaudible). [LB1053]

SENATOR KINTNER: Last election cycle the NSEA spent hundreds of thousands of dollars in the election cycle. Did you ever think of taking that money and putting it toward a program like

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this; instead of asking the taxpayers to pay for it, taking some of your union money and putting it right toward this program? [LB1053]

JAY SEARS: We use our union money for a lot of different purposes so it's another one, and that's why I'm here supporting the bill. [LB1053]

SENATOR KINTNER: But wouldn't it be easier if you'd just take the money, your money, and put it towards if you've got all that money? [LB1053]

JAY SEARS: If I had \$250,000, I'd take it out of my pocket and give it to them right now. [LB1053]

SENATOR KINTNER: Well, of course you already spent it on campaigns. But you could have very easily put it toward education. [LB1053]

JAY SEARS: That's not the purpose of our organization, so. [LB1053]

SENATOR KINTNER: I know it isn't. [LB1053]

JAY SEARS: That's right. [LB1053]

SENATOR KINTNER: Thank you. [LB1053]

SENATOR MELLO: Senator Haar. [LB1053]

SENATOR HAAR: No, I was just asking for coffee. [LB1053]

SENATOR MELLO: Oh. (Laughter) [LB1053]

JAY SEARS: Can I get that for you, Senator? [LB1053]

SENATOR HAAR: She already knows,... [LB1053]

JAY SEARS: I can answer that one. [LB1053]

SENATOR HAAR: ...caffeinated coffee with two creamers. [LB1053]

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SENATOR MELLO: Are there any other questions from the committee? [LB1053]

JAY SEARS: I have an extra Diet Coke, Senator. [LB1053]

SENATOR MELLO: Seeing none, thank you, Jay. [LB1053]

JAY SEARS: Thank you. [LB1053]

SENATOR MELLO: Are there any other proponents for LB1053? Seeing none, is there any opponents for LB1053? Seeing none, is there anyone here in the neutral capacity on LB1053? Seeing none, Senator Harr, would you like to close? [LB1053]

SENATOR HARR: Just quickly, thank you. Thank you again for listening to the testimony on this bill. I guess I would start out by saying, number one, I am glad I'm giving up coffee and pop for Lent. Maybe I'll actually pay attention. But I did listen to testimony and, Senator Kintner, I guess what I would say is, to some of your questions, you know, we have a real problem that we have a lot of data but it's applying that data. But one of the things we found out is that if you want to find out how a kid is going to do on a test, it is sad but true on a lot of these standardized tests, you don't need to look at the kid. That's kind of a waste of money. All you have to do is look at the parents' education and their income level and we can figure that out. Well, what this is looking at is what that kid is going to score on the test. What I want to do is break that cycle and figure out and look at that whole child and say what can we do to make him better or her better so she can succeed so we can get them beyond high school, so we can get them into community college. Because the stats show if you get to a certificate or a community college degree or above, you go from being a liability to society to an asset. And that's the quickest way to lower taxes is to have people who make money, because not only are they contributing more to the tax rolls, they're taking less from it. And so we have to look at it. It's some forward thinking. You got to get ahead of the curve and say, okay, what are causing these problems, because an ounce of prevention is worth a pound of cure. So how do we get out there and treat that whole child? That's what we're trying to do here. I commend them. And it's a public-private partnership. They aren't talking about merely coming back every year, not merely, but talking about coming back every year and asking for \$250,000. They're saying, hey, we want start-up money. We need to...and by the way, if they can't sell it, guess what. The program goes away. They're not going to come back for more. But they need to be able to apply for grants. They need to be able to sell why this is important. I think they did a great job. They sold me today. I hope they sold you. I want to thank Mr. Spatz for giving me this bill to introduce. But we need to find out how we can break the cycle and what that data is and how to take all that metadata and really figure out what it's saying and what we can do better in how we (inaudible) our kids and make them better so they don't end up like mine. With that, I will close. (Laughter) [LB1053]

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SENATOR MELLO: Thank you, Senator Harr. Are there any questions from the committee?
Senator Cook. [LB1053]

SENATOR COOK: Thank you, Senator Mello. I think your children are lovely, Senator Harr.
[LB1053]

SENATOR HARR: In small doses. [LB1053]

SENATOR COOK: And they're very well nourished and bright. [LB1053]

SENATOR HARR: They are that. (Laugh) [LB1053]

SENATOR COOK: Thank you. [LB1053]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Senator
Harr. [LB1053]

SENATOR HARR: Thank you, Mr. Chairman. [LB1053]

SENATOR MELLO: That will end today's public hearing on LB1053 and take us to our next bill
of the afternoon, LB838 from Senator Bolz. [LB1053]

SENATOR BOLZ: (Exhibits 1, 2, and 4) Good afternoon, colleagues. I am Senator Bolz, that's
K-a-t-e B-o-l-z. I hope you missed me. I apologize. I was in another committee. Today I'm
bringing you LB838, a bill to create a behavioral and mental health specialist in the Department
of Education. Mental health is directly related to the ability to learn. Not only is mental health
related to an individual student's ability to learn, it can impact the overall well-being of students
and the school climate. School counselors, support professionals, teachers, school board
members and others continue to grapple and struggle with the mental and behavioral health
needs of students in schools. These demands are increasing because we are better able to
diagnose students, because we are increasingly mainstreaming students, and, frankly, because the
numbers have been increasing. So LB838 would create an educational specialist position to
research national best practices, create an inventory of existing support strategies, analyze
evidence-based practices, identify needs, and develop recommendations for schools. I think this
is an important initiative to help us make decisions about the direction we'll go in the academic
setting related to mental and behavioral health pressures, and I ask for your support. [LB838]

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SENATOR HILKEMANN: Thank you, Senator Bolz. Are there questions for Senator Bolz at this point? Yes, Senator Haar. [LB838]

SENATOR HAAR: Yes. As we look at all these various bills, do you see any potential overlap for a person like this and the one that LB1053 was talking about? [LB838]

SENATOR BOLZ: LB1053 was the Whole Child Initiative you just heard? [LB838]

SENATOR HAAR: Yes. Yeah. [LB838]

SENATOR BOLZ: I was not here for the hearing but I think the specific approach of this piece of legislation would create someone in the Department of Education to make sure that we're taking a thoughtful, academic, research-based approach to any type of initiative out in our school systems, and I think that has value. [LB838]

SENATOR HAAR: Okay. [LB838]

SENATOR HILKEMANN: Additional questions? Thank you, Senator Bolz. Are there other proponents for LB838? [LB838]

NANCY MOSIER: (Exhibit 3) Good afternoon. Good afternoon, members of the Appropriations Committee. I am Nancy Mosier, N-a-n-c-y, Nancy, M-o-s-i-e-r, Mosier, and I am in my eighth year as a kindergarten teacher in a Title I building here in Lincoln Public Schools. Three years ago I started the year with around 20 brand new, eager and nervous kindergartners. One of them was a student with a developmental delay. She had time during the day when she worked with her special education teacher, but for the vast majority of the day she was with me in my classroom, alongside her peers. She had very disruptive behaviors that took much more instructional time than I had ever expected. She had wonderfully supportive parents, and I had great teammates to collaborate with that helped me along the way, but it just was not enough. It wasn't until late October, late October, that I was able to get this particular child some para support throughout the day. This paraeducator worked closely with the special education teacher to understand how to meet the child's needs based on her specific developmental delay. Then the para and I worked closely on the academic expectations for this child. Once we were able to meet this child's needs emotionally and academically, she started to soar. Her grades rose and in many areas she was able to meet grade-level expectations. On the other side, the side effect of this proper support was that I was able to give the rest of the children my best, uninterrupted instruction, and the grades of my students rose right alongside hers. It was a perfect example of how meeting student needs benefits everyone. We were able to do our best and everyone had

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what they needed. I sent that group of kids on to first grade, confident that I had done my best and that they were adequately prepared for first grade and beyond. Nebraska schools need a specialist in behavioral and mental health because the number of students entering my classroom in need of more support than I'm able to give on my own is growing each year and it is overwhelming. My instructional time is being eaten up by very disruptive and unsafe student behaviors. I've been showing up earlier and staying later to do lesson planning and preparing for normal instruction because the time I used to spend planning and preparing has now been devoted to providing some pretty intense support for kids with some pretty high needs. I oftentimes find myself on Google trying to find ways to provide support for the kids that teachers college did not adequately prepare me to handle. I personally have a son with autism and I believe that he deserves better support than what his teacher found on Google, although I'm thrilled that she cares enough to spend her personal time digging to find best practices for my student with autism. I'd like to ask for your support on LB838 because Nebraska kids are worth it. The number of children with mental and behavioral needs is growing in my classroom as well as across the state. We must provide the teachers with the tools to teach these children based on research and best practices and not "Dr. Google," because all students can and will succeed when given proper support. Thank you for your consideration, and I'll be happy to try to answer any questions you might have for me. [LB838]

SENATOR HILKEMANN: Does anyone have questions for Ms. Mosier? I have a question. [LB838]

NANCY MOSIER: Yeah. [LB838]

SENATOR HILKEMANN: Thank you for taking time with that student and helping them get back on track. But how would having this program have helped you in that classroom? [LB838]

NANCY MOSIER: I would have had a much more direct line to look for help. I spent lots of time trying to figure out things. I just...I didn't feel as though I had a good place to go to start. It took us from August until the end of October to get her on track. I lost a quarter of instructional time that I could have been doing my best with. So although I did end up getting the help that I needed, I could have gotten it earlier and those kids could have been even stronger. And I, as a teacher, am working hard to get kids to their full potential, not to just meet grade-level standards but to get them as far as I possibly can in a year. [LB838]

SENATOR HILKEMANN: Now you said you're in a Title I school here in Lincoln. [LB838]

NANCY MOSIER: We are. [LB838]

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SENATOR HILKEMANN: Did you visit with your principal about this situation? [LB838]

NANCY MOSIER: Absolutely. He was the reason I got help. He worked with me. We went through the district, who worked very hard to support us. We got documentation. We gathered documentation. We did...we worked very hard. And they're doing their best but the numbers are so much. They are growing and growing, that it's getting harder and harder to get help just because the resources aren't there. [LB838]

SENATOR HILKEMANN: You're saying that the Lincoln Public Schools did not have the resources to help you? [LB838]

NANCY MOSIER: They did for a little bit. But each year it's getting more and more. I have more kids this year with these sorts of problems that their needs are not met and they are not on grade level. So this was three years ago. Today it's not the same story in my classroom. I need help. [LB838]

SENATOR HILKEMANN: Tell me why do you think that the need...why do you think we're having more children with these...that need these...that are having these behavioral problems. [LB838]

NANCY MOSIER: Well, like Senator Bolz was saying, it's being...there's more things that are being diagnosed, there's more stress on families, there's the rigor in school is much more, and that is very stressful on a five-year-old. I'm just thinking about the level in which we are...the grade level that they're supposed to read towards or the academic level. It used to be a level three and now I have to get them to a level four, which used to be middle of first grade. So I am having to stretch them more. They're having to do a lot more and it's more stressful, and they don't have the skills yet to handle this stress and it's coming out in big explosions. [LB838]

SENATOR HILKEMANN: Is this directly related to like the No Child Left Behind type things or Race to the Top? [LB838]

NANCY MOSIER: Help me understand your question better. [LB838]

SENATOR HILKEMANN: Well, in other words, you said that you have to get them from a level three to a level four (inaudible). [LB838]

NANCY MOSIER: Uh-huh. [LB838]

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SENATOR HILKEMANN: Is this because you're having to meet the guidelines for the No Child Left Behind or for Race to the Top or whatever else that we have? [LB838]

NANCY MOSIER: You know, these are our district standards. I do not believe that they...I don't know what the exact correlation is between the federal programs for that, so I'm not sure if I can answer your question adequately. [LB838]

SENATOR HILKEMANN: So would you envision that this, if this specialist was here, that this would be like a hot line that you would utilize? [LB838]

NANCY MOSIER: My vision would be that this person would help each...that hopefully districts then would be able to have more resources or even if the resource is just good solid information, best practices, and this person helps coordinate that. And now I know that when I have this, I can go to this person exactly and they are the person that has it, and everyone throughout the state has the same resources available, because I'm in a big district and I have...so I feel as though I have some resources. Is it all the way adequate? No. But I know that they're trying. I don't know what you do in a small town, in a small city where the district is not as large and they don't have as many resources as I am lucky to have here in Lincoln Public Schools. [LB838]

SENATOR HILKEMANN: Thank you very much. Other questions? Seeing none, thank you for coming today. [LB838]

NANCY MOSIER: Thank you. [LB838]

SENATOR HILKEMANN: Are there other proponents for LB838? [LB838]

RUSS UHING: Hi. My name is Russ Uhing, R-u-s-s U-h-i-n-g, and I am the director of student services for Lincoln Public Schools. The work of my department includes student discipline, including all matters of exclusion, suspension, expulsion, and mandatory reassignment of students; counseling and social work services; crisis response; assisting with safety and security; and liaison with community agencies in dealing with student health and welfare. Appreciate giving me the opportunity to speak today on behalf of LB838 and express our support for this bill, which we believe will help support our efforts to help students. At times, and you've heard this frequently here in the last speakers that we've had this afternoon, barriers in a child's life make academic success very difficult. And one of the increasing barriers that we have heard today and if you talk with administrators or teachers across the state and across our country, many of those barriers include mental illness and significant behavioral issues. These issues

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include ADHD, autism, oppositional defiant disorder, aggressive behavior, depression, anxiety, and trauma, among others. Our goal is not to provide ongoing and long-term mental health therapy to children and families but to work with them to develop their skills necessary to be successful in schools, to be aware of signs of mental illness, and to assist them and their families in accessing community resources to help address those needs. Students in high states of distress due to mental health or behavior issues or other issues, they can't learn. And frequently it not only impacts them but it also impacts the learning environment around them. We've all heard a lot of statistics, you know, one in five children have one or more mental, emotional, or behavioral issues; one in ten have challenges severe enough to impact them at home, school, or within the community. And despite these high rates of illness, four out of five do not receive any help between the ages of 6 and 17. And the majority of these that do not receive any help are minority children. Suicide is the second leading cause of death among children ages 12 to 17, and of the people who die by suicide it's estimated that 90 percent have a diagnosable mental disorder. Early intervention and treatment of mental health conditions can play a significant role in helping to reduce suicide and improve the lives of young people. Schools across the state and country, including Lincoln Public Schools, are implementing something called Positive Behavior Interventions and Support. It's a multitiered system of support to help students develop the social, emotional, behavioral skills needed to be successful in school and life. PBIS is a continuum of supports that work on prevention with all students, as well as all the way up to help meet the individual needs of children. Many students needing individual supports, like the one that you had just heard with Ms. Mosier, have significant behavioral or mental health needs, and having the resources, knowledge, and meet these needs is some of the most challenging work our schools do. This position would be a positive resource for schools to help set up systems and best practices of interventions and support. We would encourage this individual to work closely with Amy Rhone, who is the NDE coordinator for PBIS for the state, and Jolene Palmer, who within the last year or so was the NDE school safety director, to help develop a systematic guidance, interventions, and strategies for some of our most at-risk students. Appreciate again the opportunity to speak in front of you today and welcome any questions you may have. [LB838]

SENATOR HILKEMANN: Thank you, Mr. Uhing. Senator Haar. [LB838]

SENATOR HAAR: Yes. You know, and I've heard when teachers are asked what their greatest needs are, mental health help is one of them. But explain again how one person is going to...it's a huge problem throughout the...throughout our student body. How is one person going to make a difference in this, do you see? [LB838]

RUSS UHING: Well, and again I think for us to expect one person to solve the problem is not realistic. I think what schools, not only Lincoln Public Schools but across the state, is looking for is help and guidance in developing systems and also interventions to help students, you know, with some of these strong needs. And you know again, without seeing the job description, I think

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it is really important that we continue to have guidance in developing these needs. You heard Ms. Mosier say, you know, most school staff are not trained to be mental health experts. And this again helps to...would help, we would hope, to provide us with systems to set up within schools as well as what are best practices out there to help lead us in this direction. [LB838]

SENATOR HAAR: Okay. [LB838]

SENATOR HILKEMANN: Additional questions for Mr. Uhing? [LB838]

SENATOR COOK: I have a question, Senator. [LB838]

SENATOR HILKEMANN: Yes, Senator Cook. [LB838]

SENATOR COOK: Thank you. Thank you for coming this afternoon. My question is, what conversations has your district had with the agency about it realigning its resources--when I say "the agency," I mean the Nebraska Department of Education--realigning its own resources to provide this sort of information to your district and to districts across the state? [LB838]

RUSS UHING: Uh-huh. You know, I can't speak to as far as what Lincoln Public Schools as an organization with NDE. You know, I don't necessarily deal with that. What I do know is that NDE is continuing to put resources towards these things. For instance, I had mentioned the PBIS coordinator that the NDE has which helps schools across the state help develop systems to address behavior. Most recently, the safety director, which came about, you know, this is the first year, part of what it is that they're doing is, you know, the suicide prevention efforts and those types of things. So more and more schools I know are working with NDE with help and guidance in these directions. But as far as the direct one, you know, I can't speak to that. [LB838]

SENATOR COOK: Thank you. [LB838]

SENATOR HILKEMANN: Question. [LB838]

RUSS UHING: Uh-huh. [LB838]

SENATOR HILKEMANN: If this is allocated, how do you quantify the effectiveness of this person? [LB838]

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RUSS UHING: Well, here's what we do as far as when we look at the efforts that we are devoting towards behavioral and mental health. We look at things like, you know, one factor is time spent out of class and time spent out of school, as well as achievement. And so we look at things like attendance records, you know, attendance information. We look at behavioral data, number of, you know, referrals that they may have to the office. It could be related to suspensions or expulsions. And we also look again then at achievement, not only test scores but grades, graduation rates, and those types of things. So the better again if there's high rates of behavior, incidents of behavior, or there is students in distress due to whatever reason, they're going to be gone from school more often. They are going to have higher rates of behavior, you know, incidents, as well as lower achievement. [LB838]

SENATOR HILKEMANN: That's more for the student, but what about this specialist that we would be bringing? How do you measure their effectiveness? [LB838]

RUSS UHING: Well, again, you know, I think that's tied to some of the same type of things. [LB838]

SENATOR HILKEMANN: Okay. [LB838]

RUSS UHING: Because, you know, as I had mentioned, you know, our role is not...we don't view our role as providing long-term therapy, but what we view our role as is are we providing the environment and the support to our students to help them be successful. And the more successful that this person is, I think that you hopefully would see achievement across the board. [LB838]

SENATOR HILKEMANN: Thank you. Senator Stinner. [LB838]

SENATOR STINNER: Thank you. You talk about a growing problem. That's the testimony, the growing problem that we're having and we're seeing in schools. Do you have data, historical data that goes back, say, ten years and shows this trend and what it looks like? [LB838]

RUSS UHING: Yeah. You know, data on mental health is, you know, kind of difficult to quantify as far as from a school district perspective is concerned. What we would look at are things, again, like referral and suspension data. And so we...I don't know that we have it ten years back but it's something over the last five years that we've spent more and more time tracking and being aware of, not only on a school level but also on a district level. And then much of it also I think is very anecdotal. You know, again, if you...when you're talking to staff members, people who are in the classroom, but also in my role as a director of student services, the number of

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calls that we get, you know, I can think of in the last day and a half having three different calls from schools for students who are self-injury, highly suicidal and not just, you know, at that moment but have shown multiple incidents of it, and schools looking for how do we provide support and guidance for this. And so some of it is...some of it we have, some of it we can't have as far as the mental health piece, but much of it is an anecdotal piece. [LB838]

SENATOR STINNER: Don't some of the schools have or a lot of the schools have a SPED director... [LB838]

RUSS UHING: Uh-huh. [LB838]

SENATOR STINNER: ...and social workers and counselors? [LB838]

RUSS UHING: Right. [LB838]

SENATOR STINNER: Aren't they the ones that predominantly work with these types of kids in these situations? [LB838]

RUSS UHING: To a degree, yes, but understanding that those kids are also in class. I mean we want them to be able to be in classes. So like you had just heard Ms. Mosier talk before about those students are in her class but, yes, she will work with her administration--it could be a principal, could be a special education coordinator, could be a social worker or a school psychologist--to help look at what the individual needs of the student. And I think also understanding that there's not a...you know, you can't take a cookie-cutter approach to every situation because each student situation when they get to this point is a little bit unique. And so developing and trying to identify what are the triggers for the student, what are ways to avoid it, what are ways to respond to it, being able to identify those things and then putting the work into the classroom. Because ultimately, for the student to learn, the classroom teacher and at times a para has to be the ones who is providing that environment as well as interventions, too, to help the student. [LB838]

SENATOR STINNER: Okay. Thank you. [LB838]

SENATOR HILKEMANN: Are there other questions? Seeing none, thank you, Mr. Uhing, Dr. Uhing. Are there other proponents for LB838? [LB838]

JOHN SPATZ: Hello again. Again, my name is John Spatz, S-p-a-t-z, but it is pronounced Spots (phonetically). I'm the executive director of the Nebraska Association of School Boards. And I

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have to be honest with you, I feel a little out of my element today. This morning I was in Education talking about a Medicaid bill. Just heard the previous bill dealing with physical and mental health. And really appreciate Senator Bolz bringing this bill to address behavioral health in the school system as well. And just want to reiterate something I said earlier. Mapping out long term, look at the squeeze that all of you are going to feel from the appropriations side, where's our revenue coming, where is the demand coming from, and I'm just concerned if we don't begin getting these interventions at earlier ages the demand for corrections, the demand for Medicaid, the demand for juvenile justice, all of that will continue to grow and outpace our ability to supply property tax relief, roads, education, special ed. And while this may not be the magic wand, this is certainly a step in the right direction. And if we are successful with the Whole Child Project, I certainly would envision having a great collaboration with a position like this. I think it's a great idea. And I look at this hopefully maybe as an attempt to address property taxes somewhere down the line. Because if we can make an intervention in a school district at an early age that prevents a kid going down the cycle of...that has behavioral issues, that's going to save that local district a tremendous amount over the course of that kid's education. So in a desire to be brief and an admission that I'm out of my comfort zone dealing with behavioral health and Medicaid and things like that, I'm going to wrap it up and see if there are any questions. [LB838]

SENATOR HILKEMANN: Thank you, Mr. Spatz. Are there questions? [LB838]

JOHN SPATZ: Thank you. Nice to be here today. Thank you. [LB838]

SENATOR HILKEMANN: Seeing none, thank you. We'll make it brief for you as well. [LB838]

JOHN SPATZ: Okay. [LB838]

JAY SEARS: (Exhibit 5) Good afternoon, Vice Chairman Hilkemann and members of the committee. Again for the record, I am Jay Sears, J-a-y S-e-a-r-s, and I represent the educator members of the Nebraska State Education Association. We want to thank Senator Bolz for bringing forth LB838. I have some written testimony and it basically reiterates some of the things you've already heard, so I thought I would answer a couple of your great questions. One is about the data. Our members keep reporting more and more incidences of mental health issues in their classrooms. And so a good source for us in what we pull out and what we look at on a yearly basis is the Kids Count from Nebraska does a great job of pulling out the data about kids and their health and what's going on in the state. And one of the most recent Kids Count from 2013 I would cite for you, is from the project for Voices for Children in Nebraska. The Annie Casey Foundation reports that there are 37,539 young people in Nebraska who struggle with behavioral and mental health disorders. And I bet if you would go back each year you would find that that number has increased up to what the 2013 data is. And so even though we have

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anecdotally from our members that the children who come to their classrooms have more and more...there are more and more children with different mental health issues, I think the data is there to substantiate that this is not a fluke in the data. It's actually happening in classrooms. And it's becoming more and more difficult, for classes of 25 and 30 young people where more and more of the children have some type of mental disorder, to help them learn. And so one of the other questions that you ask is a very good question: How does one person at the Department of Education solve this problem? Well, we know one person doesn't solve much of anything by themselves, but I think you heard Dr. Blomstedt talk about systems of support and that he's trying to change the department to become a support for education, not a flow-through agency for federal dollars and state dollars. He needs people in the department who have the skills and knowledge to bring the people together to come up with the difficult solutions we're finding in education today. Twenty years ago we wouldn't have needed a behavioral specialist in the Department of Education. We might have needed a social studies specialist, because that's back when I was trying to teach and I could have used that help. But now I'm out being a union guy and a lobbyist. And what our members are saying is, the issues in their classrooms are more complicated than they used to be. There are more resources to put to that. There are more professional practices that they need to know about. And I think we're hearing from a commissioner and a state board that says we want an agency that supports educators, not become a pass-through agency where we just check off the checklist and see if you've done that. So again, I thank Senator Bolz for bringing this. She's been a champion for mental health and behavioral health education in this state. And it happens right there in our classrooms and we need supports for our educators, but, more importantly, we need supports for our children and their families who are struggling to live every day. So thank you very much for the opportunity. [LB838]

SENATOR HILKEMANN: Thank you, Mr. Sears. Senator Haar. [LB838]

SENATOR HAAR: Having been a teacher and knowing a lot of teachers, talk...this thing of giving people the tools to do their job about what they care for is very important. How does having this help or not having this help do with retaining teachers. Because, you know, they're one of the most, in my view, one of the most important professions in our society. [LB838]

JAY SEARS: Well, thank you for that, Senator. I do value the profession of teaching. It's what made my career. But as you said, as our educators are feeling more and more stressed, they're, you know, you've heard the terms burnout and whatever. But as you look every year at that, get up in the morning and go five days a week and face, you know, 30 little children and help them learn and the pressures of learning at an earlier age, teaching to standards. And then mix that in with children who are coming...more children coming with ADD, more children are coming with mental health issues, more children are coming from environments where they didn't get a good night's sleep like the teacher did. And so you deal with their problems and they bring those

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problems to school. And so it just wears you out. You know, 185 days a year working with children and their issues and knowing I can't solve this for one kid, now I can't solve it for two or three and their behaviors are interfering with everyone else's. And so you go, why am I here? Is there something else I can do with the rest of my life? And most of our members make that decision and say, yes, I'm going to come back; I'm going to find a solution. And so sometimes it's the department that has that solution, sometimes it's a number of people going together, bringing out the data, finding this works or this doesn't or...because of advances in our own sciences, in brain science we know more about how the mind works, how children learn. There are different techniques than when you and I taught social studies or science back in the day. [LB838]

SENATOR HAAR: Chemistry. [LB838]

JAY SEARS: You were chemistry. See, and I always skipped that one because I worked really hard to get a C in high school chemistry, and I knew I'd never be a chemistry teacher so. [LB838]

SENATOR HAAR: Oh, you can make great explosions. [LB838]

JAY SEARS: Yeah, I've done that, but I did that in the National Guard, so. [LB838]

SENATOR HAAR: There's a number, isn't there, for kind of the length that teachers just coming out of college stick with it? And there's kind of a stress point in there. [LB838]

JAY SEARS: Right. Nationally, we're seeing, and it's not true in Nebraska, thank goodness, but you know, the first five years are the most important years in a young educator's life and they probably make a decision that first year about whether I'm going to stay in it. And we're finding, you know, the data shows us that more and more educators are deciding at, you know, the first or second year, this isn't what I thought it was going to be. My love of children is great but my love of doing all these things that require, that get in the way of educating and the students that are there turn them out of the profession. And we're finding even in Nebraska we're having a smaller number of candidates, as we call them, prospective teachers enter the profession in our 16 teacher education institutions. So it's one of those. Everything is piling on. Education is important, we know that. It's probably one of the most important things that we do for our young children. But it's more and more stressful for educators, for parents, and for children in the classroom, and so finding supports, finding the people that can pull out the research for us. I admire Nancy and her Googling. Back when I was in the day, Google was the guy down the hall from you and you asked them. So I hope I answered some of your questions. [LB838]

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SENATOR HAAR: Yeah. Thanks. [LB838]

SENATOR HILKEMANN: Senator Kuehn. [LB838]

JAY SEARS: Senator. [LB838]

SENATOR KUEHN: Thank you, Mr. Sears. And I really do appreciate and I guess I want to make sure I'm clear and on the record that I'm supportive of having access to all these best practices and sharing... [LB838]

JAY SEARS: Right. [LB838]

SENATOR KUEHN: ...information. I think that's critical. What I'm struggling with is kind of the difference in K through 12 education in terms of the approach to how to do that. So when I, as a veterinarian, when West Nile came through, I didn't go to the Department of Agriculture for resources. I went to my professional association, the AVMA, and they helped us. In the public power board, I can't think of a single time we went to the Power Review Board or Department of Energy. We went to NREA, our professional association, for that kind of clearinghouse of best practices. And in the college classroom, I'm dealing with some of the same behavioral issues that your K through 12 educators are dealing with, unfortunately. [LB838]

JAY SEARS: (Laugh) Yes. [LB838]

SENATOR KUEHN: And I, you know, go to National Association of Biology Teachers and some of the professional organizations for support and best practices. So what I'm trying to wrap my head around here and what I hope you can help me with is ultimately what is the role of the professional organizations in education, the professional organizations associated with school boards and management, and really serving as that cutting edge, leading. Because their people are out there in the field, their pulse is on the practitioners and what they're doing. And what is that role versus the role of another position in the Department of Education to ensure that we're getting the best quality information and really helping the people in the field do their job to their greatest potential? [LB838]

JAY SEARS: That's a great question and it's a fair question. First of all, my organization, which represents educators, also encourages our educators to join their content organizations also, because then there is some of their professional development. There was a time, even in my day, when NSEA actually provided professional development in content areas and we did away with those teachers conventions and those things and let the academic associations take those over.

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But when you look at the Department of Education, what's their role as an agency in state government, it's to bring the players together. It's to bring the professional development together for all of the educators in the different areas. And so at the department, you have, you know, the social studies director, you have the career education directors who bring and provide some professional development at that level. A few years ago, Jolene Palmer, who's now the state safety director in the Department of Education, was the person that led the PBIS program that worked with children that needed some success in character education and support for doing what I grew up with in my household, learning about manners and being appropriate and those things and how you address people by, yes, sir, and, no, sir; and, yes, ma'am, and, no, ma'am. And so she was transferred into the safety part and so we've been directed by a number of statutes and legislation about having professional development in suicide prevention, in bullying. And so we need people at a different level to put all those together to bring the vision together to provide those professional developments. And so what you see coming around the lobby table are the organizations, the big groups, the School Boards Association, the Administrators, and the teachers saying we need somebody to help coordinate that and isn't it part of the job of the Department of Education to help make those things happen? And so as you look at the School Boards Association's Whole Child Project, it's about how do you get the right people in the room. And a few years ago the right people were different than they are now. The right people are doctors and psychologists and social workers and juvenile justice system and education partners to solve the problems of our children today and their families. And so it's, you know, it's not that one person that can do all those things or has all the answers or go to. It's how do you get all the players talking together on the same page, solving the same problems for us? So that's kind of how I look at it, in that way. So I hope I answered some of your question or at least talked around it so I confused you. [LB838]

SENATOR KUEHN: (Laugh) Thank you. [LB838]

SENATOR HILKEMANN: Senator Haar. [LB838]

SENATOR HAAR: A couple of years ago when I was still on the Education Committee, I had a list and I think it came from the NSEA of how what we expect of schools has grown... [LB838]

JAY SEARS: (Laugh) Yes. [LB838]

SENATOR HAAR: ...and grown and grown. I wish you could get that to me (inaudible). [LB838]

JAY SEARS: I will bring you the poster again. I've moved offices but I have the poster. [LB838]

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SENATOR HAAR: I don't need the...just a sheet I can hand out. [LB838]

JAY SEARS: Okay. I actually have that data piece... [LB838]

SENATOR HAAR: Okay. [LB838]

JAY SEARS: ...and so I will send it to you, Senator. Yes, it keeps growing. It started back in the 1800s with the three things basically that educators were responsible for besides stoking the fire and bringing in the water,... [LB838]

SENATOR HAAR: Yeah. [LB838]

JAY SEARS: ...so all the way up to today where it's amazing. So I will get that for you. [LB838]

SENATOR HAAR: Thank you. [LB838]

SENATOR HILKEMANN: Any other questions? Thank you, Mr. Sears. [LB838]

JAY SEARS: Thank you. [LB838]

SENATOR HILKEMANN: Are there other proponents for LB838 today? Seeing none, are there any opponents to LB838? Seeing none, is there anyone here who'd like to testify in the neutral position on LB838? Seeing none, Senator Bolz, you're ready to close. [LB838]

SENATOR BOLZ: Colleagues, I know it's a long day but I just want to make a couple of brief points. The first is that, you know, we know, as well as anyone in the body, that we are spending millions of dollars on education in the state and those dollars go to school social workers and they go to teachers and they go to school psychologists and they go to school counselors. And what we are missing is one expert who can help us use research and evidence-based practices to align what we're doing in the school building to set a long-term strategic vision for what the best strategy for these increasing pressures are. So I would just encourage you to consider this as an academic, evidence-based approach to the way that we are spending our public dollars. It's beyond professional development and it's more about the strategic, smart way that we move forward. Thank you. [LB838]

SENATOR HILKEMANN: Thank you, Senator Bolz. Oh, Senator Watermeier. [LB838]

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SENATOR WATERMEIER: Thank you, Vice Chairman Hilkemann. And appreciate this, Senator Bolz. I have a question and I'm going to ask it as if you were Director Blomstedt sitting here. So if we don't, I just want to get it on record of asking it. And it was...apologize, I maybe won't get it out correctly. But what kind of effort is being made in the curriculum side of schools? Now I'm talking about teaching the teachers, because we see these issues all the time. And here I'll just give you an example. My wife is an educator. She was educated 30 years ago and she still teaches today. My daughter was educated only five years ago and has been teaching ever since. I hear the identical problems. Now I don't expect our teachers to be educated like a counselor, but we're hearing the same things back, is that the counselor can't handle these mental health cases. The teachers can't even really identify them. So what kind of proactive steps are being taken in the Education Department to educate our educators? And that's not a fair question for you to answer, but I wanted to get it on record. I wish I would have asked it to the director earlier so he can give it some thought too. Or if you want to comment to it, that's fine. [LB838]

SENATOR BOLZ: I think it's a great question and I think it would be a great question to pose to the education specialist who moves into this position and he or she could give us a research- and evidence-based response to the direction that we need to go when we're teaching teachers. [LB838]

SENATOR WATERMEIER: Okay. [LB838]

SENATOR HILKEMANN: Additional questions? Senator Kintner. [LB838]

SENATOR KINTNER: Kate, just a real quick question. It's \$163,000 this year. That goes into their baseline. That's an ongoing...so we get the privilege of doing this every year then forever and ever and ever. Okay. That's all I need to know. Thank you very much. [LB838]

SENATOR BOLZ: I think the demands will continue, Senator Kintner. [LB838]

SENATOR HILKEMANN: Any other questions? Seeing none, thank you, Senator Bolz. And that will close the hearing on LB838. [LB838]

SENATOR MELLO: And that will lead us right back to Senator Bolz for LB800. [LB800]

SENATOR BOLZ: (Exhibits 1, 2, 3, 4, 5, 6, and 7) Okay, colleagues, this is my last bill in front of you this session, I promise. [LB800]

SENATOR HAAR: Yea. (Laughter) [LB800]

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SENATOR BOLZ: (Laugh) So work force quality and availability is a top concern of Nebraska businesses. I think you've heard that from other testifiers throughout the session. The last four years in a row, the chamber of commerce has done a survey that indicated this was the number one concern, and 45 percent of respondents said that work force was the top issue facing their business and impeding their growth. So at the same time, education and skills training are a key factor in contributing to increased worker earnings and career advancement. Approximately 99,000 individuals in our state lack a high school diploma or GED. Many more are unemployed or underemployed because they lack the appropriate skills for a twenty-first century economy. So clearly, work force and skills development are in need. At the same time, Congress has passed the Workforce Innovation and Opportunity Act, which went into effect this summer, and it focuses on education and skills training in labor, education and disability related contexts, and requires a state plan moving forward. This bill would provide additional resources to the Department of Education, adult basic education program to help them implement the provisions of the Workforce Investment (sic) and Opportunity Act by investing in career-related curriculum development and programming, staff development, technology needs, and more under the parameters of the federal act. I appreciate your interest and support in this bill. I would just add that I think it's time for a new evolution, a new vision in our Nebraska adult education program that is more focused on career and work force education and moves people more quickly into filling those open positions. And I think these additional resources will help us get there. Thank you. [LB800]

SENATOR MELLO: Thank you, Senator Bolz. Are there any questions from the committee? Senator Haar. [LB800]

SENATOR HAAR: Yeah. The way the introduction...the statement of intent reads I'm not quite sure. Is the \$1.5 million then like matching money or is it necessary to make provisions? How does it fit into the federal Workforce Innovation and Opportunity Act? [LB800]

SENATOR BOLZ: Really good question. If you're interested, committee and Senator Haar, I have a fact sheet that outlines some of the provisions of the WIOA Act, which requires coordination of programs, increases certain measurement requirements, requires more alignment with postsecondary education and other ongoing higher education, establishes requirements related to career education and career pathways, and has some increased pressures in terms of the expectations that adult basic education...adult education programs are supposed to meet in order to continue to receive their federal funds. [LB800]

SENATOR HAAR: Okay. [LB800]

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SENATOR BOLZ: So it's not necessarily that they're requiring that we increase a match in a specific way, but it is altering the vision, raising the bar, and increasing the expectations. Does that answer your question? [LB800]

SENATOR HAAR: And it is a match to a certain extent. [LB800]

SENATOR BOLZ: That's right. The federal dollars require a 25 percent match from the state. [LB800]

SENATOR HAAR: Okay. Got it. [LB800]

SENATOR BOLZ: And just quickly, in Nebraska that's...the numbers are a little bit more detailed than this, but it's about 10/20/75, so 75 percent federal, about 20 local, and about 10 state approximately. [LB800]

SENATOR MELLO: Thank you, Senator Haar. Are there any other questions from the committee? Senator Hilkemann. [LB800]

SENATOR HILKEMANN: Senator, is this...this is just money that would be utilized. Tell me, you know, this is for, it says, job-driven training and education components for work force. How would you envision this \$1.5 million being spent? [LB800]

SENATOR BOLZ: Right. So the WIOA Act sets new bars and new parameters, new expectations around specifically career education and the way that we're building the work force skills of individuals in adult education. And so we need to achieve that by doing a couple of things. One is we need better, more improved curriculums that address people's career development, not just their ability to pass the GED. Second, we need new technology to try to help those individuals pass the GED test and pass the other tests that are needed to enter a career field. But third and maybe most important...well, two more things. Third, perhaps most importantly, we need more professionally skilled educators. Most of the educators in our adult education programs are part-time or voluntary. And if we're really going to achieve the goals of moving people from not having a high school diploma or GED to becoming the best welder at Kawasaki, we need the right educators. So that's the third part. The fourth part is creating those relationships and those pathways to an employer. So those kinds of specific skill sets, using Kawasaki as an example, knowing exactly the type of welding that is done at Kawasaki and making sure that the individual who is pursuing adult basic education has the basic math and the skills that they need to enter a specific career field, that needs to be done in partnership with the business. And so we need more resources to build those pathways. [LB800]

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SENATOR HILKEMANN: So is...so this is more for adult education. [LB800]

SENATOR BOLZ: This is for adult education. [LB800]

SENATOR HILKEMANN: Okay. And so where does this fit in with our community college systems? [LB800]

SENATOR BOLZ: The community colleges are great partners and the Workforce Innovation and Opportunity Act requires that adult education programs are creating stronger relationships with postsecondary institutions so that when an individual passes...gets their high school diploma or gets a GED or passes those adult basic skills tests they transition into a credential program or a certificate program at community colleges. Right now in Nebraska that's one of the biggest shortcomings of our adult education program. Adult education in Nebraska mostly focuses on helping people achieve those basic skills or get their GED, but it's really that next step of career and skill-based education that, frankly, increases people's earning capacity. [LB800]

SENATOR HILKEMANN: So this is beyond the community college experience. [LB800]

SENATOR BOLZ: This is in partnership I think. In the ideal state, it's in partnership with community colleges. I know it's late in the day. I don't mean to talk at you too much, committee. But one of the things that you'll hear from community colleges is that they have huge pressures and frustrating demands on their remedial education programs. So if I wanted to go back and get an associate's degree in chemistry, I would need a lot of remediation. I wasn't a very good science student so I would need to take those noncredit classes and those remedial classes before I could ever begin a associate's degree program. And so adult basic education should work hand in hand with community colleges to prepare people to enter those credit-bearing programs. [LB800]

SENATOR HILKEMANN: Thank you. [LB800]

SENATOR MELLO: Senator Watermeier. [LB800]

SENATOR WATERMEIER: Thank you, Senator or Chairman and Senator Bolz. Did I hear you say that this would have to be 25 percent match? The feds would match it if the state spends 25 percent? [LB800]

SENATOR BOLZ: Right. [LB800]

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SENATOR WATERMEIER: So there's a \$6 million potential that could be spent in the state if we're going to spend \$2.5 million here. Is this \$2.5 million? [LB800]

SENATOR BOLZ: It's... [LB800]

SENATOR WATERMEIER: Or \$1.5 (million). Excuse me. [LB800]

SENATOR BOLZ: It's \$1.5 (million). The program requirements are that the state has to provide 25 (percent) and the federal has to provide the rest. The state has to pony up 25 (percent). [LB800]

SENATOR WATERMEIER: Right. [LB800]

SENATOR BOLZ: But it's based on population. [LB800]

SENATOR WATERMEIER: Okay. [LB800]

SENATOR BOLZ: So it's not necessarily more dollars but we would be better able to meet that matching requirement. [LB800]

SENATOR WATERMEIER: Okay. [LB800]

SENATOR BOLZ: Right now the majority of our matching requirement is from the local level and the majority of that match is through capacity and space. And so it's not necessarily improving our quality or producing more graduates. Does that make sense? [LB800]

SENATOR WATERMEIER: It does. But I was just going back to the matching part, if we do get it and it was \$1.5 million you're asking for here. [LB800]

SENATOR BOLZ: We won't necessarily draw down more money. [LB800]

SENATOR WATERMEIER: That you would not. Okay. [LB800]

SENATOR MELLO: Thank you, Senator Watermeier. Are there any other questions from the committee? Seeing none, thank you, Senator Bolz. We'll first hear from proponents for LB800. [LB800]

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DIANNA EPP: (Exhibit 8) Hi. Good afternoon, Chairman Mello and members of the Appropriations Committee. My name is Dianna Epp, D-i-a-n-n-a E-p-p. I am the administrator of the Good Samaritan Society nursing and assisted-living facilities in Syracuse, Nebraska. And I'm also a representative of the Nebraska Health Care Association. The Nebraska Health Care Association serves as an umbrella organization for both the Nebraska Nursing Facility Association and the Nebraska Assisted Living Association, and I thank you for the opportunity to speak to you today in support of LB800. I also want to express my appreciation to Senator Bolz and her staff for inviting me to discuss this important work force issue. Good Samaritan Society is based in Sioux Falls, South Dakota, and we have more than 240 locations across the country. The Good Samaritan Society is the largest not-for-profit provider of senior care and services in the United States, and at Good Samaritan Society we continually challenge ourselves to go the extra mile in finding new ways to share the traits of Jesus with the people around us, including love, compassion, humility, and perseverance. Our nursing and assisted-living facilities provide an important resource for the individuals at Syracuse, Otoe County, and the surrounding areas. In addition to the services we provide in our facilities, we also support those living and caring for individuals in our community by providing adult day care, child day care, home health, hospice services, and respite care. Our ability to care for these Nebraskans depends on the availability of a stable and quality work force, and that's why I'm here today. Nurses, nurse aides, and medication aides and other support staff are the heart and soul of the services that we provide at Good Samaritan Society and other healthcare providers every day statewide. The only problem is, there aren't enough of them and there are not enough to care for individuals now and especially in our rural areas and definitely not enough to meet the future needs. With the U.S. Census Bureau projecting the number of Nebraskans age 85 years or older will double by 2040, those of traditional caregiver age, age 25 to 44 years, are projected to increase by only 14 percent. In Nebraska, even over the next decade the need for direct care workers is expected to increase by 19 percent compared to 10 percent for all other occupations. All of this makes the recruitment and retention of employees who are interested in a healthcare career of paramount importance now and into the future. The funding provided to the Department of Education in support of the federal Workforce Innovation and Opportunity Act would be an investment in the future needs of the frailest, sickest, and most vulnerable Nebraskans. Connecting employers like Good Samaritan with those seeking employment and providing them with the education, training, and skills necessary to successfully perform their necessary job responsibilities just makes sense to me. We believe Nebraska's work force challenges are solvable problems and hope you will vote in favor of advancing LB800. We have confidence that by working together we can find a way to support Nebraskans that are interested in a healthcare career, particularly in long-term care, and help them achieve their career goals, which at the same time building a quality work force to take care of older Nebraskans now and into the future. I thank you again for your time and opportunity to speak with you today. [LB800]

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SENATOR MELLO: Thank you for your testimony, Ms. Epp. Are there any questions from the committee? Seeing none, thank you. Next proponent for LB800. [LB800]

ANN CHAMBERS: Hello. I am Ann Chambers, A-n-n C-h-a-m-b-e-r-s, and I am the adult education director for Central Community College's 25 counties. I thank Senator Bolz for letting me come speak today. And thank you, committee, for hearing me. I wanted to speak kind of first with the adult ed crew that's here today so I can just explain adult ed on the local level. Adult education serves students who are 16 and over who are not enrolled in school, are not being homeschooled, and anything from English as a second language to basic reading/writing skills, and working up toward the GED, so everything from English as a second language to high school completion. We've been doing that since I think the 1960s. I've been doing this since 1987 so I'm kind of the veteran here. And I wanted to give a little perspective. Every student who comes to us is initially given a placement test so we know which of the 12 levels that they would fall in so we can better teach them. We then monitor their attendance and we monitor their progress, and we hope to get those students through whatever their goal is, whether it's helping with their children's homework, getting a job, getting their GED. But we're now being charged more with that Workforce Innovation and Opportunity Act with helping them become college and career ready. We're fine with that, but if we have static funding we're going to have to stop perhaps doing some of the things we're doing in order to replace that with more career or college-readiness goals. Many of our students don't have computer skills so we're working on that. Soft skills, we work on that. When I started in '87, about 18 percent of my students came to me with a 9th grade or higher skill level. This past year only 6 percent of my students were at 9th grade or higher. So we have a bigger gap, a longer way to go. Back in the olden days, my students spent about 30,000 hours combined in class in a year. This past year we were closer to 90,000. So we're doing a lot and my teachers are part-time and fabulous, but to add this career and college readiness, we would really appreciate some extra support. We want to train our teachers to better teach our students. We want to get more computer access, Internet, those kinds of things, working closely with local employers, and do a better job with our students. Any questions? [LB800]

SENATOR MELLO: Thank you for your testimony this afternoon, Ms. Chambers. Are there any questions from the committee? Seeing none, thank you. [LB800]

ANN CHAMBERS: Thank you all very much. [LB800]

SENATOR MELLO: Are there any other proponents for LB800? [LB800]

JOSIE FILIPI: Good afternoon, Chairman, members of the committee. My name is Josie Filipi, J-o-s-i-e F-i-l-i-p-i. It's spelled funny but it sounds like a "PH." It's actually an "F." I was asked to

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come and testify on behalf of LB800. After hearing Ann, I change...you know, I've been hearing a lot about education. I am a mother of two. I'm a proud graduate of the GED program from Crete, Nebraska. I chose to graduate from the GED program because I wanted to model to my kids the important of education. It was a little bit difficult because I didn't have a driver's license, I didn't have transportation. I live 20 miles southwest of Crete. But I challenged myself, because I wanted something better, because when I came to Nebraska I saw a sign then saying Nebraska, the good life. And that's what I wanted for myself and for my kids. So I chose to go to the program. It took me about four months to graduate. And what that did for me, it opened the doors to the world of the United States, because I become a citizen of this beautiful country. I'm a member now of the Saline County Extension Office board. I am an active member of the community in Crete and I owe all that to the fact that I got an education. They helped me obtain the skills needed to succeed in this country. I have an early childhood degree. I work for Crete Public Schools. I am a parent educator. My job every day is to go outside and encourage other parents, other young adults to educate themselves, because by educating myself my kids never have to receive food stamps, free and reduced lunch, or Medicaid, because I make enough money to provide for my children. So instead of receiving benefits, I was paying taxes to help the less fortunate. So today I'm asking that you consider the LB800 to support other people that want to have a great life in Nebraska. Thank you. And I might answer some of the questions that you may have. [LB800]

SENATOR MELLO: Thank you for your testimony this afternoon, Ms. Filipi. Are there any questions from the committee? [LB800]

SENATOR HAAR: Yes. [LB800]

SENATOR MELLO: Senator Haar. [LB800]

SENATOR HAAR: How did you learn about the program? [LB800]

JOSIE FILIPI: I learned of the program because I was a volunteer before I started working, you know, on the WIC Clinic. That is where they give the coupons to women, infants and children. And one other instructor was there and Ms. Connie Lintel (phonetic) was there recruiting students for the programs. So then she came and she sat and she talked to me and she asked me, you know, if I was interested. And then I told her, you know, I can read a little bit, I can remember a little of math, I'm not sure. And then she said to me, these are the dates of the classes, Tuesday, Wednesday, Thursday from 9:00 to 3:00. We offer free lunch. Are you interested? I thought about it and I went for it because I thought I had nothing to lose. You know, I either go and learn and teach my kids the path, or I sit home and feel sorry for myself. And that's not what I wanted. So that's how I learned about that program. [LB800]

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SENATOR HAAR: Thank you very much. [LB800]

SENATOR MELLO: Thank you, Senator Haar. Are there any other questions from the committee? Seeing none, thank you. [LB800]

JOSIE FILIPI: Thank you. [LB800]

SENATOR MELLO: Other proponents for LB800. [LB800]

JAY SEARS: (Exhibit 11) Good afternoon, Chairman Mello, members of the Appropriations Committee, although it does seem like the Education Committee. We're just dealing with money bills for education. For the record, I'm Jay Sears, J-a-y S-e-a-r-s, and I represent the education members of the Nebraska State Education Association. I appear before you to support LB800. Today I think we've talked about the whole spectrum of education and now we're filling in the gap piece here is there are a number of Nebraskans who are unemployed or underemployed and underskilled and undertrained. And so this is the piece that helps fill the gaps at the K-12 level, which I spend most of my time thinking about. We're working on career education and preparing our students for careers and college. And the whole career education field has really changed since my time back in 1971. And we're trying to get people prepared for the high skill, high-paying jobs and so that manufacturing companies and other companies, high-tech companies, come into Nebraska and pay taxes, help support our education system. But we can't do that if our workers aren't highly skilled and highly trained. And so this is an economic development piece. I hope that you will see fit to support it. And I thank you for the opportunity to testify. It means I don't have to testify across the way. And I have one last bill though. Want to thank the senator for his bill coming. [LB800]

SENATOR MELLO: Thank you for your testimony this afternoon, Mr. Sears. Are there any questions from the committee? Seeing none, thank you, Jay. [LB800]

JAY SEARS: Thank you. [LB800]

SENATOR MELLO: Are there any other proponents for LB800? [LB800]

CRYSTAL SCHNELL: (Exhibit 12) My name is Crystal Schnell, C-r-y-s-t-a-l S-c-h-n-e-l-l. I'm here in support of LB800. I'm actually a student in the adult program, adult education program right now. I'm studying to get my GED. As we actually talk, I can take my pretest any time. It's actually on my terms right now. I'm kind of taking my time. I'm using all the resources that you guys have for the program right now. I'm using the I-Pathways when I'm actually unable to

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attend classes because I actually am employed. I work. And due to jobs and rides and everything, sometimes students can't make it to the classes. Those distance education programs are really a huge help. I can't push that enough. I-Pathways has actually helped me. I can study any time I have, can do anything. You know, teachers, instructors, tutors are also really big helps. If there were more, like Ann kind of mentioned, they are kind of part-time or else they're volunteers. If we had a few more there would be a little bit more help in the classrooms. I've never kind of been in front of senators. Sorry. It's kind of my first time. [LB800]

SENATOR MELLO: You're doing good. [LB800]

CRYSTAL SCHNELL: I'm a little intimidated by all of you. I'm sorry. [LB800]

SENATOR MELLO: You're doing great. You're doing great. Keep it up. [LB800]

CRYSTAL SCHNELL: I actually dropped out almost ten years from high school. I got in kind of with little loner crowds. Didn't really go to class that much. And through the last seven, eight years, I've been working in restaurant businesses. And so as I'm getting my GED, I start looking towards that postsecondary school. I...doors are open, like she said. You know once you get that, you kind of focus on what do you want to do. I've been in the restaurant business so much I know I can wait tables. I don't know what other skills I have besides talking to people. And with the career education skills like that, it would be helpful to kind of train me a little more on what I am more interested in. You know, I'm actually really interested in joining SCC as a student full-time, maybe studying interior design or real estate. I don't really know too much about those other than what I learned in high school. It just...it would be a huge help to all the students across the state, you know, whether they're in a small town or a big city. If they don't have transportation, they can study on-line. If we opened up the doors on that, maybe have a little more resources to deal with and to work with, it would help a lot of students a lot. I know it would help me a lot. And that's kind of all I have, if anybody has any questions. [LB800]

SENATOR MELLO: Thank you for your testimony this afternoon, Ms. Schnell. Are there any questions from the committee? Seeing none, thank you. You did great too. [LB800]

CRYSTAL SCHNELL: Thank you very much for your time. [LB800]

SENATOR MELLO: (Exhibits 1, 2, 3, 4, 5, 6, 7, 9, 10, and 13) Is there anyone else here wishing to testify on LB800? Seeing none, is there anyone here wishing to testify in opposition to LB800? Seeing none, is there anyone here in the neutral capacity on LB800? Seeing none, the committee received letters of support for LB800 from Nebraska Appleseed; from Ryan Hinz of

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Crete, Nebraska; the Nebraska Community College Association; Goodwill Industries, Omaha; the Nebraska Economic Developers Association; and Crete Public Schools. Senator Bolz, would you like to waive closing? You would. Senator Bolz waives closing on LB800 and that ends today's public hearing on LB800 and takes us to our last public hearing of the day, LB1074 with Senator Kolowski. [LB800]

SENATOR HAAR: Senator Mello, I move we adjourn. (Laughter) [LB1074]

SENATOR KOLOWSKI: Second. (Laughter) [LB1074]

SENATOR WATERMEIER: Close this hearing. [LB1074]

SENATOR MELLO: Go ahead, Senator. [LB1074]

SENATOR KOLOWSKI: Good afternoon, Chairman Mello and members of the Appropriations Committee. I am Senator Rick Kolowski, R-i-c-k K-o-l-o-w-s-k-i, and I represent District 31 in southwest Omaha. LB1074 seeks to invest \$1 million from the General Fund to the Expanded Learning Opportunities Grant Fund, ELO Grant Fund, to support expanded learning opportunities in Nebraska's high-need rural and urban communities. ELOs are school-based, community-driven programs that provide youth with opportunities to engage in high-quality learning experiences during the after-school and summer hours. Nebraska ELO programs have been supported by a combination of federal grants and local community funds. Last session the Legislature, with the unanimous passage of LB519, established the Expanded Learning Opportunity Grant Program and included an appropriation of 1 percent of lottery fund revenues to launch this program, which was approximately \$150,000. This grant program will target youth from schools with more than 40 percent of the student population eligible for free or reduced-price lunch--youth who, research shows us, have less access to important out-of-school learning opportunities. Additionally, this grant program requires a one-to-one match with local dollars to increase community buy-in and sustainability. Currently, over 17,000 youth participate in over 100 school-based ELOs across the state that are supported by federal grants and local matching funds. Some of these programs have waiting lists of students who want to participate but cannot due to the lack of funding. Additionally, there are many students in our state who do not have a quality ELO program in their community. Start-up funding in the Expanded Learning Opportunity Grant Fund of \$150,000 is inadequate to meet the needs of more than 100,000 Nebraska youth who attend the 370 schools that would qualify for this grant. Through extensive evidence-based research and assessments, ELOs are proven to boost school attendance and classroom participation. They are proven to increase student wellness and to reduce juvenile delinquency. Additionally, ELOs support working parents by keeping their kids safe and engaged once the school day ends and before parents return home from work. This is especially important

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in and for Nebraskans because we have the highest percentage of dual working parents in the nation. The testifiers following me will talk to you more in depth about the benefits of ELOs and the potential return on investments our state will generate should you decide to advance LB1074. That's my official presentation, but I'm going to go for a second into a personal and professional side of a few more comments, if I may. If you remember anything else from this short presentation, remember this: 3:00 p.m. to 6:00 p.m. are the most dangerous hours of the day; 3:00 p.m. to 6:00 p.m. are the most dangerous hours of the day. From my professional background as a high school principal who had the opportunity of building a school from the first shovel, ground...shovel in the ground up and opening that school and running it for 15 years, I saw, and we put money into, an activities and athletic programs that met the needs of our students to a very high level. It was extremely important for us to gain their involvement and their engagement in our school by the connections they made with their teachers and their coaches and the clubs and organizations and sports that were part of our experience at Millard West High School. I had a great opportunity to do that. That combined to give us the lowest dropout rate in the state. It also gained us many awards, NSEA awards that we won for student participation with one of the highest percentages of student involvement in the state of Nebraska. We set out to do that in our strategic plan for that building and we carried it out with the funding and the support of our parents and the money that we could find in our district and in other ways. That made a yearly winner and runners-up in many things for our kids over that time. And again, those opportunities and those engagements and the skills learned and the patience and things that our kids put together over time they'll carry with them for the rest of their life. They have the academics but they also had activities like these ELOs provide that keep the kids engaged and doing some right things rather than wrong things: 3:00 to 6:00 the most dangerous time of the day. Thank you very much. [LB1074]

SENATOR MELLO: Thank you for your testimony, Senator Kolowski. Are there any questions from the committee? Senator Haar. [LB1074]

SENATOR HAAR: Yeah, not just for poor kids, right? [LB1074]

SENATOR KOLOWSKI: Absolutely. [LB1074]

SENATOR HAAR: There are a lot of kids from affluent families that have the same kind of 3:00 to 6:00 problems that... [LB1074]

SENATOR KOLOWSKI: Yes, they do, sir. [LB1074]

SENATOR HAAR: Yeah. [LB1074]

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SENATOR KOLOWSKI: Yes, they do. [LB1074]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Senator Kolowski. [LB1074]

SENATOR KOLOWSKI: Thank you very much. [LB1074]

SENATOR MELLO: We will first hear from proponents for LB1074. [LB1074]

SENATOR KOLOWSKI: Let you know if I...I'll try to stay as long as I can but we have a marathon (inaudible). [LB1074]

SENATOR MELLO: I understand. Understand. Good afternoon. [LB1074]

KRISTIN WILLIAMS: Hello, Chairman Mello and members of the Appropriations Committee. My name is Kristin Williams, K-r-i-s-t-i-n W-i-l-l-i-a-m-s, and I am here to, first of all, thank you for the invitation to talk about our work. I'm with the Sherwood Foundation, which is a private family foundation in Omaha, Nebraska. Our mission is really focused on four things: first, public education, supporting public schools; early childhood education; poverty alleviation; and rural leadership development. And we do that in a variety of ways, investing millions of dollars a year in and across Nebraska. The Sherwood Foundation and our other funders that are our peers prefer to invest in proven initiatives targeting vulnerable youth that public-private partnerships can help grow to scale. Annually, the Sherwood Foundation alone is investing \$5 million towards school-community partnerships to provide high-quality after-school and summer programming. Since 2002, the Sherwood Foundation has invested over \$47 million in expanded learning opportunities across Nebraska. And for us and our philanthropic peers, this is a common-sense investment, providing youth with additional opportunities to learn and grow outside of the classroom and prepare them for the future. The positive return on investment in terms of increased student engagement in the classroom and opportunities for low-income youth that they otherwise would not have is, in itself, enough. But we see this as a prevention tool and a work force support effort as well. The evidence is clear. By offering a safe place for youth to be after school while parents are working, we are lowering incidence of delinquency, teen pregnancy, and STDs, and drug and alcohol abuse. Our work with ELOs has been tremendously enhanced by a partnership with Department of Education. Federal funds are used to boost after-school quality and the opportunities at Title I schools in particular. This blended funding is what helps sustain and support these important programs, and we see this funding as a three-legged stool. But for far too long we've been missing that third leg of much needed state support. We are excited about the opportunity that the new investment would represent--new state support for a proven intervention in the life of children who need it the most. The federal and local

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philanthropic investment has proven its value and now it's time for Nebraska to step up. There is much evidence to show that the philanthropic sector across the state would be willing to step up to match your support. As you will hear from the other testifiers, local communities are already securing an impressive amount of matching funding. Why is growing this work so important? The need is tremendous, the opportunity is great. With targeted, smart, highly leveraged investments in ELOs serving vulnerable youth, we can make a dramatic lasting difference in the communities across our state. Thank you for your time. [LB1074]

SENATOR MELLO: Thank you for your testimony this afternoon, Ms. Williams. Are there any questions from the committee? Senator Bolz. [LB1074]

SENATOR BOLZ: Thank you. I just wanted to quickly clarify for the committee and get on the record the underlying legislation that establishes the grant program that many of us worked on last year requires that one-to-one match. So the dollars that we would put into this program would, in fact, have to be leveraged by philanthropy and local communities. [LB1074]

KRISTIN WILLIAMS: Yeah. And I think that the foundation, particularly I can speak to the ones in Omaha, are already proving those resources are there. [LB1074]

SENATOR BOLZ: Great. Thank you. [LB1074]

SENATOR MELLO: Thank you, Senator Bolz. Any other questions from the committee? [LB1074]

KRISTIN WILLIAMS: Thank you. [LB1074]

SENATOR MELLO: Seeing none, thank you, Ms. Williams. Next proponent for LB1074. [LB1074]

BARBARA BETTIN: Good afternoon, Chairman Mello and the members of the Appropriations Committee. I could use my five minutes to get you up and stretch, but I better not, (laughter) since I am from the YMCA. My name is Barbara Bettin, B-a-r-b-a-r-a, Bettin, B-e-t-t-i-n, and I'm the president and CEO of the Lincoln YMCA. Thank you for the opportunity to visit with you today regarding LB1074. This bill and the potential dollars will make a difference to the quality of life to...and the opportunity to thousands of children in our state. I'm here today speaking on behalf of my "Y" colleagues who serve their communities in YMCAs from Omaha to Scottsbluff and 14 communities with YMCAs in between. In addition, this bill is extremely important to many other agencies who serve children in their daily work, such as Collective for

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Youth, Boys and Girls Clubs, community churches, Youthnet to name a few. These partners are important and look different in our communities across the state, but they're all working together to help high-needs, high-need schools and children achieve academic success, high graduation rates, and health and wellness, and as well as provide a safe place for these children to be. The Lincoln "Y" has been involved in ELOs school-community partnerships for many, many years, as long as I can remember, and we make youth development a priority. In fact, it's one of our focus areas, along with health and wellness and social responsibility. We believe in supporting high-need communities' neighborhoods and we've continued to direct staff time, operational dollars, donor dollars, and available public dollars toward this effort. And, by the way, our motto is every kid needs a "Y" and every kid needs an ELO also, an after-school...good after-school program. An example of our support and a good example of this is our support of four community learning centers here in Lincoln. Dollars for these centers are provided through the CLC Network that are a combination, really, of twenty-first century money, Title I dollars, general and private funds. This last year for those four sites it equaled about \$220,000, but the actual or our cost to run the programs was \$670,000. Public funds are an important part of this equation. In essence, we were able to take public funds, leverage them into three times the dollars provided for these needed services. The "Y" works hard to fill in the gap and provide the needed funds, but often the sources available are one-time funding or may be decreasing in nature. It takes a strong combination of blended revenue streams to make these type of ELO partnerships work. One agency cannot do it alone. Wages, insurance, operational costs have increased. But in programs that really make a difference, professional development, quality staff, and curriculum also come with a price. As costs continue to rise, the need continues to grow. Many of our communities are growing in population and some of our communities are growing in need due to higher rates of poverty. Quality programs involve outreach not only for the child but we try to reach out to the family and see what we can do to help the community or the neighborhoods also. Thank you for considering LB1074 and I really do appreciate the opportunity to share my passion and the YMCA's passion for serving children, and we do need your help. The dollars you invest through this legislation will have a return, through the hard work and the mission work of many charities throughout the state, like the YMCA, and we will serve thousands of children through your investment. Thank you. And I'll open it up to questions. [LB1074]

SENATOR MELLO: Thank you for your testimony this afternoon, Ms. Bettin. Are there any questions from the committee? Senator Hilkemann. [LB1074]

SENATOR HILKEMANN: Yes, Ms. Bettin, I went over to Morton School in northwest Omaha and visited their after-school program, the ELO program, and it was in coordination with the Boys and Girls Club of Omaha... [LB1074]

BARBARA BETTIN: Uh-huh. [LB1074]

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SENATOR HILKEMANN: ...plus other programs. If this is approved, how is that program going to change? [LB1074]

BARBARA BETTIN: It will just absolutely open up opportunities for more children. We have waiting lists right now so we're limited by staff, staffing costs. And so I believe there's more children we could serve... [LB1074]

SENATOR HILKEMANN: Okay. [LB1074]

BARBARA BETTIN: ...because the need is there. Thank you. [LB1074]

SENATOR HILKEMANN: Okay. If this program isn't approved, what's going to happen to the Morton School program? [LB1074]

BARBARA BETTIN: Well, hopefully it will continue. But I think they'll want to continue to serve high...to have high-quality programming for the children that they do serve. But I believe we can do better here in Nebraska and I believe we can serve more if the need is there. And it's a proven program. [LB1074]

SENATOR HILKEMANN: Do we have much ELO outside of Lincoln and Omaha? [LB1074]

BARBARA BETTIN: We do, yes. And in fact, most of, like I mentioned my colleagues, I think there are 16 YMCAs in different communities throughout the state... [LB1074]

SENATOR HILKEMANN: Right. [LB1074]

BARBARA BETTIN: ...and all of those have after-school programs, you know, to different degrees depending on how they collaborate with other organizations or the school. [LB1074]

SENATOR HILKEMANN: Do those "Y-type" programs, do they come into the school or the people go to the "Y's"? [LB1074]

BARBARA BETTIN: Both. Both. We actually have both. Some of them have the space in the YMCA but many of them go out into the school buildings because that's where the children are. And it cuts down on barriers of transportation and having to get the kid someplace after school. [LB1074]

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SENATOR HILKEMANN: Okay. Thank you. [LB1074]

BARBARA BETTIN: Thank you. [LB1074]

SENATOR MELLO: Thank you, Senator Hilkemann. Are there any other questions from the committee? Ms. Bettin, just more of a statement than anything else. I, too, also visited an ELO program in south Omaha at Indian Hills Elementary School that was run by the YMCA actually in south Omaha. And I can tell you it's one of the most eye-opening experience that I've had over the interim in regards to seeing the impact your program, at least in my part of the world, has on what is one of the highest poverty elementary schools in the entire state of Nebraska. So with that, I was able to spend some quality time with your staff during the time of the night where most the children who go home to an empty home who don't get dinner or are unable to provide food for themselves, had a mealtime as well as tutoring. So more importantly, thank you for the service you guys provide. And if anything, I'd encourage my colleagues to take advantage of the YMCA's offer, as well as other ELOs' offers to take tours of programs around the state. [LB1074]

BARBARA BETTIN: Yeah. Thank you. Thank you very much. [LB1074]

SENATOR MELLO: So thank you. [LB1074]

BARBARA BETTIN: I'd love to host anyone that would be interested in getting a closer look. [LB1074]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you. [LB1074]

BARBARA BETTIN: Thank you. [LB1074]

SENATOR MELLO: Next proponent for LB1074. [LB1074]

CURTIS HOFROCK: Thank you, Chairman Mello, members of the committee. I'm Sergeant Curtis Hofrock, C-u-r-t-i-s H-o-f-r-o-c-k, of the Sidney Police Department, and I've been so employed for the past 15 years. The first seven years I was employed as a patrol officer, and the last eight years I've had the opportunity, the privilege to serve my city as their school resource officer, until being promoted to sergeant in March of 2015. I'm here today to speak on behalf of extended learning opportunity programs. I've worked closely with our Cool Kids Club/No Limits over the years and law enforcement statewide, law enforcement nationwide should be supportive

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of these programs as it gives kids a place to go after school instead of being home alone or engaged in criminal activity, such as criminal mischief, assaults, thefts, etcetera. When children fall into these types of activities, it begins to cost the state money to have juvenile hearings and appoint attorneys, as well as the cost burden that is placed the DHHS and Probation. These programs also offer summertime services all day and five days a week, which also keeps kids from engaging in risky or criminal behaviors during those times. I'd like to reiterate what Senator Kolowski said: 3:00 to 6:00 p.m. every day is the most dangerous time of the day. These programs allow for a safe place where homework can get done and checked and also learning...other learning opportunities are present. Our local group offers 4-H opportunities where they're taught about sewing, cooking, animals, and too many others to just sit here and mention today. I've seen these programs take a student that was in danger of failing too many courses to move up to the next grade level. She started attending the Cool Kids/No Limits and got the help she needed and became a B student. In one other story, one single parent of three children came to our program in tears because her child was not doing well in reading and spelling, and she admitted that she was illiterate herself and couldn't help him. Our local program welcomed her children, got them enrolled, began working with her on spelling words and things of that nature, and at the end of the day would go over the spelling words with Mom as well. So not only was the student improving but we were also teaching an adult to read. There have been times when we as law enforcement have needed a safe place for a student or a child to be after school and we were able to take them to our ELO. We work with Cool Kids Club to support after-school programs that provide youth in our community with hands-on engaging learning that gets them out into the community. They have entrepreneurship opportunities where they develop a business plan. They take that business plan and they go to banks where they present that business plan, and they are either granted the money or given direction on how to improve their business plan, to come back at a later time. Then they take that money, they make their product, and are given the opportunity to sell their product. I'm also currently the president of our local Prevention Coalition, who is also a financial partner to Cool Kids Club/No Limits, and we have gone out and given presentations to our local community, to our community stakeholders to engage them and to garner support for that program. And we have actually done that not only in terms of money but they have offered their time. They have offered their talent. They will...we have had construction companies, police officers, veterinarians. Cabela's employees will come out and they'll teach the kids how to fish or teach them how to pitch a tent, just simple things to get our community involved. And as a final note, these programs can be very successful but there is no way that it can be done by one entity alone. It's going to take us all coming together to make these ELO programs an everyday success. And again, I thank you all for your time and I will be glad to answer any questions that I can. [LB1074]

SENATOR MELLO: Thank you, Sergeant Hofrock, for your testimony this afternoon. Are there any questions from the committee? Senator Haar. [LB1074]

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SENATOR HAAR: Yeah. I see 3:00 to 6:00 as the best time for a nap but...(laughter)...for kids. As you work with kids, high-needs kids, it's not a matter of income, is it, or how do you look at it? [LB1074]

CURTIS HOFROCK: The higher needs kid does not know a socioeconomic boundary. And enrolled in our after-school program we have kids that are very low income. We have those kids that rely on those food backpacks, you know, every afternoon. Our local food pantry comes out once a week to our after-school program to get parents and kids the food that they need. But we also have...we have our district court judge's kids in that program. So we go from very wealthy to not so much. You know, and it's not just high-needs kids. These are kids that they just need a place to be after school rather than run in the streets. [LB1074]

SENATOR HAAR: Uh-huh. Well, that's what's impressed me about seeing what Lincoln has been doing, is that it's for just about all kids where there's nobody at home. [LB1074]

CURTIS HOFROCK: Right. Absolutely. Absolutely. And you know these programs are going on, you know, all around the state from Sidney and Kearney and Columbus. You know, we've got them in place. However, the financial burden is we're spending time, we're spending efforts, we're spending some of that money to go out and talk to businesses so we can partner with them so we can start to have community ownership in our program. [LB1074]

SENATOR MELLO: Thank you, Senator Haar. Are there any other questions from the committee? [LB1074]

SENATOR HILKEMANN: I guess I have. [LB1074]

SENATOR MELLO: Senator Hilkemann. [LB1074]

SENATOR HILKEMANN: I'd just make a comment after my experience was very much as Senator Mello had going to Morton School. I think that a project like this is, when you look at this, is this is not an expense item. This is an investment that our state needs to make for young people, because I agree with that 3:00 to 6:00 situation big time. When I was first introduced to ELO, when I first came here to the Legislature, I went to a breakfast and I was sitting next to the executive director. And I'm kind of an old guy and this guy and I said, yeah, I had ELO in high school when I was there. She looked at me strange and I said, yes, I was raised on a farm; we called them chores. (Laughter) This is the new chores. [LB1074]

CURTIS HOFROCK: Yes. Yes, and...yeah. [LB1074]

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SENATOR MELLO: Sergeant, I want to give you an opportunity just from purely a law enforcement perspective in regards to the impact a program like this if the committee and the Legislature decided to appropriate money to this grant program that gives out matching grants for public-private partnership ELO programs. What impact does this have, real impact does this have on crime prevention in regards to public safety? [LB1074]

CURTIS HOFROCK: Well, and the people that follow me are going to have a graph that will show that. But you will see in that graph that statistically our juvenile crime rates spike at 3:00. And while they start tailing off shortly after that, they're still very high through that 6:00 hour. And these are...it's, again, it's about filling that gap. And not only are we filling that gap but we're starting to improve our work force and we're starting to build that work force from a very young age because we're giving them skills. We're teaching them how to sew. We're teaching them how to cook. We're teaching them how to take care of animals. Sometimes it drives our principal crazy but we have a rabbit that our kids will show for...during fair time through the 4-H program. But it's about teaching them some responsibility as well, so. [LB1074]

SENATOR MELLO: Okay. Thank you. Any other questions from the committee? Seeing none, thank you for making the trip down today. Next proponent for LB1074. Almost good evening. [LB1074]

JEFF COLE: (Exhibit 2) Almost. Yeah, I think I'm...think I may be one of the last ones standing between you guys and the break. So I'll make it brief. My name is Jeff Cole, and thank you, Senator Mello and other members of the committee, for the opportunity to speak today in favor of LB1074. Again, my name is Jeff Cole, J-e-f-f C-o-l-e, and I'm the network lead for Beyond School Bells. That's a public-private partnership with the Nebraska Children and Families Foundation. We work with expanded learning opportunities practitioners and advocates across the state to build the partnerships that support policies that lead to more high-quality, sustainable ELOs for Nebraska youth, especially youth from our state's highest need communities. And Beyond School Bells feels strongly that the passage of LB1074 would be an important next step that you can take to grow and sustain Nebraska's after-school and summer expanded learning programs. So I'm going to summarize a few of these key points and respond to some of the things that I heard in the testimony today as well. But on one point it's crystal-clear. The research, both nationally and locally, shows that when young people regularly participate in these programs, good things happen. Their attendance in the regular school day program goes up, positive behaviors improve, and ultimately coursework improves. So we feel that the case for these kinds of interventions is really ironclad. And these investments in school-community partnerships really take advantage of Nebraska's strengths. We feel like we are blessed in Nebraska to have high-quality public schools and community groups that really are committed to working towards the young people's best interests and their communities. And the great thing about ELOs is that they create a platform for those two entities to come together and fill that gap

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that exists during the nonschool hours, those 18.5 percent of a young person's waking days that are not spent in a formal classroom environment. It takes advantage of the investment that communities have made for decades in high-quality public schools in every neighborhood and creates opportunities for those kinds of partnerships, like you heard from previous testifiers, to come in and bring their communities' strengths. You know, we think most importantly perhaps for this committee is that these are very, very smart (inaudible) investments. As you heard, the state investments in these school-community partnerships and this grant program must be matched by outside funds. And then they're further leveraged by local dollars from community-based organizations that are working with youth. And these highly leveraged investments then receive a very high return on those investments. We've been monitoring studies from around the country and I think there's a figure cited in the material that I handed out that the national average is looking at about a one to three. So every \$1 invested yields \$3 in positive returns to society, and those are in the form of reduced dropout rates; academic progress, which leads to more academic success, employability; reduced juvenile justice costs and incarceration rates, like you just heard. So just in doing some, you know, back of the envelope math as we were talking, the \$1 invested today would be matched by 1 other philanthropic sector dollar. It would go out into the community, be matched or multiplied by \$3 that groups like the "Y" and Boys and Girls Club are going out and raising in their local community; creates \$6 of impact. The return on investment of those \$6 of impact, each \$1 of those, is \$3. That's \$18. So I don't know what the rest of your investment portfolio looks like, but \$1 to \$18 in benefit is a pretty good investment. So I think that, for this committee, is one of the things I really wanted to emphasize. One of the things that we also feel is important to emphasize is that these programs change to meet changing needs, and right now ELO programs are becoming critical places for young people to get experience with engaged, hands-on STEM learning. Again, we think we have great classrooms in Nebraska, but they're limited in the amount of hands-on engaged learning they can provide young people just because of the boundaries of the school day. So we think that's an important aspect of these programs. Increasingly, we're starting to look, as several speakers mentioned, the opportunities to engage with career development. And we would love for after school to become the place where young people get their toe in the water on the careers that will drive Nebraska's future economy. We're partnering with NED now to develop some curriculum around that. And also, we feel like, as some folks mentioned, that investments in ELOs allow us to make better use of investments in early childhood. We start early. We've got a great school system. This, to me, is the missing piece in terms of gaps that we need to provide those essential supports for kids so they can reach their full potential. We're very supportive of LB1074 because it's that much needed third leg, as Kristin Williams mentioned, that state sector. We've been receiving \$5.5 million from the feds annually. It's been matched, as I said, by local dollars. This will be that piece of the state funding we think is really important. I think I'm running out of time but we think that the twenty-first century programs have kind of hit their limit. They've been stretched by trying to sustain existing programs and they can't add new programs. It's kind of an even urban-rural split right now but there's need in both urban and rural centers to grow the

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program. So I will close with that but if you have any questions, I'd be glad to (inaudible).
[LB1074]

SENATOR MELLO: Thank you for your testimony, Mr. Cole. Are there any questions from the committee? Senator Haar. [LB1074]

SENATOR HAAR: Yeah. Jeff, as you've talked to me over the years, you've convinced me that the other really dangerous period is summer... [LB1074]

JEFF COLE: Yeah. [LB1074]

SENATOR HAAR: ...when it comes to kids from more affluent homes tend to keep moving on and often there's a backsliding. Will this affect summer programs at all? [LB1074]

JEFF COLE: Yeah, summer programs are also included in the grant program. And I think you're exactly right. That summer learning loss piece, especially for low-income kids, I think there's a wealth of evidence that documented the impact of that long, two-and-a-half-, three-month summer break. But the point that a couple people made about low-income and high-income kids, and I agree, the Lincoln program and other programs do a great job of bringing both of those groups into the same environment. I think that's a critical issue here because we can bring in an additional funding stream. High-income parents are willing to pay for these programs and they should pay for these programs. So there's a fee structure that works in that complements the grant programs, complements some of the matching funds that are raised that allow those dollars to be stretched even further. But high-income parents are more than willing to pay for these kinds of programs and I think the evidence across the state has shown that. [LB1074]

SENATOR MELLO: Any other questions from the committee? Senator Watermeier. [LB1074]

SENATOR WATERMEIER: Thank you, Chairman Mello. I just appreciate your testimony, Mr. Cole. How did you get to 18 to 1? I guess I missed (inaudible). [LB1074]

JEFF COLE: Yes. It was the one to one,... [LB1074]

SENATOR WATERMEIER: Yeah. [LB1074]

JEFF COLE: ...so that equals two. And then for every dollar, they're matching it by three,...
[LB1074]

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SENATOR WATERMEIER: They are by three then. Okay. [LB1074]

JEFF COLE: ...the example that they said, the "Y," so that creates six. [LB1074]

SENATOR WATERMEIER: Yes. [LB1074]

JEFF COLE: And then six by the return on investment of three. [LB1074]

SENATOR WATERMEIER: Okay. So that's the factor that's...okay, not dollar number... [LB1074]

JEFF COLE: (Inaudible). [LB1074]

SENATOR WATERMEIER: ...but that's what the proven benefits are in the future. [LB1074]

JEFF COLE: Exactly. [LB1074]

SENATOR WATERMEIER: Gotcha. [LB1074]

JEFF COLE: Exactly. [LB1074]

SENATOR WATERMEIER: Thank you. [LB1074]

JEFF COLE: Yeah. So that was just my back of the envelope math back there. [LB1074]

SENATOR WATERMEIER: Okay. [LB1074]

JEFF COLE: But it does show to me a really big leverage on your investment. [LB1074]

SENATOR WATERMEIER: All right. Okay. [LB1074]

SENATOR HAAR: I think that's calculus. [LB1074]

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SENATOR MELLO: Mr. Cole, can you...I asked Sergeant Hofrock a little bit regarding the crime prevention and the impact it has on juveniles in regards to ELO programs. I see that he mentioned the chart. [LB1074]

JEFF COLE: Yeah. [LB1074]

SENATOR MELLO: Can you give a little bit more background in regards to the issue surrounding crime prevention,... [LB1074]

JEFF COLE: Right. [LB1074]

SENATOR MELLO: ...crime prevention as it relates to youth involved in ELO programs? [LB1074]

JEFF COLE: Right. That's a figure from Fight Crime: Invest in Kids. It's a national statistic. Lincoln's graph looks remarkably similar. I think most of the cities in our state have a similar story that, you know, it's that period, 2:30, 2:45 when kids are getting out of school. They either participate in crime or are victims of crime. They're pretty exposed during that window of opportunity. So, yeah, we're finding law enforcement...you know, we'll go into some communities where they don't have an after-school program. And in fact, you know, the law enforcement are the after-school program. They're being pulled into this arena because there is no other option. They're getting calls on these kids who are hanging out and getting in trouble. So it's a common, you know, it's a common problem I think in communities across the state and country that that window, and it speaks to our changing society. As the senator mentioned in his opening testimony, with 82 percent of our parents working, in a working environment, there aren't those supportive structures at home that there used to be. And our school system was created around a model that just doesn't reflect today's realities. And this window of opportunity is such a critical piece in the overall formula and system for youth support. [LB1074]

SENATOR MELLO: Thank you. Senator Kuehn. [LB1074]

SENATOR KUEHN: Thank you, Mr. Chairman. I guess your comment there just brought a question that I'm having as I've been listening to this testimony. Certainly the value of extended day learning, extended interaction with adults, and you just mentioned the model of education in terms of the time we spent doesn't reflect today's reality. So from a policy perspective, should we then be asking the same questions about extending the length of our school day; more, you know, closing that summer gap by looking at 12-month school systems? If we have this huge need for

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keeping kids busy and providing more hours of learning, should our big question be rethinking how we teach kids? [LB1074]

JEFF COLE: Yeah. Yeah, and I think that's a really fair question. You know, when you look at Nebraska and you look at our high academic performance, you know, I just saw a recent report saying that Nebraska has one of the best state education systems in the nation. It was the Network for Public Education looking at our statewide system. For a lot of kids, the dosage is just about right. You know, kids are getting a lot of good quality instruction in Nebraska classrooms and they're being supplemented very nicely in their out-of-school time learning. So targeting programs on kids whose out-of-school environment, whose early childhood environment may not have been as rich or as rich as they need to be now in order to meet the demands of the day I think would be a less-expensive proposition than expanding the envelope of school to that, you know, maybe so that it matches the parent's workday, so pushing it all the way up to 5:00. The summer piece, some districts have tried with that. That's a tricky issue because, you know, our society is organized in a lot of ways around there being summer breaks; that I know in a lot of communities they rely on the older teen work force to do some of that summer labor. A lot of parents design their vacation plans around that. So you actually get a lot of pushback from the summer piece from middle class parents whose children are being served well by the existing system. So it's I think a changing reality. The thing that I love about extended learning opportunity programs is that it validates the great learning that educators are doing in the classroom, but it's exposing those young people to caring adults that have passion about what they're doing and brings them in, in that less-structured after-school environment, where they can have more engaged hands-on opportunities at a lower cost. I mean I think the cost savings here is pretty dramatic for extended learning opportunity programs as opposed to expanding the full envelope of traditional school day programs. [LB1074]

SENATOR MELLO: Thank you, Senator Kuehn. Any other questions from the committee? Seeing none, thank you, Mr. Cole. [LB1074]

JEFF COLE: Thank you. [LB1074]

SENATOR MELLO: Next proponent for LB1074. [LB1074]

JAY SEARS: (Exhibit 3) Good afternoon, Chairman Mello, members of the Appropriations Committee. For the record, I'm Jay Sears, J-a-y S-e-a-r-s, and I represent the member educators of the Nebraska State Education Association. I gave up saying the 28,000 members a long time ago. We do support LB1074. And I guess if I could summarize the day in the Appropriations Committee, it's filling the gaps, filling the opportunity gaps for a number of people. We've heard about filling the gaps for adult education and providing the skills and training we need for the

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economic development that we need. We've talked about the gaps of working with children in our classrooms who have mental health and behavioral issues and supplying some of those professional development issues and some support at the department level. And we're also now talking about that gap that's from 3:00 to 6:00 and all summer long. One of my first experiences in an extended learning opportunity was when I was visiting with the faculty of Liberty Elementary when they were in the warehouse. And they had a before- and an after-school program and it was the first time I had experienced an elementary where there were people there when parents dropped off their children at 6:00 in the morning and there were people there when parents came and picked their children up at 6:00 p.m. or 7:00 p.m. I didn't stay long enough to see the program. But the fact that the learning and the engagement of parents and children were going on in that school facility because it was the center of the city for those parents when they dropped off their children and they felt like it was a safe place. And then the reports from our educator members who talk about the opportunities that the children have to do their homework, to be safe. And it continues the learning process, sometimes in a very fun manner, and they actually get activity. They run. They shoot baskets. They weave. They do all kinds of things, but they also tie it back to the lessons that children are learning in the classroom. And so again, an opportunity to fill some gaps to leverage public and private dollars to benefit the children of the state of Nebraska. So with that, have a great evening. [LB1074]

SENATOR HAAR: A question. [LB1074]

SENATOR MELLO: Thank you for your testimony, Mr. Sears. Are there any questions from the committee? Senator Haar. [LB1074]

SENATOR HAAR: Is that exactly 28,000 members? [LB1074]

JAY SEARS: Twenty-eight thousand and one. I got one more member down in Nebraska City yesterday, so. [LB1074]

SENATOR HAAR: Yea! [LB1074]

JAY SEARS: Yea! So I'll get a bonus or something, who knows, right? [LB1074]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Jay. [LB1074]

JAY SEARS: Thank you. [LB1074]

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SENATOR MELLO: (Exhibit 1) Are there any other proponents for LB1074? Seeing none, are there any opponents for LB1074? Seeing none, is there anyone here in the neutral capacity on LB1074? Seeing none, the committee received a letter of support for LB1074 from Accelerate Nebraska. With that being said, Senator Kolowski, would you like to close? [LB1074]

SENATOR KOLOWSKI: Yes, sir. Thank you. Want to keep this very short but I just want to give you an insight. And thank you for your very insightful questions and elaborations on some of the points on this bill. In my 41 years as a public educator and now my fourth year down here as a state senator, one of the very obvious things is that we live in a cubbyhole world. We pass rules, laws, programs at the national level, at the state level or whatever else, and they tend to fit into a cubbyhole. We know where they go. But we've got to have and need to use holistic thinking across cubbyholes all the time to tie things together. And that's a great frustration in my life, not only when I was an educator for years making things fit and tying strings together to make programs accessible and successful over time. But we have to keep breaking down that cubbyhole mentality and keep asking the holistic questions. The more we do that, the more we'll have the gaps filled, we'll have people in insightful discussions and make the difference in the lives of kids and families in our state. And I thank you for what I saw today in your committee and the zeal all the presenters had for what is working in our state right now, and I hope that will be continued. Thank you very much. [LB1074]

SENATOR MELLO: Thank you, Senator Kolowski. Are there any other questions from the committee? Seeing none, that will close today's public hearing on LB1074 and end the Appropriations Committee's very long day of public hearings. [LB1074]