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Education Committee  
September 20, 2016

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[LR564]

SENATOR SULLIVAN: Good afternoon, everyone. Welcome to the Education Committee. I am Senator Kate Sullivan of Cedar Rapids. I am Chair of the committee. I represent District 41. We are not quite a full house as far as the senators here, but we'll begin with those in attendance and have them introduce themselves. I'll start with the Vice Chair.

SENATOR KOLOWSKI: I'm Rick Kolowski, District 31 in southwest Omaha. Thank you.

SENATOR SCHNOOR: Dave Schnoor, District 15, Dodge County.

SENATOR PANSING BROOKS: I'm Patty Pansing Brooks from District 28, right here in the heart of Lincoln.

SENATOR BAKER: Senator Roy Baker, District 30: Gage County, part of southern Lancaster County.

SENATOR SULLIVAN: Senator Groene, we are just in the middle of introducing ourselves. And you are...

SENATOR GROENE: Senator Groene, District 42.

SENATOR SULLIVAN: Thank you very much. To my immediate left is LaMont Rainey, one of the legal counselors for the Education Committee. And to my far right is Mandy Mizerski, who is the committee clerk and will make sure that we have an adequate record of today's proceedings. The first item...well, let's see. And one other thing, we have a page helping us today: Brenda Gallardo from Wakefield, Nebraska. And she is a student at UNL studying economics. Thank you, Brenda. The first item before us today is...before we start the hearing on LR564, per statute there is a requirement that the Coordinating Commission for Postsecondary Education come before the Education Committee to review the comprehensive statewide plan for postsecondary education. So they are with us today and that's how we will begin this portion of the hearing. We...it's invited testimony only and so we have the president of the commission, as

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well as the executive director. And we would ask the president to come forward first. And as you're getting situated, I failed to mention that we'll use the regular procedure of giving us your name, spelling it, and telling us what you're going to say. Thank you.

CAROL ZINK: Good afternoon, Chair Sullivan and fellow members of the Education Committee. My name is Carol, C-a-r-o-l, Zink, Z-i-n-k, and I am the current chair of the Coordinating Commission for Postsecondary Education. Thank you for taking the time to hear about our recent work on the comprehensive state plan for postsecondary education. I'll start by offering some history and context for the comprehensive plan, then our executive director, Dr. Mike Baumgartner, will talk in more detail about the recent changes we've made to the plan. The Nebraska Constitution gives the commission the authority to adopt and revise as needed a comprehensive plan for postsecondary education. The constitution provides that this plan must include: (A) definitions of the role and mission of each postsecondary educational institution within any general assignments of role and mission as prescribed by the Legislature; and (B) plans for facilities which utilize tax funds designated by the Legislature. The commission's authority to adopt and revise a comprehensive plan is further elaborated in statute, which states that the purpose of the commission shall be to: (1) develop an ongoing comprehensive statewide plan for the operation of an educationally and economically sound, vigorous, progressive, and coordinated system of postsecondary education; (2) to identify and enact policies to meet the educational, research, and public service needs of the state; and (3) to...and effect the best use of available resources through the elimination of unnecessary duplication of programs and facilities among Nebraska's public institutions. The same statute requires that the commission approach postsecondary education from a statewide perspective. The Legislature also established in statute that the comprehensive plan must include an assessment of postsecondary educational needs of the state and include a number of policy guidelines. The current comprehensive plan was adopted in 2000, after the Legislature passed LB816 in 1999, which called for a review and revision of the commission's first comprehensive plan, approved in June of 1992. There have been a number of subsequent revisions, including the revision to Chapter 1, that we will address today. Chapter 1 sets the tone and provides a documented basis for the entire comprehensive plan. It addresses the why and to what end questions. What are the economic, demographic, political, and educational forces affecting postsecondary education in Nebraska? And what are the state's needs and goals for postsecondary education? Addressing these questions is not only

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good practice, but is also a statutory requirement for the comprehensive plan. The commission and its staff consulted with a number of experts over the year, reviewed many reports and data sources, and applied their knowledge of the changing circumstances in Nebraska and in postsecondary education nationally to address these issues. This spring, a draft version of revised Chapter 1 was posted to the commission's web site for public comment and sent to the University of Nebraska, the Nebraska State College System, the Nebraska Community College Association and all community college presidents, the Association of Independent Colleges, and the University of Nebraska and the Nebraska Department of Education and the Governor's Policy Research Office, the Legislature's Education and Appropriations Committee staff members, and to a number of philanthropic and educational organizations for review and comment. A public hearing on the proposed changes was held on May 31 and the commission approved a final version at its July 21 meeting. At this time, I would like to introduce Dr. Mike Baumgartner, who will talk specifically about Chapter 1 and the revisions and will address any questions that you may have. Dr. Mike Baumgartner.

MIKE BAUMGARTNER: Good afternoon, Madam Chairwoman and members of the Education Committee. My name is Mike Baumgartner, M-i-k-e B-a-u-m-g-a-r-t-n-e-r, and I'm the executive director of the Coordinating Commission for Postsecondary Education. As Chairwoman Zink stated, Chapter 1 sets the tone and provides an empirical basis for the entire comprehensive plan. Postsecondary education in Nebraska is enviable in many ways, with great strengths and a history of public support as old as the state is. But there are a number of clear areas for improvement that must be addressed. Chapter 1 lays out the strengths and areas for improvement, and includes metrics that will allow us to evaluate improvements or declines over time. The major updates can broadly be organized under five themes. First, recognition of changes in the underlying demographic characteristics of the state, coupled with entrenched educational achievement gaps between racial and ethnic groups. Second, the effects of rapid globalization over the past 15 years and resulting urgency to focus on creativity, innovation, entrepreneurship, and work force readiness as keys to employment and economic growth. Third, the increasing emphasis on college credential completion as being coequal with college access in terms of importance to the state and to the nation. Fourth, the permeation of technology through all aspects of postsecondary education, but particularly in the delivery of courses both on and off campus. And fifth, the rising cost of postsecondary education, even in the face of better-than-

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average taxpayer support in Nebraska, and the resulting growth in student loan debt. I commend Chapter 1 to your reading as you have time. It benefited from many comments from readers at Nebraska's colleges, universities, and other organizations as Chairman Zink noted. I am going to hit the high points of the different sections though. First, in the vision for Nebraska postsecondary education, the addition of explicit recognition of the importance of student success and postsecondary education's role in making Nebraska competitive globally are added to the vision statement. In the evolving environment section, which makes up the majority of the chapter, updates were made for projected changes in Nebraska's population, particularly changes in the racial/ethnic makeup of the state, the ongoing concentration of the state's population into metropolitan areas, the aging of the state's population, and growth in the number of low-income families. This revised section draws attention to the often-repeated fact that the number of Hispanic and other minority groups will grow faster than the nonminority population in Nebraska, with one resulting impact of that shift being the increasing need to address postsecondary attainment gap between minority populations and the white population, which is among the largest in the country. Another addition, the Georgetown University Center on Education and the Workforce's estimate that 71 percent of Nebraska jobs will require at least some postsecondary education by 2020, and the need to educate more students with technical skills and STEM degrees to meet work force shortages. These emphasis areas are consistent with the recent SRI report to Governor Ricketts and the Department of Economic Development. Public concern about affordability and student debt is highlighted, as is in growing interest in demonstrating employment outcomes of graduates. Connections with K-12 education to avoid remediation, connect students to career options earlier, and expand dual credit opportunities are noted. One potential impact of this necessary partnership with K-12 and postsecondary is a continued growth of career academies, which connect high school students to potential careers and offer dual credit opportunities. The ubiquity of information technology is noted, as is the importance of ensuring that all communities and students have adequate access to broadband Internet connections needed to take advantage of educational technologies and on-line course offerings. On-line course offerings in Nebraska have grown rapidly and show no signs of slowing down. In 2005, Nebraska's public institutions offered about 3,000 on-line courses, enrolling 32,575 students. Those students could be taking more than one class, so they're duplicated. In 2015, that number had grown to about 10,000 courses, enrolling 152,464 students in those courses. The recent growth of for-profit institutions, nontraditional education providers, such as

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the Omaha Code School and Tech Hire Nebraska, and nontraditional assessments and credentials, such as badges and micro-credentials is mentioned, as is need for accreditors and state regulators to keep up with changes to protect taxpayers and consumers. The need for heightened state regulation and monitoring of for-profit institutions was recently illustrated with the closing of ITT Tech, which impacted about 340 students at its Omaha campus. Moving on to the shared values and beliefs section, postsecondary education's commitment to reasonable and affordable access for all Nebraskans is reaffirmed. Student success is added as a shared value equal to access to postsecondary education. I have mentioned that several times, but this is a historically significant change in the way that people view postsecondary education, not just that students should all have a chance to get in, but that more effort should be made to ensure that they complete a credential. Responsibility of postsecondary education to contribute to an innovative entrepreneurial culture is acknowledged. The role of higher education institutions in providing cultural and artistic opportunities to their communities is explicitly recognized. And acknowledgement is made that Nebraska institutions strive to perform at the highest levels nationally in terms of access, success, affordability, efficiency, and impact, and the commitment to measure progress toward the state's goals. In the major statewide goals section of Chapter 1, a goal is added that lack of financial resources will not prevent students from accessing and completing postsecondary education in a timely manner and will not leave them with unreasonable debt. Why you won't find these figures in the comprehensive plan, the last installment of the ACT pilot study, which was just concluded, includes a key finding that among 2015 Nebraska public high school graduates, 78.4 percent of non-low-income graduates enrolled in college within one year after graduation, but only 56.5 percent of low-income graduates did so. Furthermore, between the classes of 2010 and 2015, the number of non-low-income graduates dropped by 1,111, while the number of low-income graduates increased by 1,348. Maintaining Nebraska's historic commitment to institutional support and strengthening the state's financial aid programs are keys to meeting the statewide goal of affordability. A goal is added to close the achievement gap between majority and minority populations and to be among the leading states in educational attainment. As I stated earlier, minority populations in Nebraska are growing at a faster rate than the majority population, but college continuation varies dramatically across groups, as does completion. For instance, looking at baccalaureate and higher degree holders age 25 to 64: 35 percent of the white adult population has a bachelor's or higher, 22 percent of African-Americans, and 10 percent of Hispanics. Returning to the ACT pilot study

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among the 2015 high school graduates, about 74 percent of white non-Hispanic students enrolled in college within a year of graduating, about 79 percent of Asian graduates did, 57 percent of Hispanic graduates, 64 percent of African-American graduates, and 50 percent of Native Americans. Lest I give the impression that Nebraska only has issues with college-going among low-income and minority students, however, the college-going rate of low-income white males who graduated in the class of 2015 was just 50 percent and headed in the wrong direction over the past 5 years. So it is...certainly the state suffers from an achievement gap, but it's important to remember that many other students are affected and all these students need opportunities and the motivation to succeed. A goal was added that postsecondary institutions will maintain their distinctive roles as providers of cultural and artistic opportunities. Postsecondary institutions have always been responsible not only for developing the future work force, but developing well-rounded and informed citizens as well. A goal related to K-12 cooperation with postsecondary education is extended to emphasize opportunities for early college enrollment. The subjects of dual enrollment, career academies, and transferability of college credit will continue to be policy topics of debate as the state moves forward. A report by the National Student Clearinghouse issued just yesterday looked at time to completion of nearly 2 million students nationwide and found that associate degree graduates who had earned dual credit took 6 academic months less and 1.8 calendar years less to graduate. Baccalaureate graduates of four-year public institutions who had earned dual credit took 4 academic months less and 1 calendar year...I'm sorry, 1 calendar year less to graduate. That translates into thousands of dollars saved and thousands more earned by getting into the workplace more quickly. I believe the most significant change to the comprehensive plan is the addition of performance measures and the statement that it is the aim of the state at the postsecondary community that Nebraska rank among the 10 best states in national comparisons and that individual campuses rank among the 5 best in their peer comparisons. National comparisons include measures that the Coordinating Commission already collects and reports for our annual progress report and biennial tuition fee financial aid report, both of which are required by statute. No new data will be requested from the colleges and universities to construct national comparisons. Measures will include attainment, enrollment, persistence rates, graduation rates, state funding, tuition and fees, net cost of attendance. Nebraska already fares well in many of these categories. For instance, the state ranks 11th in the country in the number of residents age 25 to 34 with at least an associate's degree at 46 percent and 14th in the same measure among 25- to 64-year-olds. Improvement is needed in other

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categories, however, including four-year graduation rates at our public four-year institutions, which rank 35th in the country at this point. Peer comparisons between the institutions will focus on enrollment, persistence rates, graduation rates, successful remediation, affordability, efficiency, and research funding. Over the past two years, the Coordinating Commission has established updated peer groups for all the state's public institutions. The commission worked closely with the institutions throughout this process. This is also a requirement of statute related to the comprehensive plan, that we have these peer groups. The commission worked closely with the institutions. Peer institutions are defined as those with similar missions, program sizes, students, resources, and are used to establish basic central tendencies to comparison. All peer data for these measures are publicly available from federal data collections except for remedial course success, which is drawn from the American Association of Community Colleges' Voluntary Framework of Accountability. Noncomparative measures in the comprehensive plan are measures intended to look across the educational pipeline and into the work force, with data that are currently collected by various state entities but not consistently across the country. Hence, we can't aim for a top 10 in these categories. Several of the measures look at the transition between high school and postsecondary education, others look at adult education and employment outcomes of recent college graduates. The commission has established a data advisory group made up of representatives from the public institutions, which will offer input on the measures used in Chapter 1 and recommend adjustments in the future, if necessary. That group will be meeting in two weeks to review the extensive data dictionary, data sources, and draft reports the commission has assembled, and we will have a report ready for you by the time the next Legislature begins its work. Madam Chairwoman, this concludes my remarks on the comprehensive statewide plan. I would be happy to respond to any questions that you and the committee might have.

SENATOR SULLIVAN: Thank you, Dr. Baumgartner. If I understood correctly in Ms. Zink's introduction, there was a process where the institutions had an opportunity to weigh-in on the plan, you had a public hearing on it. What kind of ongoing discussion and interaction do you have with the institutions on the plan? Because it is a plan as much for them as it is for you.

MIKE BAUMGARTNER: Well, at this point, after concluding Chapter 1 with their input and an agreement, we're going to move into the subsequent chapters of the comprehensive plan. Those

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subsequent chapters are also laid out in statute the requirements, things like: transfer guidelines, enrollment guidelines, tuition and fee guidelines, state financial aid policy. So we will be moving forward with them as we do constantly, looking at ways to improve those, making sure that they are still effective, that they yield an efficient use of resources and the best outcomes for students. So that will be an ongoing process. The rest of the plan has been updated more frequently than Chapter 1, so I think that setting out the vision goals and shared values is going to go a long way toward keeping us current. And the rest is more maintenance than this initial relook at Chapter 1 has been.

SENATOR SULLIVAN: And per statute, do you make this report to the Education Committee on an annual basis?

MIKE BAUMGARTNER: No, whenever significant changes are made.

SENATOR SULLIVAN: Any revisions take place. I see. Okay, any other questions for Dr. Baumgartner? Senator Kolowski.

SENATOR KOLOWSKI: Thank you, Madam. Dr. Baumgartner, the question I have is one that would be more connected to the superintendents across the state of the K-12 institutions that we have and the principals, mainly in high school, as far as the transferability of credit, all of those kind of things. What connections have you had with them as far as the formation of this report and seeking input and connectivity so we have more of a fluid aspect of looking at those grades when we start talking about 11, 12, 13, 14, 15, all the way down the line? Would you state your background on that?

MIKE BAUMGARTNER: Well, my primary feedback in that respect has been with the Department of Education. And we do have...and conversations with the colleges and universities, more than with the superintendents. I did just last week participate in a meeting via teleconference with the northeast region principals and ESU directors and a Wayne State representative, Department of Education, and the Northeast Community College. So we do have ongoing discussions about that. One place that this is going to be addressed has been in the Education and Workforce Roundtable that Governor Ricketts has convened, and that is one of the



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primary topics is working on dual credit, dual enrollment. Could we have more input with the superintendents and principals? Yes, we can...I think always through NDE and maybe the ESUs, but that is an area that we need to continue to work on.

SENATOR KOLOWSKI: My concern is one of...I don't think there is any premeditated exclusion of people, I'm just trying to ask how do we better tie things together because we have hundreds of high schools in this state that have worked to have AP, IB, all of the other kinds of courses experienced by their high school students and have transferability to colleges, community colleges, universities across the state and across the country in different ways. I think if we don't have more discussion with them, there's going to be a missing link between what you're trying to get done in this commission and that fluid aspect of where our kids are and the difference they make. And I'll give you one example: in my four decades of working in the state of Nebraska, especially the last decade and a half as a high school principal, we had thousands of courses taken by hundreds of kids for college transferability. And that, plus a strong advisement program at the high school level, asked them the question: what do you want to do after you're done with the four years of high school? Constantly putting that in front of them so there was the expectation that you need more schooling somewhere along the way and that's not just an end result of 12th grade, you're done. And we're trying to be partners and trying to be a better system in total by doing those things. And I just hate to see something being done almost not in isolation, but seemingly with not the connectivity to the participants that are producing the kids that you want to have go on to those next levels. And that's more than an issue just with me, I want you to understand that. And if you'd reconnect with some of those other players on this, I think you will have some great insights into where we are, what we need to do. And I'm just asking for this to work better for all of us. We don't need more separate, compartmentalized reports and not having the strings tie things together so there's a fluid aspect to serve our kids--22,000-23,000 kids a year graduate in this state. That's a huge segment of our population. And what is their readiness, where are they going to go, what are their plans, what have they been...how do they look at what they're doing as far as those next steps? And I just put that on the table for you to examine if you would, please.

MIKE BAUMGARTNER: Thank you. Thank you, we certainly don't intend to operate in isolation. And I appreciate those comments.

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SENATOR KOLOWSKI: Thank you.

SENATOR SULLIVAN: Senator Baker.

SENATOR BAKER: Thank you, Senator Sullivan. Mr. Baumgartner, I'm, you know, piggybacking a little bit on Senator Kolowski's comments and also on some of yours where you referenced emphasis on dual credit classes that students are taking. So we have all of these students all across the state taking all kinds of dual credit classes now. Have you had any conversations about a common course numbering system, because they're going disperse out all over to community colleges, to state colleges, to the universities. Have you had any conversation on a common course numbering system?

MIKE BAUMGARTNER: Yes. That is not something that the Coordinating Commission can foist on anyone. It works well in some states. I would encourage you to look at Transfer Nebraska web site if you haven't though, because that crosswalks pretty well. And I think it does a fine job of crosswalking the different course numbers to any transfer opportunity at the public institutions and state. So I think that goes a long way toward that. The getting common course numbers would take an act of the Legislature I think to make that happen, if that is determined to be critical. But I would ask you to look at Transfer Nebraska because I think that was an excellent start toward...

SENATOR BAKER: Thank you.

SENATOR SULLIVAN: Any other questions? Senator Groene.

SENATOR GROENE: Is there a difference in graduation rates? You said we're 35th in the nation or something at four years, between the state colleges and at UNL?

MIKE BAUMGARTNER: Yes, there are differences between all of the institutions.

SENATOR GROENE: Who rates the highest?

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MIKE BAUMGARTNER: Well, in four-year institutions it would be University of Nebraska-Lincoln.

SENATOR GROENE: Is higher than Chadron and Wayne?

MIKE BAUMGARTNER: In terms of graduating in four years, yes.

SENATOR GROENE: And overall graduation rates?

MIKE BAUMGARTNER: In overall graduation...in six-year rates as well, yeah. There is a close relationship between selectivity and graduation rates. And also in this state there is quite a bit of transfer from four-year institutions to other four-year institutions, so.

SENATOR GROENE: You don't track that?

MIKE BAUMGARTNER: Well, yes and no. We can track it better with the development of the longitudinal data system; but for most of the comparisons we do, we use the federal methodology, which just looks at first-time full-time students.

SENATOR GROENE: And then is the big push for numbers at the university system instead of quality of the applicants? When you throw an arbitrary number out there like we got to have 30,000 students in a state of only 1.8 million people, have you looked at...has that affected graduation rates, if some people just don't belong in a four-year institution maybe the universities? That's part of the coordination is robbing students from each other. I would think that we want the students to go where they belong and some of them belong in community colleges, not to up the 30,000-student figure.

MIKE BAUMGARTNER: Yeah, you're right in that every student needs to find the place that's the best fit for them, whether it be two-year or a private or the public. I think in terms of graduation rates the state is seeing increases and seeing improvements. We're heading in the right direction, just not as fast as some of the other states. I think UNL has improved considerably over the past several years. And in looking at their enrollment aspirations, and UNO's as well,

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getting to those figures includes pulling in a lot of students from out of state, which at a different part of the comprehensive plan we include as well. That's a strategy, as you know, to get more workers in the state, more students in the state, more people in the state with a chance to get here. So I think that I don't believe the university is reducing the quality of its incoming class to meet the goals that they've set, they're just expanding.

SENATOR GROENE: Does...not to change subjects on you, I keep seeing these differences between nonwhite and white and Hispanic attendance in our universities. But does that mean we're doing...we're not doing our job? I have, when I look at folks...Americans in my district, some of us with German and Irish ancestry, some with Hispanic. When a family with Hispanic background has been here as many generations as mine, their kids go to college. We have a lot of new immigrants.

MIKE BAUMGARTNER: That's true.

SENATOR GROENE: And you're trying to tell us, maybe some are, that we're supposed to jump this generational thing where my great-great-grandparents that third grade...they came here for jobs and food on the table and so did the recent immigrants. So they're content with a job and a third-grade education, then they get an eighth-grade education, then they get a high school education, then they aspire...but what bothers me about the education establishment, they seem to want to take this jump from an immigrant that's just glad to have a job. And culturally...and in one generation put their children in college. Maybe culturally they're not there yet. My family wasn't. I was one of the first that went to college. My mother was the first that went to high school. I mean, it's not racist, it's generational, it's cultural. And are we doing...are we spending tax dollars wisely? Are we doing anybody a favor by trying to jump this generational process?

MIKE BAUMGARTNER: I believe that we are. I think that you're right about recent immigrants with low educational attainment and that pushes down that 25-to 64-year-old attainment rate. That's one of the big reasons why that's lower. However, for every subsequent generation, I think it's the state's obligation to provide them the opportunity to go as far as they can in postsecondary education. And we know that there are distinct parts of the state and populations, be they poor or first-generation students, who have traditionally and currently find it more difficult to complete

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postsecondary education whenever the work force demands that those students have the skills to fill the positions and meet their aspirations. So I think the state, as we do in K-12, needs to encourage everybody to reach their highest aspirations. I think that the innovation economy and the need for skilled work force demand...

SENATOR GROENE: But should we consider it a failure when we don't, when it's cultural and generational?

MIKE BAUMGARTNER: I think that we should consider it a failure if we don't do everything we can to have students meet their aspirations. Now, there are...there will always be people who decide that they're happy with what they do. And that's fine and we want to make sure that they're prepared for the work force to the extent that they want to participate. But I do think that we should be doing everything we can to help (inaudible).

SENATOR GROENE: In my area, a lot of the new immigrants are in agriculture, and generationally they keep being in agriculture. In my home...in my town, I have the largest rail yard in the world. Generationally, that is the occupation of the family and it's a good job. Should we say we failed in education because those folks don't have a four-year degree and a suit and tie?

MIKE BAUMGARTNER: No, not a four-year degree. But they should be prepared for the work force in your area. For instance, western Nebraska...

SENATOR GROENE: Well, they are.

MIKE BAUMGARTNER: Well, western Nebraska has just created a new certificate program for agricultural workers because the industry in the area wants students that have more experience with irrigation, with welding, with feedlot management, with animal nutrition. And so we're not talking about a bachelor's degree, but we are talking about adequate to meet the work force...

SENATOR GROENE: Then my one last comment. Are you trying to...what used to be we all knew what a rivalry between...I'm better, the university system is better than a state college, a

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rivalry? And you've seen it with transfers of academic classes. I would think that's your main mission. Are you having progress there to make sure everybody understands they're one educational system and it's about the student and not about rivalries, about your classes aren't as...we can't take transfers because they weren't as rigorous and all of this type of stuff? Is that kind of going away?

MIKE BAUMGARTNER: I think the state is making good progress again with Transfer Nebraska and with a common core of transfer courses that are recognized by many of the private institutions, as well as the publics. I think that Nebraska actually has a very well articulated system compared to other states, where a mission is laid out very specifically. And there's not as much competition for resources because of that. We don't have Chadron trying to develop doctoral programs, and we don't have UNL doing associate's degree programs. And there's states where that's not as well formulated. So I think that we...I think that Nebraska does a pretty good job there.

SENATOR GROENE: Thank you.

SENATOR SULLIVAN: Any other questions for Dr. Baumgartner? Senator Kolowski.

SENATOR KOLOWSKI: Just...thank you, Madam. Just a comment because I know in the 40 years that I spent in public education the openness of the system to change was positive, it was good over time. So the high school courses could be transferable with dual enrollment options with different colleges and the community colleges as the state grew. From the early days of 1970, the Metro Tech Community College, as it was called, in Omaha, before it became Metro Community College, you know, we dropped the tech name and all of those kind of things took place. And there's a transferability and a savings for families when they get that credit and are able to move that through a system that is organized. It wasn't always organized. It wasn't always complete. It was growing over time. And I thank the leadership for recognizing that, listening to their K-12 partners and opening some doors to make that a little more compatible. The dollar sign of what you're talking about, I'll give you one example or sample. In a teacher academy that exists in the Millard district, students take a half-day in their junior and senior year to take the teacher academy program. And over those two years, junior and senior year, they earn 27 credits

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transferable to Metro Community College or UNO both. When I mention that to parents, their eyes light up with dollar signs. Twenty-seven hours means one full year of college. And if you want to look at affordability and transferability of that nature all the way across the board, that's when we start having impact to families, to those individuals, to the loan, to the indebtedness. Those students will have other time to complete their work. I think we're doing the right things. We need to do more of them. Thank you.

SENATOR SULLIVAN: Any other questions? Thank you, Dr. Baumgartner and Ms. Zink. And this fulfills the statutory requirement to review the comprehensive statewide plan for postsecondary education and its revisions. So thank you. And that will close this hearing and we will go on to our LR564. As we move into that, just wanted to go through some housekeeping details and also give one new member of the committee a chance to introduce himself.

SENATOR MORFELD: Oh, I thought you meant a new, new member.

SENATOR SULLIVAN: No, no, no.

SENATOR MORFELD: State Senator Adam Morfeld from the 46th District in northeast Lincoln. Thank you.

SENATOR SULLIVAN: Thank you, Senator Morfeld. Excuse me. Senator Pansing Brooks has introduced this study resolution and she will be making the opening comments and has invited several people to testify. If you are planning to testify, please pick up a green sheet that is on the table in the back of the room. If you do not wish to testify, but would like your name entered into the official record as being present at the hearing, there's a separate form to do that as well. Excuse me, could I get some water, please? With respect to the green sheet, please before you come up to testify have it completed in its entirety. Please print. And when you come up to testify, give the sign-in sheet to Mandy, the committee clerk. If you have handouts, please make sure that you have 12 copies, thank you, for the page. When you come up to testify, please speak clearly into the microphone, tell us your name, and please spell both your first and last name. I failed to mention this last week, so I want to make a point of reminding all of us to turn off cell phones so they don't go off when we're in the middle of conversation and testimony. We will be

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limiting the invited testifiers to five minutes, and so we will be using the light system when they come up. And we'll take a sort of a litmus test after those invited testifiers to see if there's anyone else wanting to testify as well. So with that completed, Senator Pansing Brooks, welcome.

SENATOR PANSING BROOKS: (Exhibit 1) Thank you, Madam Chair Sullivan, and hello to all my fellow colleagues on the Education Committee. For the record, I am Patty Pansing Brooks, P-a-t-t-y P-a-n-s-i-n-g B-r-o-o-k-s, and I represent District 28, right here in Lincoln where our beloved Capitol stands. I am here to introduce LR564, an interim study examining postsecondary education in Nebraska. For this study, we are looking at student retention rates, graduation, employment, earnings, and access to postsecondary education for minority students and others. We are also looking at access to and use of awards under the Nebraska Opportunity Grant Act and the regulation of educational institutions in Nebraska. You have a letter before you from me regarding the testimony and information that I requested from the various institutions, as well as a list of those testifying by request today, so that you can know who is going to be up. My hope is that after today we will have a better understanding of how efficiently our postsecondary education investments are being utilized in Nebraska and how we can better ensure students have access to postsecondary education who would like to. I hope we will also gain a better understanding of any gaps relative to the regulation of tuition recovery and surety bonds to protect our state dollars and our Nebraska students. I want to thank those who came here today to testify and for gathering the data, which was significant at times, for this hearing. And because we have several testifiers, I am keeping this introduction brief, but I will take any questions you might have initially. [LR564]

SENATOR SULLIVAN: Thank you, Senator. Any questions for her? [LR564]

SENATOR PANSING BROOKS: Thank you. [LR564]

SENATOR SULLIVAN: Please join us. And we will begin with the list of invited testifiers, whoever would like to come up first. Welcome back. [LR564]

MIKE BAUMGARTNER: (Exhibit 2) Thank you, Madam Chairwoman. I believe I am first on the list that we received. And I know you never get tired of me. [LR564]



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SENATOR SULLIVAN: Of course not. [LR564]

MIKE BAUMGARTNER: Good afternoon, Madam Chairwoman and members of the Education Committee. My name is Mike Baumgartner, M-i-k-e B-a-u-m-g-a-r-t-n-e-r. I am the executive director of the Coordinating Commission for Postsecondary Education. I am going to address the fourth point of LR564, the regulation of educational institutions in Nebraska. And if time permits, I would be happy to respond to questions about the Nebraska Opportunity Grants, the third point in LR564, which are administered by the commission as well. This is the first time that I have spoken about regulation of postsecondary education institutions to the committee, specifically regulation. And I believe that Senator Sullivan is the only committee member who served on the committee in 2011, when the Postsecondary Institutions Act was passed. As you know, the University of Nebraska, Nebraska State College System, and Coordinating Commission for Postsecondary Education are constitutional entities. While community colleges are mentioned in the Nebraska Constitution, they were actually created in statute. Powers and duties of the respective boards and commissions and institutional missions are laid out in statute, as are the Coordinating Commission's coordination activities and the limited regulatory functions it has toward public institutions. In addition, all Nebraska postsecondary institutions are regulated by the Postsecondary Institution Act or the Private Postsecondary Career School Act. The Postsecondary Institution Act was passed in 2011 through LB637 and applies to all public institutions and all private institutions, not-for-profit or for-profit, that offer a baccalaureate degree or above. It does not apply to tribal colleges and it does not apply to institutions with no physical presence in Nebraska, in other words: schools that offer only on-line courses. Postsecondary Institution Act divides institutions into three categories with varying degrees of regulation. The first category is public institutions, which do not have to apply to the Coordinating Commission for permission to operate in Nebraska, as they are named in the Constitution and statutes. The second category is private institutions with continuing authorization to operate. This applies to private not-for-profit institutions that had operated in Nebraska for at least 20 years as of 2011, including Creighton University, Nebraska Wesleyan, and Bellevue University. All other postsecondary institutions that offer a baccalaureate degree or above fall under a third category called recurrent authorization to operate. They are typically private and may be not-for-profit, such as Bryan College of Health Sciences; or for-profit, such as Kaplan University. These institutions must apply to the Coordinating Commission every five

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years for recurring permission to operate in Nebraska. The Coordinating Commission uses specific and thorough criteria defined in statute to determine whether or not a school in the third category is allowed to continue to operate in Nebraska. These criteria include enrollments and graduations by program, not rates--numbers; institutional accreditation and all programmatic accreditations; financial stability; student loan default rates for the Nebraska location; the quality of teaching faculty, library services, and support services; other cooperative relationships with other institutions in Nebraska; and transfer agreements and adequacy and quality of facilities. After 20 years of recurring authorization under the same ownership, an institution can apply for continuing authorization. These criteria work well and provide the commission with the authority to thoroughly evaluate these institutions. However, two recent examples of out-of-state institutions that closed suddenly, one with little warning, lead us to believe that additional requirements may be necessary. In April, Kansas-based Wright Career College closed all of its campuses, including its location in Omaha. And two weeks ago, ITT Tech went out of business, closing all of its campuses nationwide, including a campus in Omaha. Wright Career College is a private, not-for-profit institution; ITT was a private, for-profit institution. They both fell under the third category of institutions that I mentioned, the recurring authorization to operate. Nebraska students from both institutions have suffered as a result of the sudden closings. Many students were in the middle of degree programs or close to graduating and were left to find a school that would accept their transfer credits. They were also left wondering how this would affect their federal financial aid. To protect students in the same situation, we ask that the Legislature consider adding two requirements for institutions such as these that wish to locate in Nebraska: that they contribute to a tuition recovery fund, which can be used to reimburse students affected by the closure of an institution; and that they file a surety bond in an amount sufficient to pay for continued short-term operating and teaching expenses if an institution closes. Many other states have enacted similar requirements and they have proven to be effective. As I'm sure my colleagues from the Nebraska Department of Education will remark, these requirements already exist for private postsecondary institutions that offer up to an associate's degree and therefore fall under NDE purview. Thank you, Madam Chairwoman. I would be happy to respond to any questions that you or the committee might have. [LR564]

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SENATOR SULLIVAN: Thank you, Dr. Baumgartner. And since you did bring up ITT, when a situation like that happens, what role does the commission play in working with the students that were enrolled in that institution? [LR564]

MIKE BAUMGARTNER: We are listed on the U.S. Department of Education's Web site as the entity to contact for things like transcripts or transfer or financial aid. For a lot of these things, we can't do much except counsel the students. So we will try to connect students with programs that make sense for them, talk about their financial aid. We have two excellent employees: Ritchie Morrow, our financial aid director; and Dr. Kathleen Fimple, our academic programs officer. One can help students with transfer questions, one helps students with financial aid. But both of them are very good at working with the students. With the ITT student records, because the school is closed, we are going to be taking possession of those in the short-term. But in the long-term, the University of Nebraska has a statutory responsibility to maintain student transcripts into perpetuity and so we have been working with them to identify space and then the registrar's office will take that over. So answering questions, trying to connect students, and making sure that records are secure, and at the University of Nebraska is really what we do at that point. [LR564]

SENATOR SULLIVAN: How many students were enrolled? [LR564]

MIKE BAUMGARTNER: There were about 340 at the ITT campus when it closed. [LR564]

SENATOR SULLIVAN: Thank you. Any other questions for...Senator Schnoor. [LR564]

SENATOR SCHNOOR: Why does the state allow schools such as ITT, that are nonaccredited, why do they allow them to operate here? [LR564]

MIKE BAUMGARTNER: They are accredited. And they are allowed because the State Legislature decided long ago that they would be able to operate. They are accredited by a national organization. Most of our colleges and universities are accredited by regional accreditors, however, there are several that have national accreditation. The U.S. Department of

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Education recognizes national accreditation as well as regional accreditation. So that...we do it because the state allows them to do business here. [LR564]

SENATOR SCHNOOR: Are nonaccredited schools allowed to operate? [LR564]

MIKE BAUMGARTNER: Not knowingly. It would either fall under the Department of Education or under us. And if we find out about it, then we can have the Attorney General issue a cease and desist letter. [LR564]

SENATOR SCHNOOR: Okay. [LR564]

SENATOR SULLIVAN: Senator Pansing Brooks. [LR564]

SENATOR PANSING BROOKS: Thank you. Thank you for coming, Dr. Baumgartner. I'm just interested, do you have a list of the schools that do have a surety bond or some type of protections or the tuition recovery fund? [LR564]

MIKE BAUMGARTNER: Those would be at the Department of Education. So on the list that you have where we have on the back page institutions of Nebraska Opportunity Grant-eligible schools, everything under private career schools that is not regulated by us, it's by the Department of Education. I believe that they are in the tuition recovery fund. I will leave that though to the Department of Education. So the Department of Education has that list because they are the ones that administer that fund. That's the answer. [LR564]

SENATOR PANSING BROOKS: Okay, thank you. [LR564]

SENATOR SULLIVAN: Senator Groene. [LR564]

SENATOR GROENE: Thank you, Madam Chairman. I think I read an article in the World-Herald about this ITT or whatever closing. And they blamed changes in student loan availability or requirements. If it sank them, how does those changes affect the rest of the institutions in this state? Is anybody else going to be in trouble? [LR564]

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MIKE BAUMGARTNER: Not that we are aware of immediately. They were under a show cause order from their creditor and had held a previous hearing and were still under show cause. The Department of Education had required a surety bond with them... [LR564]

SENATOR GROENE: The U.S.? [LR564]

MIKE BAUMGARTNER: The U.S. Department of Education had required first \$90 million and then \$250 million I believe in cash to protect the student financial aid from the federal government. We don't have that ability at my office. But they were also under investigation by I believe 12 Attorneys General, including Nebraska, for various claims that students and employees have made. So at a certain point after the U.S. Department of Education determined that there was some risk to the students, based on the accreditation... [LR564]

SENATOR GROENE: So it wasn't changes in overall philosophy or regulations in student loan app. It was an individual case of basically a bankruptcy, a pending bankruptcy. [LR564]

MIKE BAUMGARTNER: Well, it became a bankruptcy, but it became a bankruptcy because the U.S. Department of Education, based on the creditors' actions, decided that it was a risk to the students. So it happened at the federal level. And that happened earlier this year...or last year with Corinthian Colleges. [LR564]

SENATOR GROENE: There was no influence over the rest of the institutions and their relationship with the U.S.... [LR564]

MIKE BAUMGARTNER: No, no. [LR564]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. And I will be following the list of testifiers in the order that Senator Pansing Brooks gave us, so we will next hear from the Nebraska Department of Education. Welcome. [LR564]

BRAD DIRKSEN: (Exhibit 3) Thank you. My name is Brad Dirksen, B-r-a-d D-i-r-k-s-e-n. I'm the program director of the private postsecondary career schools and veterans education section

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of the Nebraska Department of Education. Our agency is tasked with administering Nebraska's Private Postsecondary Career School Act. With that act, there is a set of regulations, there are administrative codes: Chapter 41 through 44. They kind of outline where and what we do in addition to the statutes, which is 85-1601 through 85-1658. We really regulate three different types of schools in the state of Nebraska. We authorize schools to operate...any school that has the highest level of attainment is an associate's degree or less is postsecondary in nature, and charges tuition falls under our purview. So any school that has that associate's degree we authorize to operate. There are some schools that are regulated and licensed by another state agency also. When it's a situation if they're regulated and licensed by another state agency and they have that same qualification of being an associate's degree and less of a school, then they are regulated by the other state agency. But then also some of our rules are also applied to those individual schools where they fall under...they don't fall under our main authorization requirements, but they fall under our what we call agents or recruiters regulations and also the Tuition Recovery Cash Fund and investigations rules. The third area that we regulate are out-of-state schools. Any school that's recruiting or offering enrollment or doing on-line education with Nebraska residents or those residing in Nebraska, we do also monitor those schools and issue certificates of approval to recruit. So if you think of we do authorization to operate schools that are not regulated by anybody else in the state, so they fall directly under the full scope of our regulations; we have schools that are licensed by other state agencies, so we handle their recruiters, their agents, their advertisement, their refund policies and such; and then we regulate out-of-state schools also, mainly in regards to the recruitment advertisement and some of the school policies also. With all of the schools, they do fall under our investigation and complaint processes and we also do have a Tuition Recovery Cash Fund and schools are also required to owe certain amounts of bonds for either the school or also hold bonds for agents, which is also like recruiters, at those individual schools. I'd be willing to answer any questions you may have about private postsecondary career schools here and how we regulate them. [LR564]

SENATOR SULLIVAN: Thank you, Mr. Dirksen. It gets kind of confusing. [LR564]

BRAD DIRKSEN: Yes. [LR564]

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SENATOR SULLIVAN: So I, first of all, would like an example of an entity that would be licensed by another state agency. [LR564]

BRAD DIRKSEN: There is four main other state agencies that license schools: we have the Department of Health and Human Services, Department of Motor Vehicles, the Barbering Board, and also the Department of Insurance. A typical school that would be, you know, licensed would be one our cosmetology schools, say like Joseph's College or Xenon College, would be a school licensed by another state agency where we then administer Rules 42-44, covering their agents, their refund policy, look at their enrollment agreements, and they're also covered by our investigations procedures and Tuition Recovery Cash Fund. [LR564]

SENATOR SULLIVAN: Can you tell me a little bit more about this Tuition Recovery Cash Fund and how it's funded? [LR564]

BRAD DIRKSEN: Yeah. The fund was initially established and every school pay one-tenth of one percent of their annual tuition they collected from schools into the fund until the fund grew and hit a minimum level that the fund is maintained at. While all of those schools initially paid into, once that fund met that minimum level, new schools now pay in for the first five years that they're operational. So if we have a new school that starts on, they're then paying into that fund for five years. And then while they're paying into that school fund for five years, they're also required to hold a \$20,000 school bond in case something were to arise where we had to use the Tuition Recovery Cash Fund we can pull in the bond first without depleting the Tuition Recovery Cash Fund. It's kind of a safeguard for new schools so they kind of buy in, in a sense, to the Tuition Recovery Cash Fund. After those five years, then they can drop their \$20,000 bond and they're fully covered by the Tuition Recovery Cash Fund. But if at any point during these first five years that \$20,000 school bond wouldn't be sufficient, we could then also use that entire Tuition Recovery Cash Fund that we have. [LR564]

SENATOR SULLIVAN: So from a practical standpoint then with this situation with ITT, you probably are interacting with students now to get some tuition recovery for them? [LR564]

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BRAD DIRKSEN: The Tuition Recovery Cash Fund only applies to those schools that are authorized or in part regulated by the Private Postsecondary Career School Act. Since ITT offers a baccalaureate degree or higher, then their schools are exempt from the Tuition Recovery Cash Fund and they're regulated by the Coordinating Commission for Postsecondary Education. So we don't have any direct oversight over ITT or the Wright Career College. [LR564]

SENATOR SULLIVAN: Okay, thank you. Senator Pansing Brooks. [LR564]

SENATOR PANSING BROOKS: Thank you. Do you feel that the Tuition Recovery Fund is adequately funded? [LR564]

BRAD DIRKSEN: For our schools I think they are. We don't have a lot of the large schools. A lot of our schools are smaller schools. With the recent departure of Vatterott College out of Omaha, all of our schools are relatively small. With the current funding level that we have, I feel pretty confident that we could handle closure of a couple schools and maintain the fund in covering the damages. [LR564]

SENATOR PANSING BROOKS: Okay. And has it...how often is it used? Or has it every been used or what is... [LR564]

BRAD DIRKSEN: We have never I don't think paid out on the Tuition Recovery Cash Fund. It has never been used. All of the schools that we've had go through closures have closed in a responsible nature and we haven't had to pay out damages. [LR564]

SENATOR PANSING BROOKS: Okay. I think I'm interested in how you assure high performance in the schools and the institutions that you are overseeing. [LR564]

BRAD DIRKSEN: We have set minimum requirements, which is allowed through the Private Postsecondary Career School Act, and required some basic educational minimum qualifications. And then a lot of our purpose is consumer protection, so a lot of it is going to be refund policies and regulatory policies, standard of progress policies, and then general things that a school needs to know. A lot of our schools, like I said, are small schools and they really don't know how to run



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a school a lot of times. We have a lot of content experts that want to start a school, so it's a lot of that we set up the framework of how to run a school, how to operate, what type of basic policies that any kind of a school would need. So we work with them in that regard as to (inaudible) meet those minimum standards and minimum qualifications, which is also in part listed on the handout that I provided under the authorization to operate minimum standards. That gives you some idea of what's covered within those minimum standards. [LR564]

SENATOR PANSING BROOKS: Okay. You gave examples that there are I think four different groups that oversee schools, so HHS, Department of Education, Barbering, Insurance, and DMV. Is that correct? [LR564]

BRAD DIRKSEN: That's correct. [LR564]

SENATOR PANSING BROOKS: And so do you feel that that system works well to protect...what are the assurances of the other institutions or the other entities that are overseeing these institutions? What assurances do we have that the students are being protected? [LR564]

BRAD DIRKSEN: I think that it works to a degree and I think it really would beg someone to ask the questions of what exactly do the other departments do and to the depth of their regulations. Some of the other agencies, such as the Barbering Board, mirrored a lot of our regulations when they established their school criteria. So a lot of the policies you find of barbering schools, the one barbering school in our state, has very similar requirements of the Private Postsecondary Career School Act. Other state agencies may have a little bit less of a requirement from the school standpoint of consumer protection that we tend to look at, but have additional educational quality because they tend to be the content experts. For example, cosmetology schools with DHHS, they have a lot of content that needs to be included and they regulate that very well. But there may be some gaps potentially in regards to record retention and transcripts when a school closes. There are probably some gaps that could be closed. Overall the system has been working well. We haven't had any major issues or damages that I'm aware of. [LR564]

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SENATOR PANSING BROOKS: And is there interaction between the Department of Education and the other groups like the DMV? There is interaction? [LR564]

BRAD DIRKSEN: Yeah. With...whenever we're regulating schools authorized by other state agencies or sometimes there is an area where their school is subject to our full set of regulations, and the other state agency, if the school awards an associate's degree. We have two massage therapy schools in the state that award associate's degrees. They're subject to our full set of regulations and the full set of the other state agency too. And we are always in communication with those other state agencies. We're doing renewal processes on an annual basis. We check with those other state agencies to make sure they're in line with the other agencies' regulations and we work cooperatively if there are situations that arise. [LR564]

SENATOR PANSING BROOKS: Thank you, Mr. Dirksen. [LR564]

BRAD DIRKSEN: You're welcome. [LR564]

SENATOR SULLIVAN: Senator Morfeld. [LR564]

SENATOR MORFELD: Thank you for coming today. How many complaints have you received this last year against any of the institutions under your purview? [LR564]

BRAD DIRKSEN: Formal complaints, I believe we have three within this last year. [LR564]

SENATOR MORFELD: Are those formal complaints public or are those private? [LR564]

BRAD DIRKSEN: I believe that they are private in nature when they're under investigation. [LR564]

SENATOR MORFELD: Okay. And after they've been investigated, are they public? [LR564]

BRAD DIRKSEN: I would have to check with our legal office to be honest with that. I'm not sure. [LR564]

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SENATOR MORFELD: Okay. I'd be interested in finding out more. Thank you. [LR564]

SENATOR SULLIVAN: Any other questions? Thank you, Mr. Dirksen. [LR564]

BRAD DIRKSEN: Thank you very much. [LR564]

SENATOR SULLIVAN: We will now hear from the University of Nebraska. Welcome. [LR564]

CHRIS KABOUREK: (Exhibit 4) Good afternoon, Chairwoman Sullivan and members of the Education Committee. My name is Chris Kabourek, C-h-r-i-s K-a-b-o-u-r-e-k, and I am the assistant vice-president and director of budget and planning for the university. Thank you for the opportunity to talk with you today. President Bounds apologizes that his schedule would not permit him to be here today. There is no greater priority at the university than providing affordable, high-quality education to students and families; and we think we have a great story to tell in this regard. Being passed around in the packet of information which demonstrates some of the data points we think support this story. One important reason for our success is the state's continued partnership with its public university, and we are very grateful for all you do to support education in Nebraska. We know that our shared focus on student access and success has never been more critical to the future of our state. As you heard earlier today, soon almost all jobs in Nebraska will require some type of postsecondary education. That means we need to make sure every student who wants to pursue a college degree can do so, regardless of their background. This year, the university has a record-high enrollment of 52,516 students and we are excited about that for several reasons. It means students and families recognize that we provide quality education for a great value. It means we are developing more talent to meet the state's work force needs. And it means we are successfully expanding access. For example, 45 percent of UNO--University of Nebraska at Omaha's--freshmen this fall are first-generation college students. And 17 percent of the incoming freshmen at the University of Nebraska-Lincoln are students of color. When I talked to our campus financial aid directors, they tell me the same story: need-based aid opens the door to a college education for students where otherwise that door might be closed. The majority of our students receive some type of financial aid, which allows them to focus more fully on their studies and graduate with manageable debt loads. As you'll see in your packet of information, debt loads for our students are below national averages

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and very few of our students default on their loans. Our graduates are getting good-paying jobs right here in Nebraska that allow them to stay here and contribute to our economy; 75 percent of UNL's 2014-15 graduates who were employed had jobs in Nebraska. The Nebraska Opportunity Grant is an integral part of the financial aid packages of many of our students. Over 4,000 University of Nebraska students on our five campuses received the Nebraska Opportunity Grant last year. But not to get lost in all of the data and the statistics, our personal story that I think really reflect the mission of the university and the role that these type of aid programs provide. A few years ago, this committee heard testimony from a University of Nebraska-Kearney student who was a veteran and a father of two. His military benefits helped pay for tuition and fees; but it was the Nebraska Opportunity Grant that provided an additional security he needed to allow him to not work while in school, thus, allowing him to be not only a better student, but a better father. That student is now studying to become a physician's assistant and we feel he is a great example of the very real impact that the university and aid programs like the Nebraska Opportunity Grant provide. With that, my time is short so I will close with that. Thank you again for the opportunity to testify. And at this time I would be happy to take your questions. [LR564]

SENATOR SULLIVAN: Thank you, Mr. Kabourek. Any questions for him? Give me some...yes? [LR564]

SENATOR PANSING BROOKS: I just have a couple, thank you. I'm wondering...first off, thank you for all this information. It's really helpful to look at all the graphs and information. I'll look at it more in-depth later. Were the statistics the students in aggregate or like the whole student population? What kind of...this data, is it...are you particular about how it's being...whether it's all students or how did you decide which students to choose? [LR564]

CHRIS KABOUREK: So it depends by what chart you're looking at. Some of it is university-wide, some of it is broken down by campus. So for enrollments we have a university-wide trend over the last 40 years. And then you can see a particular head-count enrollments for each campus. When we could, we provided campus information. [LR564]

SENATOR PANSING BROOKS: Okay. And does it include all students like resuming students, transfer students, you know, students that are part-time? [LR564]

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CHRIS KABOUREK: It includes any student who is enrolled at the University of Nebraska.  
[LR564]

SENATOR PANSING BROOKS: Okay, thank you. Thank you for all this work, I appreciate it.  
[LR564]

SENATOR SULLIVAN: Mr. Kabourek, on page 2, on the history of enrollment at NU, you see a big jump in 1993 and then it went back down. What happened there? [LR564]

CHRIS KABOUREK: In 1992, Kearney State College became part of the University of Nebraska System. [LR564]

SENATOR SULLIVAN: Okay, very good. All right, thank you. Any other questions? Just kind of looking through all of this, if you'll just give us a minute in case there's other... [LR564]

SENATOR PANSING BROOKS: I have another question. [LR564]

SENATOR SULLIVAN: Okay, Senator Pansing Brooks. [LR564]

SENATOR PANSING BROOKS: So you have a Tuition Recovery Fund at the University of Nebraska, is that correct? Is there...are you part...students are insured and protected if something were to happen? Is that correct? [LR564]

CHRIS KABOUREK: If the university were to close down? [LR564]

SENATOR PANSING BROOKS: Yeah. [LR564]

CHRIS KABOUREK: I don't know if I've ever been asked that question. (Laughter) [LR564]

SENATOR MORFELD: It would be a bad day for you guys. [LR564]

SENATOR PANSING BROOKS: I have asked, so I think you do. But yeah. [LR564]

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CHRIS KABOUREK: I will trust you on that. [LR564]

SENATOR PANSING BROOKS: Surety bond, yeah. So we just want to make sure that the various institutions in Nebraska do have that, so that's why it's important to make sure. [LR564]

CHRIS KABOUREK: Yes, ma'am. [LR564]

SENATOR SULLIVAN: Do we have...you have a six-year graduation rate by campus. Do we have a four-year graduation rate by campus? [LR564]

CHRIS KABOUREK: We do not have a chart for four-year graduation rates, but I jotted some notes down. Six-year is kind of the standard that the federal government reports and that is why we reported the six-year. Four-year graduation rates quickly, for the University of Nebraska-Lincoln, are 32 percent; Kearney, 24 percent; and UNO, 16 percent. And I think I should mention there that the Board of Regents have the strategic framework which has a number of measures and objectives that they look at on a monthly basis. And we all recognize that graduation rates are one area that we need to improve on and have implemented a number of strategies over the years and continue to...to continue to improve on those marks. [LR564]

SENATOR SULLIVAN: What's going on that a student can't graduate in four years? I mean, I graduated in four years, I worked part-time, and it hasn't been that long ago. [LR564]

CHRIS KABOUREK: I...you know, student-by-student case I can't answer that. Our data is not unlike what we see from our peers. Students are working much more we understand these days. Several of them operate...hold down full-time jobs as they work, which is one of the reasons the Nebraska Opportunity Grant and other financial aid programs are vitally important. Some of it is...so the Board of Regents have implemented a number of strategies to try to improve this. Several years ago, they changed their policies to require a degree completion at 120 student credit hours. So essentially if you take 30 student credit hours a year, about 15 per semester, you should be able to graduate in four years. Prior to that, we had several degree programs that required more than 120 student credit hours, which was adding time to a student degree. We've implemented policies to ensure that if students cannot access courses that they need to graduate

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that they have an opportunity to make sure they get the courses they need to on time. And finally, we are in the midst of a marketing/social media campaign called Commit to Complete, which is just a simple message to students about how they need to prepare themselves as they enter college. Simple things like meet with an advisor, have a plan for the next few years on how you're going to...and we're starting to roll that out, not only to our new students that enroll, but to our admissions folks who go out to the high schools to recruit. And we're even starting to push that down soon to the middle school students so that they start to hear that message very early on that anybody can graduate in four years, but it does take some effort on the student's part to do that as well. [LR564]

SENATOR SULLIVAN: Could you repeat those four-year graduation rates again? What? [LR564]

SENATOR GROENE: Can I get a copy of it? [LR564]

SENATOR SULLIVAN: Oh, okay. Would that be possible as well? [LR564]

CHRIS KABOUREK: Sure. [LR564]

SENATOR SULLIVAN: But if you could go ahead and repeat them right now. [LR564]

CHRIS KABOUREK: For the University of Nebraska-Lincoln it was 32 percent; for Kearney, 24 percent; and UNO, 16 percent. And these are all federal...what we call IPEDS, which are the federal government database. They are all available on the Web if you'd like, but we can get those for you. [LR564]

SENATOR SULLIVAN: Okay, perfect. Senator Baker. [LR564]

SENATOR BAKER: Thank you. Following up on that question, put that into perspective over time, where does that compare to 50 years ago, 40 years ago, 30, do you know? [LR564]

CHRIS KABOUREK: The four-year graduation rates? [LR564]

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SENATOR BAKER: Right. [LR564]

CHRIS KABOUREK: I do not have a trend on the four-year graduation rate, but I can see if we can get that for you. [LR564]

SENATOR BAKER: Okay, thank you. [LR564]

SENATOR SULLIVAN: Senator Groene. [LR564]

SENATOR GROENE: How does that compare to public colleges across the country and in the Big Ten? [LR564]

CHRIS KABOUREK: The Big Ten probably we are below the average. The Board of Regents have a group of peer institutions that includes about half Big Ten and half surrounding states like Kansas, Missouri, Iowa State. And we are very close to the average. We may be a bit below but have been improving. As Dr. Baumgartner mentioned, a lot of this is based on selectivity. There's two primary...if you look at the data, the study, there's two primary drivers of graduation rates: a family's income and the student's parental education levels. The stats are amazing if you look at that. If you are upper income, you have a much higher chance of graduating in four years than kids at the lower level. So some of it is driven strictly by student demographics. [LR564]

SENATOR GROENE: Does the aid cut off after four years or can you keep getting the Opportunity Grants and everything through the 6 years, 8 years, 12 years? [LR564]

CHRIS KABOUREK: I don't know the answer to that question, but we can find out for you. [LR564]

SENATOR GROENE: That might be an incentive, cut it off after four years. Can you explain that graph on page...the one right after that, first-time student cohort. What's cohort stand for? NOG, I'm figuring national, some kind of grant. [LR564]



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CHRIS KABOUREK: Cohort is essentially the...like a freshman class, a freshman cohort, versus looking at the full. So this graph on page 6 shows you the 2010 first-time student cohort Nebraska Opportunity Grant awardees. So on the left-hand side we're saying, you know, roughly about 20 percent of our students receive a Nebraska Opportunity Grant. The chart on the right shows you their graduation rates compared with the overall student body. So they are very comparable and that is somewhat of a remarkable statistic, given that information that I just said that your family income and your parents' education level are a high driver on whether you graduate or not. Meaning that these students...that support we think really is important to help them achieve those graduation goals. [LR564]

SENATOR GROENE: Now one last question. Your graduation rates, that's based on if there was 10,000 students enrolled that's freshmen the first day, that's four years later...how many, 3,200 or whatever graduated or success that's how you base it...drop out along the way. [LR564]

CHRIS KABOUREK: Correct. The federal government, and this is not my area of expertise, I think this is saying it correctly. If a student transfers out, then we don't get credit for their graduation, even if they go on to graduate at some other institution. [LR564]

SENATOR GROENE: If one transfers in to you, do you get credit for that? [LR564]

CHRIS KABOUREK: I do not believe so. [LR564]

SENATOR GROENE: They don't even show up in the numbers? [LR564]

CHRIS KABOUREK: Because they would not be in that original cohort of numbers. [LR564]

SENATOR GROENE: They don't show up anywhere if they transferred from Wesleyan or anywhere else. They just don't show up in there as (inaudible). [LR564]

CHRIS KABOUREK: I would probably need to ask somebody else about that before I misspeak. But that's my general understanding is that transfers are a systemic problem when trying to calculate graduation rates with higher education. [LR564]

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SENATOR SULLIVAN: Senator Baker. [LR564]

SENATOR BAKER: Yes, thank you, Senator Sullivan. Mr. Kabourek, would it be fair to say the person who doesn't complete the university isn't necessarily due to failure? It may be that they achieved a job that they wanted to have. In fact, aren't there some people in the country advising people to drop out of the university and get engaged in work? [LR564]

CHRIS KABOUREK: Yeah, you know, Mark Zuckerberg, the founder of Facebook, enrolled in Harvard and dropped out. And I think he did pretty well for himself. So there are several...there's the national narrative debate going on about this and there are several wealthy entrepreneurs who are offering significant awards to promote entrepreneurship for students who might drop out of college. So that narrative is out there. [LR564]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LR564]

CHRIS KABOUREK: Thank you. [LR564]

SENATOR SULLIVAN: We'll now hear from the state colleges. Welcome. [LR564]

JODI KUPPER: (Exhibit 5) Thank you. Good afternoon, Madam Chair Sullivan and members of the Education Committee. I'm Dr. Jodi Kupper, J-o-d-i K-u-p-p-e-r, and I'm vice-chancellor for academic planning and partnerships. I'm here today representing Chancellor Stan Carpenter and the Nebraska State College System, which includes Chadron State, Peru State, and Wayne State Colleges. Thank you for the invitation to testify today regarding LR564 and its examination of what I will categorize as student access and opportunity. As you all know, the mission of access and opportunity lies at the heart of what we do and why we do it. The state colleges believe that any student who can benefit from attending one of our three institutions should be able to do so. So let me tell you about our students. During any given year, somewhere between 27 and 50 percent of our students are considered transfer students, nearly half are first-generation students. The average student debt load is around \$19,000 for our students, which is less than the average Nebraska debt load of \$27,000 and the national average of \$37,000 for students who graduated this past spring. While the national default rate is nearly 12 percent, our college loan default rates

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range from 7 to 10 percent. Our six-year graduation rates are higher than similar institutions with open admissions. Nationally this rate is 21 percent, while our rates range from 37 to 49 percent. However, another measure we use is what we call success rate, meaning the percent of entering students who either graduate in six years or leave the colleges in good standing. That success rate is 80 percent. In addition, the state colleges have an average first year to second year retention rate of 66 percent, compared to the national average of similar institutions at 58 percent. Systemwide, 33 percent of our students are receiving a Pell Grant, 12 percent are receiving the Nebraska Opportunity Grant. Overall, nearly 80 percent of our students are receiving some type of financial aid, with 47 percent of those being students from Nebraska. This fact is very interesting, considering the cost of attendance at the state colleges is the lowest of all four-year institutions in Nebraska, public and private. The annual cost of attendance for tuition, mandatory fees, and room and board is around \$13,500. Other Nebraska four-year institutions, using the same comparisons, range from nearly \$17,000 to \$48,000. The Nebraska State College System serves 9,000 students and offers more than 200 degree certificate and preprofessional programs, which are taught by 270 full-time faculty. Currently the colleges use a self-reporting graduate survey to obtain information regarding employment and salaries. Resulting data indicate that 65 to 70 percent of graduates are employed in rural areas of Nebraska. All reported they were earning wages above minimum wage. The state colleges have a long history of being good stewards of the public trust, including public moneys. We know that the Nebraska State College System also has a staggering economic impact across Nebraska, with over \$380 million of college and student expenditures. There's no doubt we not only change the lives of our students and their families, but the state of Nebraska overall. Thank you for the opportunity to speak. I'll address any questions you may have. [LR564]

SENATOR SULLIVAN: Thank you, Dr. Kupper. You indicated that, when you talked about success rate, a student either graduates or leaves in good standing. So what constitutes good standing and do you have any interaction with that student to know where they go or why they were leaving? [LR564]

JODI KUPPER: Good standing is the ability to transfer to another institution in academic standing, where they're not on probation or suspended from the institution. We don't have a lot of

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ability to track except to know where transcript requests were sent. But many times we don't know ultimately where that student lands. [LR564]

SENATOR SULLIVAN: Okay. And current enrollment in all of the state colleges right now is 9,000? [LR564]

JODI KUPPER: Just over 9,000, yes. [LR564]

SENATOR SULLIVAN: How has that been trending? [LR564]

JODI KUPPER: I believe we have remained fairly consistent with our numbers over the past few years. There might be difference in graduate or on-line, but overall we stay around that low 9,000 number. [LR564]

SENATOR SULLIVAN: Okay, thank you. Any other questions? Senator Kolowski. [LR564]

SENATOR KOLOWSKI: Thank you, ma'am. Dr. Kupper, thank you for your testimony. What impact have you seen from the community colleges with the associate's degree and then transferring to your colleges over the last decade, for example? Has that gone up every year or has it stayed stable? Where is it? [LR564]

JODI KUPPER: I don't know that I can speak in terms of whether it's increased or remained stable. But I do know that the opportunity for a student to come to one of the state colleges with an associate of arts or an associate of science and have all of their general education requirements fully met does provide transfer students with a unique opportunity to be able to continue forward immediately into their chosen careers and their majors. [LR564]

SENATOR KOLOWSKI: Sure. But you have no numbers right now? [LR564]

JODI KUPPER: I can certainly look into it. [LR564]

SENATOR KOLOWSKI: That's fine. Thank you. [LR564]

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SENATOR SULLIVAN: You just alluded to on-line education. What's going on with state colleges, have you seen an increase in on-line education? Can a student complete a degree on-line at the state colleges? [LR564]

JODI KUPPER: It started predominantly in the graduate programs because those...with teacher education, those students are usually teaching full-time and need access. And so all of the state colleges have graduate programs that are fully on-line. There are also undergraduate programs in some of the professional programs: psychology, criminal justice, business. That also allows an individual who might be working who has an associate's degree or is somehow already in the work force and would like to complete a bachelor's degree to be able to do that outside of the traditional hours that our on-campus courses would be scheduled. [LR564]

SENATOR SULLIVAN: Okay, very good. Senator Groene. [LR564]

SENATOR GROENE: Thank you, Madam Chairman. You say the average student debt at national average \$37,000 for students who graduated this past spring. What about all those that don't graduate, do you track that? You know, they drop out after two years, three years, they got debt. [LR564]

JODI KUPPER: These numbers are from the IPEDS and so I would guess that maybe they are not, but I would have to look into that. I'm unsure. [LR564]

SENATOR GROENE: So your 19,000 is graduates. The comparison says here "students who graduated." [LR564]

JODI KUPPER: Yes, that would be for students who completed and graduated. [LR564]

SENATOR GROENE: As far as repayment, I mean, is there anybody who tracks people who graduated versus who hasn't and repayment? [LR564]

JODI KUPPER: I would guess that occurs. I just am not as aware of that. [LR564]

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SENATOR GROENE: I just wanted to make sure that people who didn't graduate wasn't in the average and brought that down, but they are not. [LR564]

JODI KUPPER: I don't believe so. I believe it was on the graduation information in IPEDS. [LR564]

SENATOR GROENE: All right. Thank you. [LR564]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LR564]

JODI KUPPER: Thank you. [LR564]

SENATOR SULLIVAN: Community colleges. Welcome. [LR564]

DENNIS BAACK: Thank you. [LR564]

SENATOR SULLIVAN: This might be your last time to come before us. [LR564]

DENNIS BAACK: (Exhibit 6) Boy, I feel bad about that. (Laughter) It's hard to keep a straight face when I say that. For the record, my name is Dennis Baack, and I'm executive director of the Community College Association for about three more months, till the end of the year. And my spelling of my name D-e-n-n-i-s B-a-a-c-k. We are in the process of trying to hire my replacement and we're getting close. That will be announced shortly, I think. We are very happy to be here and we did collect a lot of data for you. We tried to answer all the questions that we possibly could. And I know that we tried to make sure that we're all reporting the same data to you. And one of the people at Central Community College, Brian McDermott, contacted all of the other colleges. And so if you look at his stuff in your packet, which is the first one, I think, from Central Community College, he kind of lays out the framework for what we're reporting in each of those. And, hopefully, all the colleges kind of followed that when we went through. But it does vary by college and it varies as to their ability to have some of this information. But we did the best we could. I hope that as you look at this information, if you see some things there that really interest you and you want us to do more, we can certainly focus in on those things and

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try to get you more data and stuff to make those things work. In the community college, we deal with...I mean, the fact of the matter is, we're open-door policy. And so we deal with every student that comes in the door. And that makes our job bigger, I think, than when you don't have...when you do have admission requirements. And it also, you know, when you start talking about graduation rates and those things, it's always interesting in the community colleges, we've never looked at the systems very fair towards community colleges, because IPEDS only counts first-time, full-time freshmen. And that's what we report. Well,...and they don't talk about part time; they don't talk about...and most of our students are part time. We're probably 70 percent part-time students. So we're only reporting on a very small segment of our population. Plus, for a number of years, whenever we would report our completion rate, we don't get to count transfer students; and we have a lot of transfer students. In the last few years, the Coordinating Commission has at least given us credit for those. When those students transfer to a four-year institution, they report a graduation rate plus this percentage also went on to a four-year institution. So they get counted in our numbers also. Because what happens in the IPEDS...and they only count first-time, full-time, so there's a whole lot of students. If a student goes to us for two years, gets everything they need to go on to a four-year degree, they never, ever get counted as a graduate anywhere because they didn't start at the four-year institution, they started with us. We don't get it counted; they don't get it counted. It doesn't make a whole lot of sense. We believe that we ought to be able to use a...we have been developing over the last few years through our national a voluntary framework of accountability talking about what we think is a completer for community colleges. And for a lot of part-time students, that might mean one course. They came to us and they wanted one course and they wanted one thing, they wanted one skill so that they could, maybe, advance in their job. They got that one skill. That never gets counted as a completer or a success for anybody. But for that student, that was a success and those students are going on to be successful. We also have within our system in a lot of our technical programs, especially the welding program, we have a difficulty graduating those students because they all get jobs before they graduate and they don't necessarily finish. Now we encourage them to come back and finish after they get their jobs and stuff, and in many cases the employers will pay for those. But it's very difficult and sometimes they just can't do it, they just can't come back and complete their degree, so they never do get their degree. But I still think they're a success because they've gotten a job. And I will tell you that in our case, we have about 75 percent of all of our students that do complete or graduate or take courses with us stay in the

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area where they've taken their courses. So they stay in the rural areas if that's where they took their courses; they'll stay in those rural areas. Plus about 90 percent of them total will stay in the state of Nebraska. So we don't lose that many students out of state. We do in some technical programs where some of the other states pay a lot better and so our graduates from technical programs so then they will go to other states from our program. But most of them stay in Nebraska. One of the things that we've been working on a lot is how we do our developmental and foundations education, because we have found and the data nationally show that the success rate in those...for those students who do have to have developmental education, success rate in that developmental class is very predictable as to whether or not they'll actually graduate from the college and whether they'll be successful. So we're looking at redoing a lot of that. Instead of saying that a student...when a student comes to us and we say, okay, you need to take this test to see what your abilities are. When they take that test and it says you're short in math, you're not...your math skills aren't up to par. We're trying now to use tests that would say, okay, what math skills are they not able to master? Which ones are they having difficulty with? And if they're having difficulty with only a certain one, that's the kind of course we make that student take. We don't make them take the entire math course where they maybe have those other skills and they don't need to take the entire course. So I think some of those things where you're zeroing in and trying to make them very individual kinds of things for students will be very successful and keeping students around in your retention and also in graduation rates. So with that, I would be happy to answer any other questions. [LR564]

SENATOR SULLIVAN: Thank you, Senator. When you talk about accountability and trying to...well, the difficulty of following a student and then you interplay that with privacy, are we ever going to eventually be able to have an identifier so that we can literally follow a student all the way in their educational continuum? [LR564]

DENNIS BAACK: Yeah, we've actually now...we're reporting data now, there is a system set up at the Department of Education, we're reporting data based on their student ID numbers. We've adopted that same system so that our students, when they come to us, they have a student identifier number that they've had all the way through the K-12 system and we utilize that same number. So we're able to keep track of all of them as they go through. And we're also...the community college anyway have been working with the Department of Labor to use some of that



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same data and stuff to then be able to track them into jobs to see what kind of pay they get and those kind of things. So we can track them a little further than we have been in the past. But that's very new and we're just into the beginning stages of that. But I think that's an important piece. We need to be able to track them. We need to know. [LR564]

SENATOR SULLIVAN: Um-hum. Okay, any other questions? Senator Groene. [LR564]

SENATOR GROENE: It was a tie. What I get from my community college when you ask is the amount of remedial classes that students have to take, it's 40, 50 percent. Do you report that? Do you work with the Coordinating Commission? Do you work with the Department of Ed to get back to the high school that that kid came from and say, we have a high instance here of kids coming out of your school that are taking remedial math before we can...you test them when they enter and then you recommend they take remedial math and remedial English. It's a very high number--40, 50 percent in North Platte. [LR564]

DENNIS BAACK: It is. [LR564]

SENATOR GROENE: I mean, not the school system, but the community college. [LR564]

DENNIS BAACK: Correct. [LR564]

SENATOR GROENE: Are you seeing that statewide? Is there a report back to the individual schools from the Department of Education? [LR564]

DENNIS BAACK: We do track that and we do...and 40 to 50 is probably a little low, actually. [LR564]

SENATOR GROENE: I know. I wanted to be nice to the public schools, but... [LR564]

DENNIS BAACK: Probably a little higher than that across the state. But quite frankly, you know, and one of the things that has happened in the last couple of years is our work with the

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Department of Education. As they've set their new standards for math and science and all those things, they have involved our instructors in developing those standards. [LR564]

SENATOR GROENE: But does the community college get back to the individual high school and say, we have a problem? [LR564]

DENNIS BAACK: We do, absolutely they do, absolutely they go back to them and try to figure out why there is a problem. [LR564]

SENATOR GROENE: Because we have a high incident of students coming from your school that are having to take remedial math... [LR564]

DENNIS BAACK: Right. [LR564]

SENATOR GROENE: ...or remedial science. [LR564]

DENNIS BAACK: They do do that. But, you know, you can't put all the blame on the K-12 schools either. Because we have a lot of people who come back...are nontraditional students come back to us after they haven't been in school for a number of years. And if you haven't been around math or something for a number of years, you're probably going to end up in some kind of a developmental class because you just simply haven't kept up. One of the things that we would like to see happen is the...we would like to see four years of math be required in high school; I think that would help. But one of the things, if you look at national data, you'll find that students who come out of high school, if they have not taken math during their senior year, a lot of those students are going to have to have a developmental or a foundations course in math. And so if we require four, maybe being away from math for a year is not a good thing. We need to keep them interested in those and keep them with their skills. And I think that would help as far as the remedial courses go. [LR564]

SENATOR GROENE: Thank you. [LR564]

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SENATOR SULLIVAN: When you first started talking, you indicated the community colleges accept all students. [LR564]

DENNIS BAACK: Um-hum. [LR564]

SENATOR SULLIVAN: But at what point and how do you determine the student needs developmental assistance? [LR564]

DENNIS BAACK: Well, they take a test. [LR564]

SENATOR SULLIVAN: So every student does take a test? [LR564]

DENNIS BAACK: Every student does take a test, yes. [LR564]

SENATOR SULLIVAN: All right. Okay. [LR564]

DENNIS BAACK: And that's how we determine their availability, yes. [LR564]

SENATOR SULLIVAN: Okay. Very good. [LR564]

DENNIS BAACK: Yes, what their abilities are, yes. [LR564]

SENATOR SULLIVAN: Okay. Very good. Senator Kolowski. [LR564]

SENATOR KOLOWSKI: Thank you. I want to thank Senator Groene for his question which is the same one I had; I appreciate it very much. Dennis, thank you for your testimony today. You're really on the forefront of the issues that we want to talk about and need to talk about. When I talked about the fluid aspect of the transfer of students and movement, when students can't get an adequate ACT score, they're not going to go to the university. They're not going to go to the state colleges. They're going to probably try the community college system and start there and, hopefully, work their way up and through that. But the challenge is how did they get out of high school with that lack of competency? We have to ask ourselves that question. If we shirk

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from that, we're going to be in a negative situation that is going to be harder and harder to get out of. So your work with those K-12 institutions across the state becomes crucial for us to say, you know, you've got to work on this. You can't play the game of sit down, be quiet in my class, and get a four and you'll get out of here. Just being truthful. And if we do that, it's a dishonest situation for those kids and for that institution that gave them a high school diploma. [LR564]

DENNIS BAACK: Right. And it doesn't serve students well. [LR564]

SENATOR KOLOWSKI: Absolutely. [LR564]

DENNIS BAACK: And, quite frankly, it doesn't serve parents and the people who are paying for all those. I mean, public dollars go into the school system and they go into our system, they go to the university, they go to state colleges. We ought to be making the best use of those public dollars. And in some ways we're not doing that and we need to. And I think that the state department reaching out to us and asking our faculty and stuff to be involved with they do standards and stuff is a very good step in that direction. So that at least we know that if they go through a certain class in high school, they're going to be ready to enter at a college level. [LR564]

SENATOR KOLOWSKI: Absolutely. Hence my questions earlier...who earlier presented this, Mike, when you were up there, the same thing of where is the connection to the superintendents and principals that are delivering those kids to our doorsteps in college? [LR564]

DENNIS BAACK: Right. [LR564]

SENATOR KOLOWSKI: Thank you. [LR564]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LR564]

DENNIS BAACK: You're welcome. Thank you. [LR564]

SENATOR SULLIVAN: Nebraska Wesleyan. Welcome. [LR564]

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FRED OHLES: (Exhibit 7) Thank you. I am Fred Ohles, F-r-e-d O-h-l-e-s. I'm in my tenth year as president of Nebraska Wesleyan University and I thank you for the opportunity to testify. What matters most for student success in higher education is finishing a degree. With degree in hand, possibilities open. Some new graduates will start with an impressive first salary and never progress much beyond that. Some will start modestly and work their way to impressive outcomes over time. Many will change their minds and change their career directions when they are 25, 30, 35 or older. I did. What matters most is finishing the degree. Senators, I believe your concerns should be on students who don't finish. Your attention to what happens with all tax dollars invested in higher education, I believe, should center on why so often the money is gone and yet there is no degree. That is when loans become unbearable burdens. That is when chronic underemployment is likely. That is when public funds may be squandered. So much that gets said these days about college avoids straight talk about having the degree or not having it. There's too little serious examination of substantial issues. I appreciate that this study focuses on collecting real data about actual results; graduation being, by far, the most important result. Nebraska Wesleyan University has high rates of retention and completion. We have high rates of alumni satisfaction, which reflect long-term employment success. We have the same percentage of students receiving Federal Pell Grants as the University of Nebraska-Lincoln. We have moderate levels of student debt, a growing minority enrollment--in this year's first-year class out of high school, 16.5 percent minority students. We have very low rates of loan default and a higher than average median salary for alumni according to the Federal College Scorecard. These facts mean that the public funds entrusted to our students in grants and loans are put to good use with beneficial results. We are serving the public interest effectively, although we are organized as an independent institution. I will be glad to answer your questions and hear your comments. Thank you. [LR564]

SENATOR SULLIVAN: Thank you, President Ohles. Questions for him, please? Senator Schnoor. [LR564]

SENATOR SCHNOOR: You mentioned the importance of, you know, that we need to focus on students graduating and getting degrees. What about the students that graduate with a degree but can never find a job? What are your...I just want to hear your thoughts on that. [LR564]

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FRED OHLES: I think that's a sad circumstance and I'm glad to say in the case of Nebraska Wesleyan, rare. One of the questions asked, I believe it's question nine or ten in this set, has to do with who has a job with better than minimum wage. And I learned that of 207 students on whom we have a report who graduated in 2014, there are 9 who may be at minimum wage and 4 of them are aspiring actors. (Laughter) Honestly, we expect them to wait tables. So if you take...if you would allow me to take them out, we've got 97.5 percent who are earning a good wage. And the federal report is 44,600 as a median ten years after being a first-year student. So, yes, I would say, Senator, that that is a problem. I believe it exists mostly in institutions that have also low graduation rates. And I want to be careful about talking about other organizations, but the conversation earlier this afternoon about a for-profit university I thought was very interesting and illuminating where their own accreditor had said they were not doing the job that they had been established to do. That gets to the kind of dilemma you were describing. [LR564]

SENATOR SCHNOOR: Okay. Thank you, sir. [LR564]

SENATOR SULLIVAN: What is the current enrollment of Nebraska Wesleyan? [LR564]

FRED OHLES: It's about 2,000 students. About 1,500 are coming straight from high school; the others are in graduate and adult programs. [LR564]

SENATOR SULLIVAN: Okay. Thank you. Any other questions? Senator Groene. [LR564]

SENATOR GROENE: What percentage of those are Nebraska students? [LR564]

FRED OHLES: We enroll approximately 85 percent Nebraska students, Senator, very high percentage. [LR564]

SENATOR GROENE: One of the things what a private college I always understood was the high tuition was balanced by you guys made sure that people graduated in four years or tried really hard to put them in a program; but you're only 51 percent? [LR564]

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FRED OHLES: On the four-year rate, yes. And let me tell you, it's my view that that, in our case, that should be 64 percent. And we are aspiring to put it there. The reason I say 64 percent, this has to do, again, with how the federal government counts...allows us to count the statistic. If four out of five return for the sophomore year, then that's .8 out of 1.0. If four out of five who have come back for the sophomore year finish in four years, then that's .8. Again, you multiply .8 times .8 you get 64 percent. So I aspire that we should be showing 64 percent and we're working hard on that. [LR564]

SENATOR GROENE: So if you could estimate, those who stick it out,... [LR564]

FRED OHLES: Yes. [LR564]

SENATOR GROENE: ...that don't drop out, what percentage of those graduate in four years versus five? [LR564]

FRED OHLES: About two-thirds. [LR564]

SENATOR GROENE: Sixty-six percent of that group and the rest would graduate in five or six years. [LR564]

FRED OHLES: Yes. [LR564]

SENATOR GROENE: Or become professional students and work for the college. (Laughter) [LR564]

FRED OHLES: I loved my days as a history professor. (Laughter) [LR564]

SENATOR SULLIVAN: Senator Pansing Brooks. [LR564]

SENATOR PANSING BROOKS: Thank you. Thank you for coming, I really appreciate it, Dr. Ohles. And, of course, we have incredible institutions of learning, including, of course, Wesleyan in our state. Just extending a little bit of what Senator Groene has said, living in Lincoln we

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know that there's a great push for the public schools in K-12 to really increase their graduation rates for many reasons. [LR564]

FRED OHLES: Yes. [LR564]

SENATOR PANSING BROOKS: So could you just speak a little bit, because we're seeing numbers like this in the 60 percent, whereas LPS is pushing to 90 percent. So what is that differential that we are seeing among all the schools? And I could have asked this of anybody, but I'm seeing it repeatedly in this 60 percent range, so if you wouldn't mind speaking to that a little bit. [LR564]

FRED OHLES: Yes. It begins with the dilemma that my friend Dennis Baack described that a student who is at more than one institution never gets counted. All right? Except as a failure by all of us the way the federal rate is calculated. So if a student spends one year at Southeast Community College, one year at Nebraska Wesleyan University, and two years at Harvard University and graduates with distinction, that student will count against us on completion rates. All right? So that's an artifact of how the counting is done. In cultural terms, I would say American culture used to have long-term commitments in a whole lot of arenas. For example, including employment, that it was common for someone to work for one organization, for one company for 30 or 40 years. And that's become far less common. It was much more common when I was in college to stay with your college, even when you met some bumps, as I remember doing the first year. We've become an impatient nation, I would say, and that is reflected partly in people moving from college to college and, therefore, not being counted as successful. The way the statistic is developed rates in the range of 60 to 70 percent, in fact, are huge successes in America. [LR564]

SENATOR PANSING BROOKS: Okay, so I...let me just clarify one more time just to make sure. So the fact that he's at Harvard is out of state. But the same thing happens if they transfer from UNL to Wesleyan to community college. [LR564]

FRED OHLES: Oh, indeed. [LR564]



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SENATOR PANSING BROOKS: So it's the same kind of issue whether they're in state or out.  
[LR564]

FRED OHLES: Yes, it is. Yes. [LR564]

SENATOR PANSING BROOKS: Okay. So most of the data that we're seeing doesn't include any transfers or anybody that's a part-time student, or...is that correct? Or is it not that broad?  
[LR564]

FRED OHLES: You're right. Yes, part time...we collect some statistics, all of us, that we report through this federal system called IPEDS. However, the graduation rates are based upon full-time start. And students that transfer are not captured in the statistics given the large number of students who choose to transfer these days. That's a systemic weakness in how we across the country are measuring what we're doing. [LR564]

SENATOR PANSING BROOKS: So missing 30 to 40 percent of the students in all the statistics, is there something that we can do as a state to really have a better handle on the numbers and what's happening? [LR564]

FRED OHLES: I'm hesitating because the bureaucratic entity that is very good at collecting large amounts of data is the U.S. federal government. [LR564]

SENATOR PANSING BROOKS: Okay. [LR564]

FRED OHLES: However, the federal collection of these statistics is very slow to change. And it seems to me unlikely that 50 states would want to start investing in tracking those things individually. With a federal system, Senator, where education is said to be a local and state matter; however, the largest funds put into educational opportunity are national. There's attention or a contradiction there that I don't know how to resolve. [LR564]

SENATOR PANSING BROOKS: Okay, thank you, Dr. Ohles, appreciate it. [LR564]

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SENATOR SULLIVAN: Senator Baker. [LR564]

SENATOR BAKER: Dr. Ohles, help me understand what impact would be if a student coming to Wesleyan with a whole pocket full of dual-credit classes, would that affect your completer rate? [LR564]

FRED OHLES: Senator, I would have hoped that it did. Let me give you an anecdote that I wish I had a statistic on this, but an anecdote that I believe points toward the circumstance that exist today. We have a student who is currently a junior and has a 4.0 average and intends to go to medical school and is in the process of inventing a company; a rather talented student, very talented student, brought dual enrollment credits from a high school in Lincoln and has told me that she intends to spend five years with us as an undergraduate because that gives her the opportunity to do everything she wants to do. Well, I celebrate her intention and with 400 students in a class, there goes one-quarter of 1 percent of my rate for that year. [LR564]

SENATOR BAKER: So are you telling me it does not right now? Let's say a student comes with 30 college credits right out of high school. [LR564]

FRED OHLES: Yes. [LR564]

SENATOR BAKER: Is there any way that gets in the way? Is there any way that harms your completer rate as an institution? [LR564]

FRED OHLES: No, because some of those students choose to finish after three or three and a half years. [LR564]

SENATOR BAKER: Yes. [LR564]

FRED OHLES: And we get no bonus points for that. However, an amazingly high number of those students intend to spend four years in college, have the full college experience. And if they are in theater or music education or accounting, their program is largely structured for five years; social work is one of those cases as well. So I wish that our students would move along in more

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cases faster. I'd be willing to forgo the tuition. But that's also, I would say, Senator, part of the public mood that if it's working for you, stick with it. [LR564]

SENATOR SULLIVAN: Senator Groene. [LR564]

SENATOR GROENE: Isn't the...back to graduation rates, isn't the real comparison between the private college and the public college, the 51 percent in four years to 62 (percent) in six years versus the university's 67 percent in six years and only 32 percent in four years? I mean, back to that statement I made about my granddaughter attending your college, which I sure hope you get her through in four years, but that used to make that sales pitch...that sales pitch to them that you're...that in the long run saying get through in four years and make an income for two more years out of their life plus they don't have the extra two years of tuition. [LR564]

FRED OHLES: Yes, that is indeed the case that we make, Senator, that if one finishes in four years, there is two years of income to the benefit side and two years not spent paying for their tuition that ends up being an additional benefit. So an independent university such as mine will make the case that if you finish in four years, and we guarantee that you can if you talk to your adviser and follow things then it won't cost you more. [LR564]

SENATOR GROENE: But it's not the makeup of your students, right? Because you take poverty...you got a high level of poverty, you take minorities... [LR564]

FRED OHLES: Yes, sir. [LR564]

SENATOR GROENE: ...percentagewise it's very comparable to the public schools. So that isn't the excuse why you guys are having a better four-year graduation rate versus the public college. [LR564]

FRED OHLES: I need to leave it to you, Senator, to draw those conclusions. I'll provide my portion of the data. [LR564]

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SENATOR GROENE: But your makeup of your student body very similar to the public school system. [LR564]

FRED OHLES: If we make the comparison with the University of Nebraska-Lincoln, it's the same average ACT score coming in; it's the same percentage of students of color; and it's the same percentage of students receiving Pell Grants, yes, sir. [LR564]

SENATOR GROENE: Thank you. [LR564]

SENATOR SULLIVAN: Any other questions? Senator Pansing Brooks. [LR564]

SENATOR PANSING BROOKS: Thank you. How do you balance out trying to keep Nebraska students so you...I presume there are lower tuition rates for Nebraska students, but then still attract out of state, is that correct? Are there in-state tuition at Wesleyan? [LR564]

FRED OHLES: In an independent school such as ours, Senator, the same tuition is published for all students. And there is no significant difference in how we award financial aid. So unlike a public institution, we do not have an in-state and an out-of-state tuition rate. [LR564]

SENATOR PANSING BROOKS: Okay. [LR564]

FRED OHLES: I feel conflicted about our 85 percent Nebraskans. It's a glorious reflection of how we are regarded in the state. However, over the long term, it's probably in our institutional best interest to have more students from other states. And that may also be good for our Nebraska students. [LR564]

SENATOR PANSING BROOKS: And do you have a percentage of how many out-of-state students that you have stay in Nebraska to remain to work or go on to school? Do you have any knowledge of that? [LR564]

FRED OHLES: We offered the one statistic that was asked for in the set about the number of students who go to rural Nebraska; about 10 percent of our graduates who are reporting their

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jobs are reporting them in rural Nebraska locations. Anecdotes tell us that students who come to a state for college are more likely to stay in that state afterward, but I don't have a data point for you. [LR564]

SENATOR PANSING BROOKS: Okay, I'm sorry, I'm missing where that is. But is that 10 percent, is it on the sheet? [LR564]

FRED OHLES: It's on the second page, Senator, on the...in the answer to question 7. [LR564]

SENATOR PANSING BROOKS: Okay. And so that includes all students, not just Nebraska...not just out of state? This is...correct? [LR564]

FRED OHLES: That doesn't differentiate between state of origin, yes. [LR564]

SENATOR PANSING BROOKS: Wonderful. Thank you so much. [LR564]

FRED OHLES: You're welcome. [LR564]

SENATOR SULLIVAN: Any other questions? Thank you, President Ohles. [LR564]

FRED OHLES: Thank you. [LR564]

SENATOR SULLIVAN: Joseph's College of Hair Design. [LR564]

BRUCE NIMS: Thank you, Senators... [LR564]

SENATOR SULLIVAN: Welcome. [LR564]

BRUCE NIMS: ...for the opportunity to speak. I want to thank you for your service. I have been involved in a lot of political things over my career of 50 years owning a private vocational school. Joseph's College is 51 years old this year. We have seven schools located across Nebraska. [LR564]

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SENATOR SULLIVAN: Excuse me, sir. Could you first give us your name. [LR564]

BRUCE NIMS: (Exhibit 8) Oh, I'm sorry. I'm Bruce, B-r-u-c-e N-i-m-s, and I'm the owner of Joseph's College. Our main office is here in Lincoln. When we first started, we wanted to move into smaller schools in small towns because we thought it was advantageous to be able to offer our services to people in the rural area and not require them to come to Lincoln. In my years of doing this, I listened to some of the questions you asked and I found them very, very thoughtful. One of the problems with higher education in Nebraska is FTEs. And you can get a group...the number of...the amount of money you get from the state is controlled by what your FTE count is. And it seems as though dealing with people that drop out of other kinds of colleges and come to us they seem to have spent a lot of money on courses that they'll never be able to make a nickel off of. If you were an anthropologist and you moved to Wymore, Nebraska, where are you going to get a job? If you're a psychologist and you move to Wellfleet, Nebraska, who's going to come to you? You're just like anyone else, you have to develop a business. And why it takes so long for kids to get through college is a lot of times you can't take a class that's required because they only have a few openings for that class which requires you to come back for another year. Now I want to talk a little bit about the two big colleges that failed--Corinthians and...the other one, I'll think of their name in must a minute. What drove them...they were both on the New York Stock Exchange. Greed is what drove them because the amount of money that the feds contribute to students in school is all determined about how many students you have. And consequently, those people have audits. We have, as a private school, I have to do certified audits every year. The feds do program reviews where they come and look through your stuff for three or four years to make sure everything is dotted and crossed. And the numbers we have, that we produce, are for one program--cosmetology. And it lasts 14 months to finish. Now, when this...I'm going to say it straight, and I'm not saying this to offend anybody, there is two groups that financial aid is determined by two different groups. Private vocational schools, like us, have one set of rules; colleges and nonprofits have another set. They can take and figure out their dropouts. I thought it was interesting, you were asking about first-year freshmen. Well, we count them with five or six other years and it makes it okay. That's allowed by the feds. Where with us, it's one program, one year; if our dropout rate is 20 percent, it was 20 kids out of 100 because there was no adding them in with other groups as they're permitted to do. Dropouts and financial aid debt, you know, you talk about what is the indebtedness of your student. What's really crazy is we ought to talk

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about dollars. At a four-year college, you could end up owing \$80,000, \$100,000. At our school, our indebtedness is \$16,000. That's the amount of our average loans. One time, in this 50 years, I was...did quite a few things. I was a vice president of National School Association. I could have been president, but I thought the president needed to live closer to Washington, D.C. I was on the Coordinating Commission for higher education in Nebraska. I got to see all these groups fight over money, which I thought was outstanding and quite humorous. I participated and wrote the tuition recovery program for private vocational schools. And I'm not sure there's any money left in it. Cosmetology had \$500,000 in fees because we were a self-supported board that regulated our business. And when times got tough about eight or nine years ago, the state in its wisdom swept that \$500,000 into the General Fund, and they've done that since then. And I'm not sure that this Tuition Recovery (Cash) Fund is intact. Now, the... [LR564]

SENATOR SULLIVAN: Mr. Nims, I will point out that your five minutes is up, so... [LR564]

BRUCE NIMS: Already? I haven't even got my lips wet. (Laughter) Let me close quickly then. The Tuition Recovery (Cash) Fund was to aid students whose schools that closed; it's never been touched. We closed a barber school, I did, in Omaha. I kept it open the last month for one student so they could graduate. We had no problems with any kids losing any money. The same thing goes with our transfers from one school to another; it's very easy to do. If you have a thousand hours at our school, you get a thousand hours of credit towards the end of our program. It takes 2,100 clock-hours to graduate cosmetology school. I have a whole lot of other things I'd like to talk about. I'm very proud of our numbers, our graduates. We have probably 15,000 to 18,000 graduates over the years that when through the school. My red light is up. Do you have any questions? [LR564]

SENATOR SULLIVAN: Thank you, Mr. Nims. You talk about employment in small rural communities across Nebraska. I'm sure a good number of your graduates go back out to rural Nebraska. [LR564]

BRUCE NIMS: Absolutely. If you drive through a little town, which I really like to do, you'll notice there's a bar and a post office, in most of them, and a beauty shop. Majority of

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hairdressing that's done in our state is done in small salons as opposed to the really big ones. [LR564]

SENATOR SULLIVAN: So in that regard, most of those small salons then are owned by the hairdresser. [LR564]

BRUCE NIMS: Owner/operator, yes. Yes. And a lot of salons today lease booths. There are places that will have 10 or 15 different operators, hairstylists there and they lease a booth in the building and then they become their own boss--buy their own supplies, have their telephone, make their own appointments, and all that. [LR564]

SENATOR SULLIVAN: What is your enrollment numbers? [LR564]

BRUCE NIMS: We have between 225 and 275 students a year. [LR564]

SENATOR SULLIVAN: And that's been pretty stable. [LR564]

BRUCE NIMS: Pretty stable. I'm really concerned about the small towns. Gee-whiz, when you drive through Nebraska and you look, there's nothing for young kids to do. And so many of them are leaving, which is really a shame. I enjoyed some of your questions, Senator, that you had too about...the only other thing I'd really like to say is that I think that the K-12 schools, and maybe it's because I'm an old guy, but it seems like they've dummy-downed the students. In a few more years, instead of being able to talk to you, I'm going to have to talk with my thumbs and use an abbreviation that we have no idea what I'm trying to say. (Laughter) Kids can't write sentences, let alone a paragraph. A lot of kids cannot read when they come to our school. Our enrollment is...we have a lot of minorities--Hispanics, and a majority of our students are girls. [LR564]

SENATOR SULLIVAN: Any questions? Senator Pansing Brooks. [LR564]

SENATOR PANSING BROOKS: Thank you. Thank you very much for coming, appreciate you being here. [LR564]



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BRUCE NIMS: And we really use the state grant. I was supposed to talk about that, but it's a great tool for us, because that makes \$500 or \$700 less student debt that a person has when they graduate, and that's important. [LR564]

SENATOR PANSING BROOKS: Okay. [LR564]

BRUCE NIMS: Thank you. [LR564]

SENATOR PANSING BROOKS: I still have questions. [LR564]

BRUCE NIMS: Oh sure, go ahead. [LR564]

SENATOR PANSING BROOKS: Thank you. I'm pleased to know about the Tuition Recovery (Cash) Fund and your opinion on it. And what about surety bonding? Does... [LR564]

BRUCE NIMS: Originally, when you start a school is a private school bond. We also have to have a bond for our admissions people so that they don't tell stories to people. And they get a license called a solicitor's permit from the Department of Education. [LR564]

SENATOR PANSING BROOKS: Okay, well in light of the...especially closure of other for-profits such ITT most recently, and, you know, I think questions regarding student protections and how we're spending our dollars are really important. We did ask Kaplan to come forward and talk, as well, since they're the largest for-profit that's receiving state dollars. I'm hopeful that they will send us the information. [LR564]

BRUCE NIMS: I would be too. I think that the feds...excuse me for interrupting you, the feds are going to make private schools do a thing called gainful employment. [LR564]

SENATOR PANSING BROOKS: Yes. [LR564]

BRUCE NIMS: And you're going to have to be able to show that you make enough money to be able to pay a certain percentage of your income towards the loans. Where the problem is, is that I

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can't tell you--you don't need \$30,000 worth of loans, because if you drive up the street, everybody in town wants to hire somebody. And in our schools, there is no homework. But yet the feds make me tell you that you're entitled to...let's just use a number, we'll say \$20,000; and I can't tell you, you don't need it. If I try to talk you out of it, I could lose my access to federal funds. That's the difference between the rules for a private school and for a public school. We could cut our debt load in half, in half by having the kids work. I mean, good heavens, there's...and it would be very easy. You know, if you worked four hours a night for five nights, you could make \$200, \$250 a week; pay for almost everything and you need very little bit of financial aid. And we can't determine how you spend it either. A lot of these kids have never had any money. We teach a class on...teach them about finance, how much loan debt you have, how much you're going to have to pay back, all of those sorts of things. But in the end, I have to give them what they ask for. [LR564]

SENATOR PANSING BROOKS: So do you have a feel of the for-profits? What seems to be the main issue in the for-profits right now nationally with ITT? You mentioned Corinthian. [LR564]

BRUCE NIMS: Corinthian. Corinthian was a...that went down first then ITT, and their programs were good. They taught some skills that were very viable. But where their problem got to be is how they took attendance and how they used private loans for kids that had incredible interest rates. And if you had a person that came to your school that had defaulted on a loan, they're not eligible for financial aid. But then you could offer them private loans where those could get incredible interest. They were very unscrupulous. They were driven by money. And I have always felt that there was enough there if you run it right, everything works out; and it certainly has for us. [LR564]

SENATOR PANSING BROOKS: So can you tell me what your opinion is on what...how it's driven by money and why that becomes unscrupulous? [LR564]

BRUCE NIMS: Because of the companies are on their employees to get more kids in school. They offer a lot of incentives. It's sort of like Wells Fargo's thing--selling the new accounts. You get an unscrupulous bunch of sales people...I know of schools in the past, and this has been a long time ago, but they used to stand in the unemployment lines to get the kids and offer them all

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kinds of things. And the big cities have a lot of problems with this sort of thing. Nebraska is really a unique place. If you look at our stuff, what I'm really proud of is Nebraska ranks right at the top of salaries for hairdressers. A lot of the really good hairdressers have...I every once in a while will see someone's name that works in the movie industry that was from here in Nebraska. And the employment possibilities are great. We have no problems with that, not at all. [LR564]

SENATOR PANSING BROOKS: Thank you, Mr. Nims. [LR564]

BRUCE NIMS: Um-hum. Thank you for the opportunity. [LR564]

SENATOR SULLIVAN: Just a minute. Senator Groene. [LR564]

BRUCE NIMS: Yes. [LR564]

SENATOR GROENE: How many years has Joseph's been... [LR564]

BRUCE NIMS: Fifty-one. [LR564]

SENATOR GROENE: Fifty-one. [LR564]

BRUCE NIMS: Yeah, we started in 1965. [LR564]

SENATOR GROENE: You have one of them in North Platte and you're very well respected...your graduates are. [LR564]

BRUCE NIMS: That was owned by a friend of ours. We've had that one probably 15 years. [LR564]

SENATOR GROENE: Unrelated, but do most states separate cosmetology and barber? [LR564]

BRUCE NIMS: Yes, some do. Here in Nebraska, we had a barber school in Omaha. And they have a whole different board and a different set of rules which I think is absolutely crazy because

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you can cut hair with two rocks. I always say if you can do this with a clipper, you can be a barber. But it's...barbering was a profession a long time ago and they're quite protective, the barbers are of it. But cosmetologists can cut both men and women's hair. Barber school, the reason that we closed our school in Omaha was the availability of teachers. They have a really strict...they require two years of college. [LR564]

SENATOR GROENE: Because there's a real shortage of barbers in the state as far as I'm concerned. [LR564]

BRUCE NIMS: Yes, there is. But a barber is a barber forever. But a cosmetologist isn't necessarily one forever. I guess I'm one, but...I'm the oldest licensed cosmetology instructor in Nebraska, not by age, but by years. I've been licensed as an instructor for 56 years. I never thought I'd last that long. (Laughter) Any other questions? [LR564]

SENATOR SULLIVAN: Thank you very much for your testimony. [LR564]

BRUCE NIMS: Thank you. I appreciate the opportunity. [LR564]

SENATOR SULLIVAN: You bet. Nebraska Appleseed. Welcome. [LR564]

KEN SMITH: (Exhibits 9 and 10) Thank you. Good afternoon, Chairwoman Sullivan and members of the Education Committee. My name is Ken Smith and I'm the staff attorney for the economic justice program at Nebraska Appleseed. Appleseed is a nonprofit, public interest, legal advocacy organization that works for justice and opportunity for all Nebraskans. And I thank all of you for the opportunity to testify today in respect to LR564. LR564 is asking important and timely questions about accessibility and effectiveness of postsecondary programs in our state across all sectors of education, be it nonprofit or for-profit, public or private. Ensuring that our postsecondary programs in Nebraska are accessible and performing well is becoming increasingly critical. It's estimated that more than 7 in 10 jobs in the state of Nebraska will require a postsecondary degree by the year 2020, which is not as far off as it may seem. By looking at the student outcome figures that LR564 is targeting, like retention and graduation, employment and earnings, we can ensure that postsecondary programs are functioning well for

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students and for taxpayers, particularly given the increasing demand for postsecondary education in our work force. Within the broad scope of LR564, my testimony focuses on the student protections that we've been hearing about. In December of 2015, Appleseed released a report titled "The High Cost of Higher Education: The For-Profit College Industry in Nebraska." And a copy of that report was circulated to all of you with copies of my testimony. The report cited troubling national trends within the for-profit college industry and called for a formal study of for-profit college system in Nebraska to ensure that our students are protected from the harmful practices that we saw across the country and to ensure that the for-profit schools that receive Nebraska Opportunity Grant money are returning our taxpayers' investment. As part of that study, we looked at what the mechanisms were in place across the country that afforded students of these institutions protection in the case of, like we've been talking about today, an ITT Tech, a Corinthian, etcetera. And our conclusion was that across the country, students at for-profit schools and career schools are generally protected by either a tuition recovery fund or some type of bond requirement or both. And those protections are designed to indemnify students in the event of an unanticipated school closure or if the school is found to have caused a student harm in violation of the law. So then we looked at what Nebraska had in place with respect to student protections. And we found that in Nebraska there are two statutory schemes that regulate postsecondary education. And we've talked about them a little bit today, but I think the record should be clear about this. There is the Private Postsecondary Career Schools Act which applies to postsecondary institutions that offer programs up to an associate's degree level and is administered by the Department of Education. And we also have the Postsecondary Institutions Act which applies to postsecondary schools that offer programs beyond an associate's degree level and is administered by the Coordinating Commission. And what we found is that while Nebraska does have this tuition recovery in place and while our statutes do have some bond requirements written into them, those protections are only afforded to students at schools that are overseen or regulated by the PPCSA and the Department of Education. So only students at schools that offer programs up to and including associate's degrees, but no more. So in other words, schools that offer beyond an associate's degree are not required to provide any such protection for their students. And so this creates a gap in consumer protection. And students at those schools have little or no recourse when the school closes very suddenly, as was the case with Wright College. I think with this in mind, the Legislature should consider expanding the Tuition Recovery (Cash) Fund and the bond requirements to apply to students at all for-profit

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colleges and career schools, not just those that are regulated by the Private Postsecondary Career Schools Act. We wouldn't be the first state to do this. There are a handful of other states that provide those protections--the Tuition Recovery (Cash) Fund, the bond requirements for schools--and that do not distinguish between associate's degree or baccalaureate degrees in doing so. Moreover, I think the fact that students at some postsecondary institutions are protected by a recovery fund or bond requirement while others are not underscores the complexity of the regulatory mechanisms that we have here in Nebraska. I think we heard testimony from the Coordinating Commission, from the Department of Education; there was testimony about how DHHS is also responsible in some way, the Department of Motor Vehicles, the Department of Insurance. And so I think this kind of complicated division and regulatory oversight is an area where further exploration is merited just to ensure that the regulating entities have clarity with respect to their own roles and to ensure that they have adequate regulatory authority to carry out their obligations. For example, some states give regulating entities the authority to require schools to regularly produce information on outcomes; information similar to that being collected by LR564 and then it can tie eligibility to student grants like Nebraska Opportunity Grant to those outcomes. I see I'm out of time. I just in closing I think LR564 is asking important and timely questions and allows us to improve our...will hopefully allow us to improve our postsecondary education programs. [LR564]

SENATOR SULLIVAN: Thank you, Mr. Smith. Are there questions for him? Thank you for your testimony. [LR564]

KEN SMITH: Thank you. [LR564]

SENATOR SULLIVAN: I have next on the list Wade Kotschwar. That concludes the list of the invited testifiers. Is there anyone else wishing to testify? If not, Senator Pansing Brooks, would you like to close? [LR564]

SENATOR PANSING BROOKS: I think I'll waive (inaudible). [LR564]

SENATOR SULLIVAN: Okay, all right. Well, then this concludes the public hearing on LR564. I appreciate everyone attending. Thank you. [LR564]