

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

[LB398 LB490 LB569]

The Committee on Education met at 1:30 p.m. on Monday, February 27, 2017, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB398, LB490, and LB569. Senators present: Mike Groene, Chairperson; Rick Kolowski, Vice Chairperson; Laura Ebke; Steve Erdman; Lou Ann Linehan; Adam Morfeld; Patty Pansing Brooks; and Lynne Walz. Senators absent: None.

SENATOR GROENE: Welcome to the Education Committee public hearing. My name is Mike Groene from Legislative District 42, I serve as Chair of this committee. The committee will take up the bills in the order posted outside the door. Our hearing today is your public part of the legislative process, you are the second house. This is your opportunity to express your position on the proposed legislation before us today. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please turn off cellphones and other electronic devices, move to the chairs at the front of the room when you are ready to testify so we don't have a lapse of time between testifiers. The order of testimony is introducer, proponents, opponents, neutral, and closing remarks by the introducer. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written material that you would like distributed to the committee, please hand them to the pages to distribute. We need 12 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you now. When you begin to testify, please state and spell your name for the record. That is the biggest mistake people forget, so please state and spell your name. Please be concise. It is my request that you limit your testimony to five minutes. If necessary, we will use the light system: green, four minutes; when you see the yellow you got one minute remaining; red, please wrap up your comments. Stay in the seat, and you might have questions from the committee. If you would like your position to be known, but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. The committee members that will be with us today will introduce themselves beginning at the far right. Senator Pansing Brooks, Kolowski, Morfeld, Ebke I believe are in exec session and they will be joining us later, but they plan on being here. So I will start with Senator...

SENATOR LINEHAN: Hi. Lou Ann Linehan, District 39: Waterloo, Valley, and Elkhorn.

SENATOR ERDMAN: Steve Erdman, District 47: 10 counties in the Nebraska Panhandle.

SENATOR WALZ: Lynne Walz, District 15: all of Dodge County.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR GROENE: Thank you. I'd like to introduce committee staff. To my immediately left is Charles Garman; to my right, at the end of the table, is committee clerk Kristina McGovern. The pages to my far right are Alexi Richmond and Sam Baird, they're both students at the University of Nebraska. Please remember that senators may come or not show up at all for a while and leave during our hearings, as they may have bills to introduce in other committees. I also like to remind our committee members to speak directly into the microphone. Also our audience, the microphones in the rooms are not for amplification, but for recording purposes only. Lastly, we are an electronically-equipped committee and information provided electronically as well as in paper form. Therefore, you may seem committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and are critical to our state government. If you see me handing Charles a note or texting, it's usually because I'm clarifying a question before I ask it. So thank you. We will begin with LB398, Senator Wayne. [LB398]

SENATOR WAYNE: Good afternoon, Education Committee and Senator Groene. Chairman Groene. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. This is probably one of the shortest openings that I'll ever have on a hearing because this bill is really simple. This bill is simple because it just says that if schools are going to teach swim lessons their instructors should be lifeguard certified and CPR certified current. And I know one would think we might not need a law for that, but what I passed out is something that happened in Omaha Public Schools. And if you'll turn to page 2 of 3 and go down four paragraphs, you'll see why this bill was introduced. In no way is that necessarily the reason of what happened in this situation, and I want to state that for the record, but I think it's clear that no law out there requires a swimming instructor to have any type of certifications beyond physical education endorsement in this state. And I just think swimming is something, one, I think all kids should have, regardless of whether they're in Omaha or not. I think it's an important tool and I think it's just an important skill that everybody should have. But more importantly, this is just to me a no-brainer that we should have on the books to make sure all teachers who teach physical education and swim classes should be a lifeguard and CPR certified. And with that, I'll answer any questions. [LB398]

SENATOR GROENE: Any questions from the committee? Senator Wayne, reading the statute, I can't distinguish where you want to place this statute in existing law. [LB398]

SENATOR WAYNE: Well, that's what's interesting when we were looking at bill drafters we couldn't really determine where to place it, because it is just a brand new law. Most of our regulations are for, as far as teacher certifications are done through the State Board, there is a couple sections in state statute that I think it would apply to as it relates to teachers' tenures and teachers' general certification requirements. And that is in a section. And that's an amendment

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

that I can bring to this committee in the next day or two regarding the specific section of law. But that was a bill drafting error. [LB398]

SENATOR GROENE: All right. Also, isn't there also already statutes for municipal pools and YMCA pools and that area, where you have to be a certified life guard? [LB398]

SENATOR WAYNE: To use it, not necessarily to teach. So if a municipality...let's say you rent a pool, you have to have, dependent on the classification of the pool, but almost all city-ran or county-ran or village-ran pools meet the classification where there has to be a lifeguard on duty. But this specifically adds a requirement to make sure that if you're teaching swim classes, particularly in an educational setting, that you should be lifeguard certified. [LB398]

SENATOR GROENE: So there's no lifeguard there when P.E. classes are over there? [LB398]

SENATOR WAYNE: They're not required by... [LB398]

SENATOR GROENE: I'm from a small town, we didn't have indoor pools at our schools. [LB398]

SENATOR WAYNE: They're not required by law. [LB398]

SENATOR GROENE: Thank you. Any other questions from the committee? [LB398]

SENATOR WALZ: I do have a question. So, Senator Wayne, thank you. Are you saying that the...let's say it's a swim coach, and most of them are already...they have inspected in first aid and CPR, but let's just say for instance that there was a swim coach and they didn't have one of these classes and there's a lifeguard in the pool area besides the swim coach. Is that satisfactory in that case? [LB398]

SENATOR WAYNE: That would be satisfactory. But I would mention that almost all of our, whether it's basketball coaches, one of them they all have to take a CPR class. But I would suspect that if a school has a swim coach, they would want to make sure that they were also lifeguard certified. [LB398]

SENATOR GROENE: Senator Pansing Brooks. [LB398]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR PANSING BROOKS: Thank you for bringing this, Senator Wayne. What I was wondering about is the annual recertification. Is that sort of the norm or...I'm trying to figure out because I don't know how often people normally have to get recertified for. [LB398]

SENATOR WAYNE: Well, that standard is set by the American Red Cross and other organizations that there usually is an on-line class or what we have in the law profession, CLE, where it's much shorter duration. [LB398]

SENATOR PANSING BROOKS: Right. [LB398]

SENATOR WAYNE: But CPR can last anywhere from one to three years, depending on the type of CPR that you want to have I believe, unless that's changed since I've taken it a year and a half ago. But my point of it is is that if you're teaching students how to swim in a public school, annual certification is needed. We need to make sure we know what we're doing. [LB398]

SENATOR PANSING BROOKS: And, thank you. So do you know of any courses similar to a CLE, continuing swimming education courses? I'm just interested if...or do they have to just retake all the certification every single time? [LB398]

SENATOR WAYNE: Where I as a lifeguard... [LB398]

SENATOR PANSING BROOKS: If it takes three years, then that's not what you're really talking about, right? [LB398]

SENATOR WAYNE: No. [LB398]

SENATOR PANSING BROOKS: Once you're certified after a three-year stint? [LB398]

SENATOR WAYNE: I don't believe they have to retake the entire course. I can look into that and get the committee members a follow-up on that. I don't think they would have to retake the entire thing, but I can find out for you. My initial research tells me no, but I can double check. [LB398]

SENATOR PANSING BROOKS: Yeah. Do you know if...I'm sorry, I was a little bit late coming in because I had a meeting, but do you know if the State Board of Education has rules or requirements regarding the schools that have pools, such as while the kids are in the water that there be somebody there with training? [LB398]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR WAYNE: Not that I could find in my research. I do know for example in Lincoln they have a partnership with the YMCA on many of their sites, so the YMCA also acts as providers of services in that area. Omaha Public Schools does not. But I think a simple way to do that is to partner with somebody like the YMCA, like they have here in Lincoln, where that certification is not an issue because they're up to date all the time. But I could not find anything in state regs regarding teacher certification or around teacher regulations that covered that. [LB398]

SENATOR PANSING BROOKS: Thank you, Senator Wayne. [LB398]

SENATOR WAYNE: Thank you. [LB398]

SENATOR GROENE: One more question, Senator Wayne. So even though there's a lifeguard in...present, you think the swimming coach should also be certified? [LB398]

SENATOR WAYNE: I think when you're teaching swim...see what you're dealing there is with more swim teams, and most of them are already covered, I do think. But when you're teaching swim, the person, there needs to be a lifeguard at the pool. Whether it's the P.E. instructor or a lifeguard, there needs to be somebody there. I don't think anybody across this state would send their sixth grader or a fifth grader to a pool to learn swim lessons without somebody who is certified in lifeguard and CPR. And that is an expectation that most people I talk to have, and that expectation wasn't fulfilled. [LB398]

SENATOR GROENE: But you used the word "every" person employed by a public school district as a swimming instructor or a lifeguard or serving as a swimming instructor. That word "every" means everybody associated with it: the lifeguard, the coach. I would think I would read it that way. I'm no attorney. [LB398]

SENATOR WAYNE: That's not how I read it, but we can clean that up too on any additional amendment. But that's not how I read it. It was...and part of it is is that we have substitution issues, not just in Omaha, but across the metro, where if you're a swimming instructor and you may not be teaching that semester but somebody is sick or they're going to move you over and say can you teach that class for a day. Well, they still need to be certified and current. So that was the thought process behind "every," but we can clean that up. [LB398]

SENATOR GROENE: As long as there's somebody in the room, in the swimming pool area, that is certified is your intent? [LB398]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR WAYNE: Correct. Correct. [LB398]

SENATOR GROENE: Thank you. Any other questions by the committee? Thank you, Senator Wayne. Are you staying around for closing? [LB398]

SENATOR WAYNE: Yes. [LB398]

SENATOR GROENE: Proponents? Are there no proponents? Is there any letters? No letters. Opponents? Neutral testimony? [LB398]

NATHAN LEACH: (Exhibit 1) Mr. Chairman, members of Education Committee, my name is Nathan Leach, that's spelled N-a-t-h-a-n L-e-a-c-h. I'm here today to speak in a neutral capacity on LB398. My statements are relevant to the procedure utilized by this committee, as well as the procedures used by the Legislature to get this bill moved to the floor. This testimony is a continuation of my protest of the Nebraska Legislature's inability to adopt its nonpartisan rules, as well as the disrespect voiced by some members of the Legislature towards our state's tradition of nonpartisanship. I intend to continue to submit neutral testimony, either written or verbal, relevant to this issue until such time as the body adopts its rules. I would like to read into the record a speech made by U.S. Senator George Norris to the Legislature in 1937. He said "You are members of the first Legislature of Nebraska to hold your positions without any partisan obligation to any machine, to any boss, or to any alleged political leader. Your constituents do not expect perfection. They know that it is human to err, but they do expect and have the right to expect absolute honesty, ultimate courage, and a reasonable degree of efficiency and wisdom. The people of Nebraska will not condemn you, even if they do not agree with your official actions. We realize that honest disagreements on things which are not fundamental is an evidence of courage and independence. We expect an economical and efficient administration, and above all, an honest administration free from any partisan bias, political prejudice, or improper motives." Nebraska is unique, but U.S. Senator George Norris wasn't the first major statesman to advocate for nonpartisanship in how we govern. In Federalist No. 10, written by James Madison, Madison delved deep into the importance of controlling the effects of partisanship. "It is in vain to say that enlightened statesmen will be able to adjust these clashing interests, and render them all subservient to the public good. Enlightened statesmen will not always be at the helm. Nor, in many cases, can such an adjustment be made at without taking into the view indirect and remote considerations, which will rarely prevail over the immediate interest which one party may find in disagreeing (sic) the rights of another or the good of the whole. The inference to which we are brought is, that the causes of fraction cannot be removed, and that relief is only to be sought in the means of controlling its effects." Nebraska's Legislature utilizes a number of elements to curb the effects of partisanship within our Legislature. The first and most prominent is our use of a talk to open primary system that lacks party designation on the ballot. The second one is our use

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

of a Unicameral structure, which removes the need of working through party leadership in one house or the other. The third is our caucus system and our use of committee of a whole, which incentivizes ensuring that we have legislators from all three Congressional districts, rather than parties and on committees. The fourth is our apolitical nature of leadership positions, our chairmanships and our speaker are not supposed to be partisan leaders within the body. And our use of a nonpartisan floor ballot, which ensures that legislators can vote for the most experienced legislator, rather than who their party has chosen. And the fifth is our unique, broad...the uniquely broad rights that we grant to individual members to amend, debate, and influence the process. These key principles are extremely important in ensuring that we control the effects of partisanship within our Legislature, and I would encourage the committee to reflect on them and ensure that they continue to exist within our legislative process. Thank you, Mr. Chairman. [LB398]

SENATOR GROENE: Thank you. Any questions for the testifier? Thank you. Any more neutral testifiers? I don't believe there's any letters. Senator Wayne, would you like to close? [LB398]

SENATOR WAYNE: Yes. Just will answer any questions. And I'll call out the questions as Senator Groene did in my committee hearing where he took over. So if you guys have any questions I'll be able to answer any. [LB398]

SENATOR GROENE: As to the last testifier, I have more experience than you. Anyway. So no, so you might bring an amendment to us about cleaning up? [LB398]

SENATOR WAYNE: Yes. I'll double-check those. [LB398]

SENATOR GROENE: I think it's a good bill. I personally think it's a good bill, but we need it cleaned up. [LB398]

SENATOR WAYNE: Double-check those and get those to you by the end of the week. [LB398]

SENATOR GROENE: Thank you. [LB398]

SENATOR WAYNE: Thank you. [LB398]

SENATOR GROENE: Senator Friesen would like to introduce LB569. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR FRIESEN: (Exhibit 1) Good afternoon, Senator Groene and members of the Education Committee. It's been a little while since I've spent the afternoon here, so I thought I would come back to visit again. My name is Curt Friesen, C-u-r-t F-r-i-e-s-e-n, I represent District 34 and I'm here today to introduce LB569. LB569 creates the Community College Task Force for the purpose of evaluating duplication of educational services and funding sources for community college and provides a termination date for the task force and sunsets the levy and bonding authority that community colleges currently have on January 1, 2020. The Community College Task Force created by LB569 would consist of the following nine members appointed by the executive board of the council: the Chairperson of the Legislature's Education Committee, two representatives from the community college system, one representative from school district, one member of the Coordinating Commission for Post Secondary Education, one individual with experience in work force development, and one individual with experience in business management, and two individual property taxpayers. The task force shall develop a report outlining findings related to the duplication of educational services and the cost of funding duplicate services and the cost of outstanding bond obligations. The report shall also provide recommendations for alternative funding mechanisms for community colleges. The task force shall provide the report electronic to the Clerk of the Legislature and the Legislature's Revenue and Education Committees before December 1, 2018, and the task force will terminate on January 1, 2020. LB569 also terminates the levy and bonding authority of community colleges on January 1, 2020. Going through the bill, Speaker Scheer sent a letter questioning the makeup of the board of the task force. And so in visiting with him, we will come with some changes. There were questions raised about you having elected officials and other citizens who are not elected being able to make these decisions. So I guess that's a standard when you try to form a task force, they don't like the way it was set up. So I think we've come up with a different way and we'll work with on language, work with an amendment to fix that. We were looking now at having basically you would have a task force that would be formed by a group of senators and then you would have the task force of an advisory panel, so to speak, formed probably by the group that I listed here as in helping make that decision. Part of the bill too, this bill was kind of put together in short notice towards the end of bill introduction time frame. And so in here it doesn't really spell out too of how I would like the task force to come up with a system of integrating it into the state college system somehow, whether it's into the State College Board or under a separate unified board that would oversee community colleges. I would like to work with the committee on what they think would be best there, but I didn't think there would...my intention was not to have individual boards at the end of this time period running each of the individual colleges. I'm a community college graduate. I graduated from Milford Technical College, Southeast Community College back in the '70s. And, you know, I for one was very thankful that the community college system was there. I would have not been a good university student, I've said that numerous times. But I got to the community college system and there in the trades is where I kind of found something that I really enjoyed doing. I went to diesel technology course and in the end I think it helped me the most of anything I could have taken in

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

my career choice of being a farmer. So I've always been able to fix my own equipment and I think in the end it probably saved me more money and helped me more in my profession than anything else I could have done. So I really do like the community college system. I think I'm really pleased that the Governor is focused on community colleges and that we're starting to tell our young people that they don't necessarily have to have a four-year degree, that the two-year degree is just fine. There's a lot of kids I think in the past that have gone to the four-year colleges and that's why the dropout rate is high. They didn't really want to be there, their parents forced them to go there. Fortunately, I was given a choice, and I made a...I think it was a wise choice, although at the time I didn't base it on good judgment. But it turns out well. And so I think with the need for the trades today and the high-tech trades that are available, community colleges are a good fit for a lot of kids. And so I'm a strong proponent of the community college system. I am in no way wanting to hurt the community college system in any way. I'm not doing this to try and cut funding for them or to try and cut their services, but I do think as we have built our community college system now and we're starting to push it more, it's turned into more than what it used to be. It's like a feeder system at times for the university. People come there, they take college credits, and then they transition into the university system because it's cheaper to attend the community college. And there's nothing wrong with that, everybody is looking for a cheaper way to attend college and there's nothing...I don't see a problem with that other than as we've done that, I think some of our colleges might be not as diverse as they used to be and we're starting to...certain colleges focus on certain areas of the trades. And so as we do that, to me the focus on how they're funded with property taxes at the local level needs to be changed. And obviously I'm very focused on looking at property tax issues these days and to me this was one that just seemed to make common sense to me. As we start to really focus on sending more kids to the community college system, and as community colleges get more targeted in what kind of trades that they're going to teach, I think the funding at the local level is obsolete and they should be funded through the state through the General Fund or some other, whatever method that this task force would come up with. That's why I put the task force in place, is that so they could come up with funding that would be a dollar for dollar change in where they get their revenue. Now, you'll also look in the handout that I gave that community colleges are one that increased their property taxes more than any other sector. When you see a 212 percent increase in...or 270 percent increase in the community college system over the past ten years, I think part of that is due to attracting more students and growing the system, adding more courses and being the feeder system for the university. And so when you look at the increase that's there, and this really was happening before we focused on sending more kids there, and as you all recall the recent bond election that was held here in Lincoln about \$360 million bond issue to grow the college system even more, there's going to be a tremendous amount of pressure on property taxes. And I know there's other colleges in the state are looking at bond issues also. They're looking at adding space because we're starting to push more kids there. So in the end, that's my goal, is to try and find a different source of funding, take some pressure off the property tax system, and create efficiencies. And I think there is a duplication of courses out there and I just don't know if all

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

those classes are full and wherever they're offered, then we're not duplicating services yet. But if you have a half-empty course somewhere and a half-empty course somewhere else, maybe we can combine them into one college somewhere and teach that course there. But I don't know that, and that's what I'd like the task force to look into more. So with that, I think I'd be glad to answer any questions. [LB569]

SENATOR GROENE: Any questions from the committee? [LB569]

SENATOR ERDMAN: Thank you, Senator Groene. Thank you, Senator Friesen, for coming today. So if you would help me understand why you can't have the committee set up like you said it was going to be set up. [LB569]

SENATOR FRIESEN: Well, the Speaker sent a letter to me and so when you have a task force that where some votes are going to be taken and you have, there was one senator on there who would be an elected position, the other individuals most of them would not be an elected official, they would just be chosen. That's where the conflict came in. So we started looking at some other methods of forming the task force. And there's alternatives out there that I think would work, so I'm not hung up on how the task force is designed. I want it to work in the best way possible and come up with the best results. And so that's why I would be glad to work with the Education Committee on coming up with who that might be, what kind of expertise are we looking at. And so by forming the committee in the correct manner and getting the right people on there it has a better chance of success. [LB569]

SENATOR ERDMAN: Well, these committee people would not be making the decision, they're just going to make a recommendation. [LB569]

SENATOR FRIESEN: I brought that up, but that didn't seem to matter. [LB569]

SENATOR ERDMAN: I appreciate your handout. I wish it was a little smaller print, then I wouldn't be able to see it at all. [LB569]

SENATOR FRIESEN: You will get bifocals and get your magnifying glass out. [LB569]

SENATOR ERDMAN: I can see it with a good light. But it is quite ironic, 270 percent increase in the last ten years is significant. [LB569]

SENATOR FRIESEN: And that's why I thought it would be interesting to see if there was duplication services out there or not, or if that growth in the budget relates directly to how many

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

students have increased attendance. I don't know that. There will probably be some testifiers behind me that will point that out. I don't know. So, I mean, I think it's something we need to look at. And again, I am a strong proponent of the community college system and the trades. I think there's tremendous opportunity for our young people to go to community college and get really good paying jobs and stay here in the state. We obviously need a number of people in the trades. We are short of workers, of trained workers. So, I mean, I'm a strong proponent of the community college system. [LB569]

SENATOR ERDMAN: Yeah, I graduated from there as well. You've been here far longer than I have. So as you have seen task force and committees set up, have you ever seen them accomplish anything? [LB569]

SENATOR FRIESEN: I have. I mean, I was a part of LB962, which rewrote our water law. [LB569]

SENATOR ERDMAN: Okay. [LB569]

SENATOR FRIESEN: And it was a challenge because we had 49 members and it was by unanimous consent that we passed that bill. [LB569]

SENATOR ERDMAN: Okay. I hope it works here. It would be interesting to see how many students they had ten years ago, compared to now. [LB569]

SENATOR FRIESEN: Yes. And that's what, you know, you don't want to make a blanket statement and say that they have just increased spending over that. I need to know where it's been spent. If they're increasing student numbers, they've probably only done that in the last few years. But I don't know that. So to me, we need to look at that. Look and see once what our capacity is, where the courses are being offered, look at those options. And that's why this task force I think is important, is to just come up with the facts on how we would base it on, and give us a recommendation I guess on how we might structure that change. [LB569]

SENATOR ERDMAN: Great, thank you. [LB569]

SENATOR GROENE: Thank you, Senator Erdman. Any other questions by the committee? I have...this is Hamilton County, this handout is just what happened in Hamilton County? Your first handout? [LB569]

SENATOR FRIESEN: No. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR GROENE: It says Hamilton County. [LB569]

SENATOR FRIESEN: No, this is...oh, gosh, it is. [LB569]

SENATOR GROENE: But I think it reflects the other handout. [LB569]

SENATOR FRIESEN: It reflects the state. I must have grabbed the wrong one. But the state was very close to it. [LB569]

SENATOR GROENE: Yes. [LB569]

SENATOR FRIESEN: But this would have been Hamilton County, which is where I'm at. And the taxes I think in my area probably have not risen maybe as much. [LB569]

SENATOR GROENE: What colleges? Is that Central? [LB569]

SENATOR FRIESEN: We would be a member of the Central Community College system in Grand Island. [LB569]

SENATOR GROENE: How many schools, high schools, are in Hamilton County? [LB569]

SENATOR FRIESEN: In Hamilton County there would be three. [LB569]

SENATOR GROENE: Who would they be? [LB569]

SENATOR FRIESEN: Aurora, Giltner, and Hampton. Hampton and Giltner would be really small Class D schools, Aurora would be a Class B. [LB569]

SENATOR GROENE: Would there be 300 graduates total? [LB569]

SENATOR FRIESEN: Of all the schools combined? Probably be a fair number. [LB569]

SENATOR GROENE: With \$3,047,000 in taxes, that would be a \$10,000 scholarship for every one of them in your county. So there does seem to be a fairness issue about who pays the taxes, property taxes, and who gets the benefit. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR FRIESEN: Well, I think part of the focus...if we're going to talk business, obviously it has a larger advantage for this because we're creating a trained work force for manufacturing or for any of the other trades that are out there. So I mean, to me, when you start to look at how we fund it, yes, I agree. Agriculture or property taxes as a whole have probably are paying too much for that right...the way I look at it. Since it's past the K-12 system and we traditionally always funded K-12 and we don't give them their college funding on property taxes. So to me, I mean, as we look towards improving the trades, I think it's more of a public-private partnership between the businesses. You know, John Deere has a basically a tech college at Milford, and so they focus on John Deere. [LB569]

SENATOR GROENE: Did you check with the Coordinating Commission or is there a report out there that has a record of community college enrollments over the last period where they went up? [LB569]

SENATOR FRIESEN: No, I did not. No. [LB569]

SENATOR GROENE: They went from \$89 million in property taxes to \$185 million in 10 years. Is there anything... [LB569]

SENATOR FRIESEN: No, I have not checked with them. [LB569]

SENATOR GROENE: You weren't able to find any correlation for that huge increase in taxation? [LB569]

SENATOR FRIESEN: No. I would assume that there's going to be some testifiers behind me that would clarify some of that. [LB569]

SENATOR GROENE: All right, thank you. You're waiting...you're going to be here for the close? [LB569]

SENATOR FRIESEN: Yes. [LB569]

SENATOR GROENE: Thank you. Proponents? [LB569]

CARL SOUSEK: Good afternoon. Thank you, Chairman Groene and members of the Education Committee. My name is Carl Sousek, C-a-r-l S-o-u-s-e-k, and I'm here representing members of the Agricultural Leaders Working Group; testifying in support of LB569, Senator Friesen's bill

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

to study community colleges and sunset their property tax levying and bonding authority in 2020. As I said, I'm here on behalf of the Agricultural Leaders Working Group, which is comprised of the elected leaders of the Nebraska Cattlemen, Nebraska Corn Growers, Nebraska Farm Bureau, Nebraska Pork Producers, Nebraska Soybean growers, and the Nebraska State Dairy Association. Nebraska's community college system was created to offer a quality career and technical education at an affordable price. We do not disagree with this premise. We are here today because over the past 10 years, taxes collected by community colleges have increased by an average 8.23 percent per year, a number higher than any other property taxing entity. While community college might be an affordable option for those enrolled, they are becoming far less reasonable for the property taxpayers footing the bill. Last fall, Southeast Community College proposed a \$369 million bond, which would have cost closer to \$500,000 once implemented. Southeast Community College's property tax asking would have increased 51 percent from 2015 to 2016. Those advocating for property tax relief continue to hear property taxes are a local issue, while we disagree and believe there is much that can be done at a state level. When we fight such increases locally, we are often left alone to do so. The list of opposition last fall was short, even though the tax asking was astronomical. Property owners, especially agricultural property owners, have been put in an impossible situation and will have to continue fighting these battles--hopefully, not alone--getting accused of disregard for education and our communities along the way. Our members are very supportive of community colleges offering career and technical education courses, and the accompanying business classes to help prepare entrepreneurs. We also support the notion of creating a task force, such as the one proposed in LB569 to determine overlap and duplication between the community college system and the University of Nebraska, as well as state colleges. Each of our organizations value community colleges and understand such educational opportunities are vitally important to Nebraskans. Community colleges play an important role in preparing Nebraskans for jobs, both inside and outside of agriculture, but it's time to have a conversation about the rate at which property taxes are growing to support education at all levels. I'd like to thank Senator Friesen for offering solutions and ask the committee to support LB569, as well as other efforts to provide meaningful property tax relief. Thank you, and I'd be happy to try to answer any questions you might have. [LB569]

SENATOR GROENE: Questions from the committee? Senator Morfeld. [LB569]

SENATOR MORFELD: Thank you for coming in today, sir. You brought up the Southeast Community College bond, and I already know the answer to this, so it's somewhat of a rhetorical question, but what happened to that bond issue? Was it successful? [LB569]

CARL SOUSEK: It died. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR MORFELD: It died. So, couldn't you make the argument that the system is working, the public is keeping the community colleges in check and deciding what's important or what's not important. Or maybe not that, but what method of funding they want those initiatives to be funded? [LB569]

CARL SOUSEK: Yeah, you could say that the system worked. I mean, it was defeated and we got the word out and people thought it was just a little too much. Could you repeat the second part of your questions as far as the funding? [LB569]

SENATOR MORFELD: No, I think you answered the question. I guess, you know, my concern is is that there's only so many different funding sources in this state. We don't have gambling, whether you like that or not, we don't have major natural resource reserves, whether that's good or bad. Sometimes it's good when times are good for natural resources, sometimes it's bad. My concern is, is that we have a fairly strong higher education system in Nebraska, that's because we fund it. So if we're not going to...if a bunch of people in this Legislature want to decrease income taxes and then we take away the property tax revenue where are the community colleges going to go in terms of getting the necessary resources? Now, we can put together a nice committee and talk about it for a while, but the bottom line is, is I don't see a big appetite in this body for increasing taxes. So I think this is just going to lead to massive cuts in the community college system. That's my concern. [LB569]

CARL SOUSEK: I would agree with that, I don't see an appetite. [LB569]

SENATOR MORFELD: But you're okay with the massive cuts in the community college system? [LB569]

CARL SOUSEK: Am I okay with massive cuts to... [LB569]

SENATOR MORFELD: Community college. [LB569]

CARL SOUSEK: No, I'm not. [LB569]

SENATOR MORFELD: That's what this is going to lead to, though. [LB569]

CARL SOUSEK: That's not what we're asking. We're not asking for cuts. I, and Senator Friesen stated too, we see the value in community colleges. I have a lot of people in my family and in my community that have attended community college and I see the value. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR MORFELD: Yeah. [LB569]

CARL SOUSEK: And not just the quality of their education, but the value of their education. [LB569]

SENATOR MORFELD: Certainly. [LB569]

CARL SOUSEK: The problem we have is where the money is coming from. And we talked about this the whole session that we think the whole thing is out of balance. [LB569]

SENATOR MORFELD: Yeah. [LB569]

CARL SOUSEK: I'm not always good at...I'm a farmer with a high school education, so bear with if I don't choose my words correctly. [LB569]

SENATOR MORFELD: You seem like a pretty smart guy, smarter than most. [LB569]

CARL SOUSEK: Well, I like to think I'm successful. [LB569]

SENATOR MORFELD: Yeah. [LB569]

CARL SOUSEK: You know, I've managed to grow my farm and we raised three kids, and I think we ran them through all three campuses: UNO, UNL, UNK. You know, I'm proud of them. But as an example, on our farm we make decisions based on a lot of different things. And two of things we watch is cycles and trends. And cycles, you know, there's peaks and valleys, and you try to plan. You say, well, it's going to be tough now, but cycles, you know, they're going to come and go and maybe we can position ourself. It's the trends that I worry about. And if you look at the way property taxes, and particularly property taxes the way they are used to fund education in the state, and particularly, okay, ag property taxes. If I look at that trend, it's alarming. It's not sustainable, because in my opinion it's shifted onto property. And you're right, there's a limited amount of funding sources out there. But if you shift it...if it's not equitable, and we don't think it's equitable in agriculture, and I look at this trend, it's disturbing. Now, I'm going to be 54 here in a couple of months, and I'm hoping if my body, and maybe more importantly my mind, holds out, I've got another 20 years. So maybe I can weather this, if this trend continues that the burden is placed on agriculture even more and more. But my three kids recently are showing interest that they want to join the operation. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR MORFELD: Yeah. [LB569]

CARL SOUSEK: And I'm trying to position myself and my operation to fit them. But there's only certain things that I can control. And when I see this trend, and like I said, make decisions based on this trend, and see that the increasing burden that's put on property owners, I don't know what to tell them. I don't know what to prepare them for. [LB569]

SENATOR MORFELD: Well, and certainly... [LB569]

CARL SOUSEK: That's our...I'm sorry, I didn't mean to interrupt. [LB569]

SENATOR MORFELD: Oh no, you're fine. I interrupted. [LB569]

CARL SOUSEK: But that is our main concern, is that the imbalance that's currently out there on the dependence on property, and particularly ag property, to fund education at all levels, it's getting crisis situation. So hopefully, you know, is it time to call in an air strike and start from scratch? Maybe it is. I just hope we can do something, or do we need to fall into the abyss before we'll actually do something. And this is a bold move by Senator Friesen, and I applaud him for that. So I mean, give you my perspective, and I don't have all the answers. [LB569]

SENATOR MORFELD: No, and I certainly appreciate your perspective. And I've been very vocal in saying that when it comes to funding our education system, it's out of whack. We rely way too much on property tax. My concern is, and I believe that the, I'll call them the ag groups, I think the ag groups have become more open to looking at additional revenue streams and shifting some of those revenue streams. And I applaud all of you for that, because a year or two ago you weren't there. And I remember sitting with a lot of those groups that you just named off in my office going okay, so you want me to cut property taxes, but you're not willing to support any other revenue options. Now, sales tax seems to be where a lot of people are going. I have a problem with that, because I think it's a very regressive tax. But at least we're at a point where we're looking at additional revenue streams. My concern is is that say we adopt Senator Friesen's legislation and we have this working committee, and then it sunsets I believe in 2020, the property tax authority. I don't think that there's a political will in this body to raise taxes somewhere else. I don't see it right now in order to make up for that. And the last thing that I want to see is a highly affordable, highly effective community college system, and I'm a product of community colleges too, highly affordable and highly effective community college system gets completely destroyed. And that's not good for urban Nebraska, it's not good for rural Nebraska particularly, where you need some of those skilled labor and workers. And we're already having some work force problems, not only in rural Nebraska, but also in urban Nebraska. That's my concern, is that this sounds good maybe on paper, but in the end...hopefully

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

I'll be here until 2022, depending on what happens in 2018 to me, but I can almost guarantee you that the mood for raising taxes isn't going to be any better than it is now; or raising revenue or shifting, however it may be. But this has been a good conversation. I appreciate where you guys are coming from. [LB569]

SENATOR GROENE: Do you have a question? [LB569]

SENATOR MORFELD: Pardon me? [LB569]

SENATOR GROENE: Do you have a question for him. [LB569]

SENATOR MORFELD: No, but I'm finishing up my statement. [LB569]

SENATOR GROENE: Well, we don't make statements. We ask questions. [LB569]

SENATOR MORFELD: I'll make the statements if I want to make the statements, Senator. Thank you. [LB569]

SENATOR GROENE: Senator Erdman. [LB569]

SENATOR ERDMAN: Thank you, Senator Groene. Thank you for coming. So over the last ten years, if you can tell me, how much has your valuation went up on your farm? Do you have an idea what that was? [LB569]

CARL SOUSEK: I don't to...I'm not good at remembering specific numbers. The valuation, I know my tax liability, and I would like to clarify...I was here last week and I wasn't very clear, but on a bare 80 acres, no improvements on it, I was using that as an example, I know my tax liability went up 214 percent. [LB569]

SENATOR ERDMAN: Two-hundred and fourteen percent? [LB569]

CARL SOUSEK: The valuation, I couldn't tell you that number off the top of my head. [LB569]

SENATOR ERDMAN: Yeah, your valuation went up, but your mill levy could have changed. So that would have skewed how much taxes you pay. The valuation may not have went up that far, but it very well could have gone up 180 percent. Would that be true? [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

CARL SOUSEK: Yes, that would be true. [LB569]

SENATOR ERDMAN: So over a period of time, your valuation continues to go up, which makes you pay more taxes. Now, on your house that you live in, do you get a break on that house as far as a percentage off what it's worth? In other words, residences in the city, they pay at 96 to 100 percent of their value. Do you get a 75 percent payment on your house? Do you get a deduction like you do on your ag land? [LB569]

CARL SOUSEK: No, no. [LB569]

SENATOR ERDMAN: So you pay the full amount on your house as everyone else who lives in town? [LB569]

CARL SOUSEK: Yes. [LB569]

SENATOR ERDMAN: So then over time, as the valuation is going up, and the taxes have increased on all property, that includes the houses in town as well? [LB569]

CARL SOUSEK: Yes. [LB569]

SENATOR ERDMAN: So this is not just an ag issue? [LB569]

CARL SOUSEK: No. [LB569]

SENATOR ERDMAN: This is also an issue on all property owned by people in the state of Nebraska? [LB569]

CARL SOUSEK: I believe it is, yes. [LB569]

SENATOR ERDMAN: And so over time, if agriculture is going up 180 percent, and commercial and residential is going up 35 or 40 percent, they've shifted a bigger burden of the payment of funding for schools and those kind of things to agriculture. There's the discrepancy that I see. [LB569]

CARL SOUSEK: I believe so, yes. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR ERDMAN: And so what, are you asking for us to get it back in balance that we pay less proportionate than we did before this rise in agriculture value started? [LB569]

CARL SOUSEK: Yes, I would like to see it get back in balance, closer to balance. I don't know, I can't remember the last time it was in balance. You know, the perfect 33 percent across the board. [LB569]

SENATOR ERDMAN: Perhaps never. [LB569]

CARL SOUSEK: But, yeah, perhaps never. [LB569]

SENATOR ERDMAN: So the point is you've come here today saying we appreciate the community college system and want it to continue. [LB569]

CARL SOUSEK: Absolutely. [LB569]

SENATOR ERDMAN: We need a different source of funding. [LB569]

CARL SOUSEK: Absolutely, yes. [LB569]

SENATOR ERDMAN: End of subject. Thank you. [LB569]

SENATOR GROENE: Any other questions from the committee? Sir, I'll give you an example I think maybe you can answer this. In my district, in my community college district, there is one county, a farmer who contacted me. In their county, in McPherson County, the graduates in their school, they have one school, if they could drop out of the community college they could give each one of the graduates a \$40,000 scholarship to any college they wanted to attend. Is that the issue you're trying to bring up? The burden we put on agriculture to fund our community colleges? [LB569]

CARL SOUSEK: I just want to make sure I heard that right. You're saying every student in the high school in McPherson County, if they divvied-up the... [LB569]

SENATOR GROENE: We would be between \$30,000 and \$40,000. This was two years ago. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

CARL SOUSEK: Yeah. I'm...I would be yes, here to say that's not right. That's an unjust burden. [LB569]

SENATOR GROENE: And that's your point, isn't it? [LB569]

CARL SOUSEK: Yes. [LB569]

SENATOR GROENE: About the farm group that... [LB569]

CARL SOUSEK: Yes, agriculture bearing a disproportionate percentage of the load. [LB569]

SENATOR GROENE: Yeah. All right, thank you. Any other questions from the committee?
Senator Lou Linehan. [LB569]

SENATOR LINEHAN: Thank you, Mr. Chairman. Thank you very much for being here today, it's very important. You did a great job. I think part of the question I'm going to ask you, and it's not...I have family in farming, I have a brother that works at Southeast Community College. So I like community colleges too. But the point, isn't the point that they can't do it? It's not that the ag producers don't like paying taxes, none of us like paying taxes. But we're at a point where we're going to break you, and that is really the crux of the issue here. [LB569]

CARL SOUSEK: I believe... [LB569]

SENATOR LINEHAN: That we have taxed...we are taxing you out of business. [LB569]

CARL SOUSEK: Four years ago I would have said no, we can get by. But the trend in agriculture right now, we've come back to reality. You know, we enjoyed that time with \$8 corn and, you know, high-priced...and those have come...I hope they don't come around once in a lifetime. But I'm afraid that might be the case. So that short-term euphoria that we had, I think we're back to reality. And I'll mention it again, the trend that we're seeing of the increased burden on property taxes, it could get to that point where we can't afford to pay those taxes. And the interesting about that is, you know, regressive or how you want to define it. If I decide I don't want to pay it, the sheriff shows up. Yeah, it's out of business. I hope we can do something before we reach, like I said, fall into the abyss. But I think we've reached a crisis point. [LB569]

SENATOR LINEHAN: Thank you very much. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

CARL SOUSEK: You're welcome. [LB569]

SENATOR GROENE: Any other questions? Thank you, sir. [LB569]

CARL SOUSEK: Thank you. [LB569]

SENATOR GROENE: Next proponent. If no more proponents, we'll start with opponents. [LB569]

GREG ADAMS: (Exhibit 2) Good afternoon, Chairman Groene and committee members. My name is Greg Adams, G-r-e-g A-d-a-m-s, executive director of the Nebraska Community Colleges. I'm going to abbreviate considerably what I had in mind today, because there's a number of people that felt compelled to want to testify. And your time is precious and so is theirs. What this bill in effect does is really two things, and they've all been outlined to you and you can read. A, they create a task force. I would tell you at the outset the community colleges are never afraid of task force that's going to look. We have something to show and we're more than willing to do that. If it's duplication of services, Chairman Groene hit on it earlier, our Postsecondary Coordinating Commission approves all of our programs. I'll give you an example, an extreme example, but there's welding at all six of our community colleges, but yet heavy equipment operation is at one. And there's a reason for that, those programs needed to be approved. The other part of the bill is the part that concerns us the most, and that is doing away with the property tax levy. And I'd like to just point out a couple of things to consider, and then I'll take questions as best as I can and let others testify. You know, if...without the property tax, I mean, let's take the bill at face value, without the property tax, or if it is not replaced, and there frankly is nothing in the language of this bill that says specifically that there will be an appropriation from the state or whatever the mechanism would be, in effect the colleges would shut down as community colleges. They wouldn't exist. But we know that that's not your intent, we know it's certainly not Senator Friesen's intent to do that. So that leaves us with finding a means of supplanting property tax. And quite candidly, unless someone knows of another source, it's General Fund dollars, it's General Fund. The fiscal note that we were asked to try to develop in 2020, the state would need to come up with probably around \$230 million in additional state support to replace the property tax that's currently created. And of course the question gets raised then, is the state willing to do that. And that's really becomes the issue on the property tax, the state's willingness to supplant that. Let me throw out just two or three other things to consider as you're working through this bill. If you look at Chapter 85 in the statutes that create the community colleges, the Legislature was very clear, not that the statutes can't be changed, that's what you're here for, but the statute is very clear that the community colleges and the community, the economic community in which they serve, were meant to be a partnership. A partnership. And the property tax in effect helps to create that partnership. A partnership of finance, making

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

the colleges flexible, making them responsive to local needs, making them affordable and accessible to students. The other side of it is governance. The statute is also intended for the colleges to be locally controlled. Senator Friesen spoke of moving them within the state college system, just as one possibility that this task group could look at. Anything could be done. My question to you is this, do you want the six community colleges to be run by a board of regents-like structure or a state college board of trustees kind of structure? I think you lose that local partnership when you do that. A couple of other things, the amber light is on, that I would ask you consider. If we went over to state funding, and it can be done, besides the partnership, the buy-in, there also becomes the issue of the rise and fall of the economy. Our enrollments bump up when the economy drags down. And when will state revenues most likely drag down? When the economy is down. And that's when we have our most students coming in. And we have to ride that roller-coaster like everybody else. Another thing to consider is...and I worry about this, and maybe I shouldn't, but I've watched it happen. If we went just to state funding, where would a Western Community College or a Mid-Plains Community College 10 to 20 years from now be as that state bucket tips more and more to where the population base it at and where the votes in this body are at? I'm out of time. Just one other thing, Senator Groene, if I may? [LB569]

SENATOR GROENE: You want to finish up. Yep. [LB569]

GREG ADAMS: I'm just going to quickly run to the data sheet that I handed out to you. The community colleges, I can't speak for all the percentages that have been brought up. There are those behind me that can better speak to it. But I would tell you this, and you can see it right there. In the last ten years, we have produced 65,000 graduates, either with associate's degrees or certificates from our institutions. We are 5.4 percent of the total property tax taking of the state. Most of those are in the trades; second are health related; and third, academic transfer. And here's the number that I really like: 92 percent of our graduates stay right here in the state of Nebraska. Whether it's Scottsbluff, or Hyannis, or Omaha. Thank you, Senator, for giving me the moment of extra time. I appreciate it. And I'll try to take questions. [LB569]

SENATOR GROENE: Questions from the committee? Senator Erdman. [LB569]

SENATOR ERDMAN: Thank you, Senator Groene. Thank you, Mr. Adams, for coming today. So the community college system collects about \$205 million in property tax annually. Is that a good guess? [LB569]

GREG ADAMS: It's pretty close. When we looked at that fiscal note, about \$230 million is what it would take in 2020 to cover, assuming valuations stayed the same and all levies stayed the same. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR ERDMAN: So the information that Senator Friesen handed out, you know how much your enrollment has gone up in the last, say, ten years? [LB569]

GREG ADAMS: I don't have it in front of me. Our enrollment, it's not gone like this, steady and then we find the enrollment peaks up a little bit. For instance, in '09 and '10 when we had the recession, not only did we get a lot of high school students come in, we have a lot of adult learners that are saying I've got to do something different than what I'm doing. [LB569]

SENATOR ERDMAN: As I review what your tax asking has been now, and projected forward with the same increases that you've been having, it's going to take about \$250 million, \$255 million in 2020 to cover that. I have been to the Western Nebraska Community College budget hearing, other people that I know have been there as well, that doesn't go so well. The input that we have there is something like this: where were you when we were doing this budget? It's too late now. And they don't give any input at all back to those people who are testifying at their hearing. The last budget hearing they had, they have an \$18 million reserve in Western Nebraska College. They're going to remodel the front entrance and do some other things to remodel, it's \$6.5 million. They raised property taxes to pay for that. They had \$18 million in reserve. Those are the issues we're dealing with. Are you familiar with the rise in agriculture valuation over the last ten years? [LB569]

GREG ADAMS: Very much so. [LB569]

SENATOR ERDMAN: Okay. So now we've shifted what property tax used to pay for, what ag used to pay for, we increased it by at least 180 percent. Most people can no longer pay. Western Nebraska Community College is right in the heart of agricultural land, that's what they get their money from. We're going to begin to suffer under a situation with a sugar company that may be irreversible back there. Okay? We got a lot of problems coming on to agriculture. And as Senator Linehan said, we can't afford to pay these. So I don't believe we would be here talking today if the community college would listen to people when they come to those budget hearings and they share those concerns. We get no response at all. So when we get no response at all, we only have one other provision. That's do something different. So it's very difficult for the common citizen to go there and make comments and have anything happen. And when you got \$18 million in reserve and the community college system as a whole has \$173 million in reserve and we're asking for more tax dollars every year, there seems to be a disconnect there between the cash reserve and what they're asking for taxes. [LB569]

GREG ADAMS: Fair enough. [LB569]

SENATOR GROENE: Senator Linehan. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR LINEHAN: Thank you, Mr. Chairman. Can you explain an award to me? It says 65,000 awards, and the difference between awards and a two-year certificate. [LB569]

GREG ADAMS: An award would be a two-year certificate or a credential that falls short of an actual associate's degree. [LB569]

SENATOR LINEHAN: So could you give me a breakdown of which is, of the 65,000, which is actually a two-year certificate and what is... [LB569]

GREG ADAMS: I don't have those numbers. I'm sorry, Senator. [LB569]

SENATOR LINEHAN: No, but you could get them, right? [LB569]

GREG ADAMS: Sure. [LB569]

SENATOR LINEHAN: Okay. So I would appreciate it if you could get those. And what other, because it seems to me that I've been told there's some partnerships with businesses besides ag, right? Aren't there some businesses that have partnered financially with community colleges or not? [LB569]

GREG ADAMS: There's businesses and there are folks behind me, literally business folks, that will testify to some of that. Not only businesses, but private individuals and communities who have partnered with the community colleges. Whether it be over space or programming. [LB569]

SENATOR LINEHAN: But I'm talking specifically financial partnerships. Are there any businesses, because this is an industry needs these people, which is great. So are there partnerships where, I don't know, let's say it's heating and air conditioning and refrigerating here, a company who needs more people to work in that. Do they in any way help finance any of the training? [LB569]

GREG ADAMS: Yes, yes. Probably one of the best examples that comes right off the top of my head, we've already heard about the John Deere program; Cabela's and Western Community College; and the new heavy equipment operator program at Central, the Association of General Contractors is very heavily involved in helping finance that program. [LB569]

SENATOR LINEHAN: So is that public information how heavily involved they are? [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

GREG ADAMS: I don't know. [LB569]

SENATOR LINEHAN: Okay. If that is, I would appreciate knowing. [LB569]

GREG ADAMS: Okay. [LB569]

SENATOR LINEHAN: Okay. Thank you very much for being here. [LB569]

GREG ADAMS: You're welcome. [LB569]

SENATOR GROENE: Any other questions? It's all about the money, follow the money. [LB569]

GREG ADAMS: Always. [LB569]

SENATOR GROENE: We love our community colleges, I can list who went there in my family. Basic education is what we've always believed it would be. The single mother wants to just get classes, isn't looking for a college experience, just wants to get that education. But what explanation I'd like to see and a lot of members would like...I would like to see is 229 percent over the last ten years in property taxes at the same time we went from \$65 million of state aid to \$100,828,000. Is this due to enrollment? Where has this money gone? It's a 2.5 times increase in total funding for community colleges in this state. Is it a new thing to move towards a college experience, compete with the Chadrons and the Kearneys and UNL? Or is there something that I don't understand where all this money went? [LB569]

GREG ADAMS: Let me give it a shot, Senator. And I may be wrong. And if I am, many of you guys or some of these folks back here. I don't know what calculations, what numbers you used to come up with the 200, but I will tell you this: we have more students that are going to community college. And that doesn't mean, as I said earlier, that the numbers are going through the roof. The number of students that we have coming in, that are choosing trades, but then right along with choosing trades may say, all right, I'm an LPN at this point and I've got some of my basics out of the way and they transfer on to the university or to Chadron, wherever it may be, so I'm going to continue on that path. Some of it, quite candidly, is the cost of these trade programs. You're not putting very many students up next to some pretty expensive, up to date equipment. So if I'm going to offer algebra, and I'm going to come up with hypothetical numbers, I may stand corrected on that. If I'm going to offer algebra, I put one teacher in front of maybe 20 or 25 students. But if I'm offering something in precision ag or diesel mechanics, far more sophisticated than that, it costs me for this equipment, I've got 5, maybe 8 or 10 students in front of it. The cost is there. And the industry is saying, and I think they'll vouch for that here in a few

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

minutes, it does us little good to have students coming out that don't know how to work on the equipment that we have inside of our industries. And it costs to do all of that. Now, am I explaining away all of our costs? No, I'm not. [LB569]

SENATOR GROENE: Isn't it a fact though too, don't quote me, but you don't have...Southeast tried the bond, but most of the buildings are built through the general fund improvements? [LB569]

GREG ADAMS: And we have...there is a capital part of the levy of community colleges. There's 2 cents for capital. [LB569]

SENATOR GROENE: And most of the buildings and construction is done through that? [LB569]

GREG ADAMS: Done through that, right. [LB569]

SENATOR GROENE: Thank you. Any other questions for Mr. Adams? Thank you, sir. [LB569]

GREG ADAMS: Thank you. [LB569]

RANDY SCHMAILZL: (Exhibit 3) Randy Schmailzl, R-a-n-d-y S-c-h-m-a-i-l-z-l, I'm the president of Metropolitan Community College in Omaha, Nebraska. I'm here today to certainly answer any questions at the end of this. But I'd like to talk about Metro Community College, we're one of the six community colleges in the state. And we're handing out a quick facts sheet. Metro last year served about 26,000 individuals that took one credit course; 50 percent of those students are over the age of 22, so they're not students that come right out of a high school, like many colleges. Our average age is 27; 55 percent female. We have the largest minority enrollment in the whole state: 31 percent of our students are from minority backgrounds. Only 30 percent of our students are full-time students. In addition to the 26,000 credit students, we have another 19,000 students that are in noncredit business and industry and economic development training. And I'd like you to, if you would, turn the page, and you'll see Metro's funding: 45 percent of our general fund comes from property taxes; 27.5 percent from state aid; and our students pay 26 percent. So there's not a lot of difference between the state aid and what our students pay at Metro. And there has been talk about the need to raise tuition so that the students have more than their fair share than they're paying now, but that does not exist at Metro Community College. If you look at the last page, it's the four-county service area, and Metro serves in its four counties 40 percent of the state's population. And with that, you'll figure out in the long run about 45 to 50 percent of the state income tax come from those four counties, and about the same amount of sales tax would come from those four counties; which makes sense,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

because you have 40 percent of the state's population there. Metro, we primarily fill in the gaps in Omaha. School districts did away with the GED programs, Metro picked it up. English as a second language programs in the school districts couldn't handle, the local K-12 districts couldn't handle the refugee population, Metro picked up the English as a second language. We're the only place in higher education that you can receive remedial or, you know, learning to get to college level classes. Noncredit, we have a number of noncredit and adult learning opportunities. And 91 percent of our students come from the four-county area. You're not going to see Metro operating outside the four counties. We have enough work in our four counties with the business and industry and our population. And 94 percent of our students stay and work in the four-county area, so we consider that a brain gain. The \$90 million that the college raised locally for its new building project came from private endowment, private funding formulas, funding in the four-county area, and money from Metro Community College. So we did not raise tuition, we did not raise taxes, and we did not ask for more money from the state of Nebraska for this project. Twenty percent of the valuation in Metro's four-county area, that's the number that has gone up since 2009. Our valuation has gone up 20 percent, and there's a real simple reason for that: only 5 percent of our \$60 billion comes from farm land. If we had more farm land, our valuation would have gone up quite a bit. So I really do sympathize with the ag valuations going up. But the windfall that everybody talks about, that the community colleges have received, you know, are received, and I'm waiting for the check yet. So check's in the mail. But I don't say that for anything but a little effect. Metro operates with a, you know, local board. And the one obstacle I see in this legislative bill is that the mechanics to create all this are a little messy. I don't quite understand all the mechanics it's going to take to move, you know, move away from property tax and, you know, go to part of the state colleges. And the unknown problems that that creates for our Omaha area would concern me greatly. The business partnerships that we have are many. For example, we have a triad partnership...my went red light on, I'll finish this statement. [LB569]

SENATOR GROENE: Go ahead and finish. [LB569]

RANDY SCHMAILZL: We have a triad partnership with Fremont Public Schools, Metro Community College, and Belmont Industries. And we set up a welding lab at the high school, it was all paid for by foundation support out of Omaha. And students take welding classes there during the day as part of their Fremont High School experience, and then at night Metro Community College uses it for citizens in the four-county area to take classes. And they're the state champions SkillsUSA and third in the nation in SkillsUSA competition. But, you know, we have a number of projects with Omaha Public Power District in utility line. So every program that you see in our trades, and most of our projects are in the trades, you're going to see some business. And we'll have a gentleman come up next behind me to talk about Nebraska Truck Center and then their project with us. But the other claim to fame that Metro has is a great transfer project with University of Nebraska-Omaha. Many of our students go to University of Nebraska-Omaha, they probably got about 5,000 to 6,000 enrolled right now, and so that kind of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

partnership is essential to the existence in Omaha. And everything I've focused on here about Metro is all about Omaha, because that's where we're at. And I'm sorry not to give you more of a statewide perspective, but I wanted to give you our perspective. [LB569]

SENATOR GROENE: Wrap up. Any questions? Senator Ebke. [LB569]

SENATOR EBKE: Thank you. Can you tell me roughly what is your total projected revenue, just in round numbers? [LB569]

RANDY SCHMAILZL: For this year, our budget is around \$100 million into general fund. [LB569]

SENATOR EBKE: Okay. [LB569]

RANDY SCHMAILZL: And it's been right at \$100 million for a number of years. On the construction side, we have to book all of our pledges and all the money that we get from private. So you're going to probably see about another \$100 million over on that construction side, due to our \$90 million business project. And then some of the bookings that you see that the state gets is the Pell Grant money, and they're pass-through monies. I mean, that's student money, it never comes to Metro. So I think our total budget, you know, when you look at everything, is going to be like \$237 million, which I wish we did have \$237 million. [LB569]

SENATOR EBKE: Sure. So you're...I like your chart, by the way. That helps me to visualize that. So about \$46 million comes from property taxes. Is that about right? [LB569]

RANDY SCHMAILZL: Probably about...yes, yeah, about \$46 million. [LB569]

SENATOR EBKE: About that? What's your...can I ask what your tuition rate is? [LB569]

RANDY SCHMAILZL: Say that again? [LB569]

SENATOR EBKE: Your tuition rate, what (inaudible). [LB569]

RANDY SCHMAILZL: Our tuition rate is \$64 per quarter credit hour. And that means, if you move that to semester, it's 1.5 times, so it's about \$94, \$95. [LB569]

SENATOR EBKE: And do you know how that compares to UNO? [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

RANDY SCHMAILZL: It's probably going to be one of the bottom two in community colleges in the state. [LB569]

SENATOR EBKE: Do you know what UNO's is? [LB569]

RANDY SCHMAILZL: Pardon? [LB569]

SENATOR EBKE: What the university's tuition rate is? [LB569]

RANDY SCHMAILZL: Oh, the universities are quite higher. I mean, they're going to be \$200, \$300 a credit hour. [LB569]

SENATOR EBKE: That's what I was thinking. So if you had to make up the difference in property taxes through tuition increases or whatever, okay, then you start talking about tuition that's comparable probably to the university? Is that...? [LB569]

RANDY SCHMAILZL: Well, yeah. Since we have so many students paying tuition, that's why our number is so close to the state aid number. So yeah, I mean, you would be close to the university numbers. That would, for us, the population we serve, about 35 percent of our students are on Pell Grant already. So the affordability of Metro is a must, in terms of what the Omaha community and business community sees. [LB569]

SENATOR EBKE: Well, there will probably be other colleagues of yours coming up to talk from the other colleges. [LB569]

RANDY SCHMAILZL: Yeah. [LB569]

SENATOR EBKE: And I'd be interested to hear sort of the same story from the, you know, from them. So okay, thanks. [LB569]

SENATOR GROENE: Senator Erdman. [LB569]

SENATOR ERDMAN: Thank you, Senator Groene. Thank you for coming today. [LB569]

RANDY SCHMAILZL: Thank you. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR ERDMAN: Do you know what your mill levy is? [LB569]

RANDY SCHMAILZL: 9.5 cents: 7.5 general fund, 2 cents on (inaudible). [LB569]

SENATOR ERDMAN: So 9.5. [LB569]

RANDY SCHMAILZL: For 9.5. And it's been that way, we've only had two tax increases in the last ten years. And one of them was because we lost \$10 million in state aid and we had to make it up with property tax, and the other one was for this building project we went up 1 cent. And that's the only time we've move our property tax levy. [LB569]

SENATOR ERDMAN: Do you have a cash reserve? And if so, how big is it? [LB569]

RANDY SCHMAILZL: Pardon? [LB569]

SENATOR ERDMAN: Your cash reserve, how big is that? [LB569]

RANDY SCHMAILZL: Our cash reserve is \$25 million cash, and then there's an uncollected property tax routine that comes in. And we budget \$5 million annually out of that reserve into our budget, because we don't have enough revenue to meet, you know, our \$100 million or \$105 million budget. So \$25 million from the general fund. [LB569]

SENATOR ERDMAN: So if you're collecting \$46 million in taxes and you've got a \$25 million reserve, you have about 50 percent of your annual tax asking in a reserve. [LB569]

RANDY SCHMAILZL: Yes. [LB569]

SENATOR ERDMAN: That's pretty good. [LB569]

RANDY SCHMAILZL: Well, it's the ONM for these new buildings, is why we have the \$25 million. So we don't have to raise our property tax and we don't have to ask for anymore state aid and we don't have to raise tuition. When we put these \$90 million buildings on-line this fall then we're going to be able to staff it, equip it, and do all that without adjusting our tuition or property tax. That's the whole purpose of our reserve. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR ERDMAN: It appears from the analysis that I've done over the last year or so on community colleges you're the only one that has that kind of reserve. The rest are far higher. [LB569]

RANDY SCHMAILZL: Well, when you take our reserve and you would divide it per students, ours is the lowest reserve on a per student ratio. [LB569]

SENATOR ERDMAN: I understand. [LB569]

RANDY SCHMAILZL: So I think it has to do with our size more than... [LB569]

SENATOR ERDMAN: I'm trying to give you a compliment. [LB569]

RANDY SCHMAILZL: Thank you. [LB569]

SENATOR GROENE: Any other questions? Senator Linehan. [LB569]

SENATOR LINEHAN: Thanks for being here. Thank you, Mr. Chairman. So you've kept the tax rate at 9.5 cents, which is wonderful. But I'm just, for clarification, hasn't the valuations in this area grown continually over the last ten years? [LB569]

RANDY SCHMAILZL: Over the last ten years our valuation in the Omaha area, Ford County area have gone up 20 percent. And, you know, that doesn't count the most recent Douglas County. And so our board is going to be challenged this year, you know, to look at what really is going to be the number in valuation, and then act appropriately. [LB569]

SENATOR LINEHAN: Okay. Thank you very much. [LB569]

SENATOR GROENE: Any other questions? Did you say 6,000 or so students are at UNO that took preparatory? [LB569]

RANDY SCHMAILZL: Yeah, right at. The 6,000 will have a Metro credit on their transcript at UNO, and they have about 15,000, 16,000 students so. [LB569]

SENATOR GROENE: How...what percentage of your classes are remedial? [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

RANDY SCHMAILZL: Our remedial classes would be at about 15 percent reading, math, and English class; and then we have 20 percent of our classes are at transfer level classes. There also are Gen Ed classes that we use in our bridge programs. [LB569]

SENATOR GROENE: Do remedial classes count towards the degree? [LB569]

RANDY SCHMAILZL: No, they don't. [LB569]

SENATOR GROENE: They don't. [LB569]

RANDY SCHMAILZL: They do count for credits, but they're all pass, fail, or retake. And the reason they count towards credits is so that the students can use their federal financial aid to pay for those classes. [LB569]

SENATOR GROENE: And then do you have sports teams? Do you have athletic teams? [LB569]

RANDY SCHMAILZL: No. We have no dormitories, we have no athletic teams, we have no...most people refer to us as a no-nonsense, no frills organization. [LB569]

SENATOR GROENE: The original meaning of a community college. [LB569]

RANDY SCHMAILZL: Yes. [LB569]

SENATOR GROENE: I appreciate that. Well, we get some of the Omaha kids out in North Platte because you don't take them. [LB569]

RANDY SCHMAILZL: Because we don't have athletic teams. [LB569]

SENATOR GROENE: But otherwise, thank you, sir. [LB569]

RANDY SCHMAILZL: Okay. Thank you, Senator. [LB569]

SENATOR GROENE: I've always admire the way you guys still have the mentality of a community college. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

RANDY SCHMAILZL: Thank you. [LB569]

JIM WALSH: Hello, I'm Jim Walsh. I'm going to try and piggyback a little bit onto what Randy said and not repeat too much of it. I come from a business and industry perspective. I did send that letter, so I don't want to rehash everything in the letter. I can tell by everybody in this room that nobody wants to hurt the community college system. And if you read my letter you'll see although we're headquartered in Omaha, we have branches in Norfolk; in Columbus; in York, Nebraska, and Lincoln, Nebraska. We're an example of an employer that has markets in big cities. [LB569]

SENATOR GROENE: Could you spell your name and mention your company that you're... [LB569]

JIM WALSH: J-i-m W-a-l-s-h, I'm the recruiting director for the Truck Center Company; we're a freightliner group out of Omaha, Nebraska. [LB569]

SENATOR GROENE: Thank you. [LB569]

JIM WALSH: Sorry. Trying to be brief, I know there's a lot of people that want to testify. My biggest point in being here today is just to explain why I think that the community level is the most important thing about the community colleges. And I understand, I can certainly appreciate the disparity in some of the markets. But in the markets we serve, we really need the community college to be controlled at that level and taxed at that level. And I know Senator Linehan asked the question about is the business industry stepping up. In my letter I gave you one example, we allow Omaha Metro to use our training center--state of the art, much like you might see, you know, in a manufacturer's facility. Another recent example is that is in Fremont. Just like the welding program that Valmont helped create, there was a need in our diesel technology program. Metro is full, they have no more space. So we're establishing a high school academy in Fremont. Now, the money is going to come half from the college and half from the private sector, including my company. There are plenty of businesses and industry partners that are willing to do that because they know the president, they know the board, they know the local people, they know the instructors. In fact, three of our employees are adjunct instructors in the Metro diesel program. So that partnership is what I fear being lost. The career academies is the new model for work force. I'm on the work force board for the Tri-County area: Douglas, Sarpy, and Washington County. If we don't have education at about eighth grade anymore aware of the careers that are out there in our state and the pathway to get from I might be interested in this to this is pretty cool, what do I have to do to get there, using their two years of high school in the career academies as a bridge to college and then using college as the bridge to work force. And that's my purpose in being here today. I really fear a loss at the local level. And as I say, we hire

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

from the community colleges in a number of them. But we have a different relationship, and they need different things from us in different markets. Columbus, unfortunately, doesn't have a diesel school. It's got a great college, but it's more of a manufacturing town. Even with a college in Milford and a college in northeast in Norfolk, we really struggle to have those people there. So we have to do something different in that market, and we even have different needs from the high schools in that market. So that's really my purpose in being here, is just to voice industry saying I know no one in this room wants to hurt the community college system, but the single biggest thing I don't want to see is that property tax valuation taken out of the local control. So I'll answer any questions you might have. [LB569]

SENATOR GROENE: Thank you. Any questions from the committee? [LB569]

SENATOR PANSING BROOKS: Did we get the letter? [LB569]

SENATOR GROENE: I don't see it. [LB569]

JIM WALSH: I emailed it to you, Senator Groene. [LB569]

KRISTINA McGOVERN: They're in the binders. [LB569]

SENATOR GROENE: They're in the binders. Kristina puts them in the binders. [LB569]

JIM WALSH: So I didn't want to rehash everything I put in the letter. [LB569]

SENATOR GROENE: We'll read it. What careers are you talking, diesel, or are you talking CDL? [LB569]

JIM WALSH: (Inaudible) I just picked, well, again, interesting point. The diesel and CDL advisory at Metro is the same group. You know, we don't hire drivers, we're the dealers, we sell the trucks. But if we don't help create drivers, no one's going to buy our trucks. And so we have to work on both sides of the fence. So we have on our advisory council we have Warner and Crete and Hunt and we have Reading and we have OPPD as customers of ours. [LB569]

SENATOR GROENE: Does Metro have a CDL truck driving? [LB569]

JIM WALSH: They do. Interesting question, they didn't used to. When I came back to Omaha, there was no CDL program and no diesel program. Our Metro advisory council actually predates

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

those programs. A group of employers got together and essentially willed these programs into existence. We meet every month, I think we're the only advisory council that meets every month to make sure our programs, you know, are sustainable. Now we've grown to the point where they're out of space. So it's up to us, business and industry, we need to step up. We know that. [LB569]

SENATOR GROENE: So I appreciate if what you're saying was you're getting into the high schools and telling people you don't have to be good at English. [LB569]

JIM WALSH: Oh, no. [LB569]

SENATOR GROENE: Well, I mean, you don't have to be a literary...that you can make a good living without a suit and tie. [LB569]

JIM WALSH: I'm glad you made that point though. I think a lot of people... [LB569]

SENATOR GROENE: That's my point. [LB569]

JIM WALSH: My point too, it is a very good question. And educators used to have a barrier, they didn't want us in the schools. They thought we were saying do career and technical education instead of academic skills. I've give you a good example, Bryan High School in Omaha has a TDL academy--transportation, distribution, and logistics. A number of those students have told me I really like this class because now I understand why English is important and math is important. I'm never going to get a job if I don't understand how to use those things to make a job. Because I can't just pull the phone out and ask Siri what the answer to the question is, because kids today might very well do that. They don't even know the questions to ask if they don't see the relevance of why those skills matter in the work force. [LB569]

SENATOR GROENE: That was my point. Senator Kolowski. [LB569]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Sir, what percent of the drivers are women, female? [LB569]

JIM WALSH: CDL drivers? [LB569]

SENATOR KOLOWSKI: Yes. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

JIM WALSH: In the classes or on the road? [LB569]

SENATOR KOLOWSKI: In the classes that you're... [LB569]

JIM WALSH: Oh, I'm going to guess it's about 15 percent. [LB569]

SENATOR KOLOWSKI: Fifteen? Very good. And second question, what percent of all your students would be former military coming back from there? [LB569]

JIM WALSH: Well, if you read my letter, you'll see I was in the Marine Corps for 20 years, so I'm prejudice, I have to admit. [LB569]

SENATOR KOLOWSKI: Semper Fi. [LB569]

JIM WALSH: Again, I'm from the company side. So, I can tell you what our employees' is, and it's about 25 to 30 percent are veterans. Not all 20 are people like me. But a military operation is very much like, you know, a diesel technology building. We're a 24/7 industry. [LB569]

SENATOR KOLOWSKI: Sure. [LB569]

JIM WALSH: So percent of veterans in our company is about 25 to 30 percent. At the college, I'd have to let someone else answer that question. [LB569]

SENATOR KOLOWSKI: Thank you. Appreciate it very much. [LB569]

SENATOR GROENE: Senator Linehan. [LB569]

SENATOR LINEHAN: Thank you, Mr. Chairman. Thank you, Mr. Walsh, for being here. So let's just take the truck companies for instance. When they hire drivers, they expect them to be fully trained? [LB569]

JIM WALSH: Well, let me explain something. We're the dealer, so we fix the trucks. [LB569]

SENATOR LINEHAN: Right. [LB569]

JIM WALSH: Diesel technicians, let's talk about them, okay? [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR LINEHAN: Okay. So when somebody hires a diesel technician, they expect them to be fully trained? [LB569]

JIM WALSH: No. And that's the reason, if you read my letter, you'll see we have our own training center. We need them at least trained so they're licensed to touch the stuff. As some people will tell you, ag equipment, trucks, heavy equipment, they come with warranties on them. If you're not licensed to operate these things, to reprogram the computers, you'll void the warranty. So you can take a \$150,000 truck and have an unqualified person work on it and void the warranty because they don't understand what they're doing. So the colleges have to get them far enough, trained enough so that we can take over from there. Work force goes from really middle school, in our training center and our environment our technicians go to school forever. They never stop going back to school. So we need the base at the community colleges. [LB569]

SENATOR LINEHAN: Okay. So I guess my question, this is what I'm struggling with. I need diesel mechanics, so is it...do companies not anymore train their own work force at all? I mean, this is what I don't quite understand. So if I want to have a company and I'm going to need diesel mechanics, do I not hire a high school student and train them to be a diesel mechanic? [LB569]

JIM WALSH: No. We don't anymore like that, because it takes too many years. We used to be able to take people out of the military like me, but we don't do that anymore. We used to take people off the farms, because they were handy and worked on stuff. We can't do that anymore because the manufacturers make the...I mean, the machinery is much more complicated than people realize. And you've probably seen the driverless cars. [LB569]

SENATOR LINEHAN: Yes. [LB569]

JIM WALSH: And driverless trucks are only about ten years away. [LB569]

SENATOR LINEHAN: I don't understand can't. We can't? [LB569]

JIM WALSH: We can't train? [LB569]

SENATOR LINEHAN: Yeah. [LB569]

JIM WALSH: We do train. We absolutely...we have three full-time trainers. We have a school. We are not going to choose, it's not economically feasible to train somebody from 18 years old to where we need them. That's the answer there. It's economic model, it doesn't...also then we would be in competition with the community colleges. We're not instead of a community college,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

our training. Our level of training is higher than community colleges. So we don't want to be in competition with them, number one, they're a partner of ours. We need them to prepare people. But no, the days are gone where you could train somebody from scratch to work on modern equipment and those aren't coming back. I don't know if you realize, McDonalds is doing away with cashiers. [LB569]

SENATOR LINEHAN: I get that, but I'm a little confused as to why it's now become the burden of the taxpayer to train people so they're ready to go to work when they show up, versus I think I remember a time...my first job was way back when. I graduated from high school and my first job and they trained me. Just from graduating from high school. [LB569]

JIM WALSH: Right. And the answer to that question is when it comes to modern equipment, it can't be done. That's the answer. It cannot be done efficiently and effectively. There's no way it will be done is the other question. Businesses are not going to do that. I'm telling you, this is not a new question. This is not suddenly we expect the colleges and the schools to train people for us. The education pathway has changed, our jobs have changed, the very nature of what people are going to do in their jobs in five years is not going to be anything close to what it was, you know, when we were going through school. That's the perspective I hope to bring today. Manufacturers of equipment are not going back. In fact, you can't touch the equipment, as I said, if you're not licensed. You don't have a username and a password, you can't even change the oil. So, I don't mean to be repetitive. [LB569]

SENATOR LINEHAN: Okay. No, no, you're fine. It's just, I think it's a difference in...it's just how much you can have a taxpayer...you can put on a taxpayer. [LB569]

JIM WALSH: I completely agree. [LB569]

SENATOR LINEHAN: It's a matter, and I understand the ag situation is problematic with how much we're asking the ag producers to...they're to the point they can't do it. And I fear, at least in Douglas County, which I represent the western part of Douglas County, which does have some farmers, has a lot of property owners. And the number of letters I've gotten over the last four weeks about how I have to move out of my house because of property taxes. It's a serious issue and everybody is going to have to look at some...anyway. (Inaudible). Thank you. [LB569]

JIM WALSH: I totally...I think everyone is saying the same thing. And, you know, the funding stream is the question. I think my biggest point today is the community colleges are set up to be somewhat autonomous so they can answer the needs locally. That's a good question, but I think that should be answered by the board of governors and the citizens of those communities. So I don't mean to argue with you. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR LINEHAN: No, no. I think you're doing a good job. [LB569]

JIM WALSH: As I say, we hire people out of all the colleges in this state. And frankly, we don't hire very many four-year degree people. We have over 500 employees, maybe 10 percent of our jobs require a bachelor's degree. None of them really can be filled by somebody who doesn't have at least a two-year degree. And that's changing. We used to be able to hire people, like you said, to sweep the floors and kind of learn as they go. If we hire them to sweep the floors, that's where they're going to stay. And there's no mobility for just someone to take an entry level job and then become, you know, moving up any more. Unless they have work during the day for us and go to school at night. [LB569]

SENATOR LINEHAN: Okay. Thank you, very much. [LB569]

SENATOR GROENE: Any other questions? I have one more. Where do you fit into the educational process? You have your own facility, your own instructors. Are students from Metro coming to your facility, are they gaining credit hours at your facility? [LB569]

JIM WALSH: Yes, they are. The owner of our company also does not charge Metro for the use of that space. [LB569]

SENATOR GROENE: Who are the instructors? [LB569]

JIM WALSH: They're employees of ours. [LB569]

SENATOR GROENE: Of yours. [LB569]

JIM WALSH: But they're also adjunct instructors for the Metropolitan Community College system. They have to be accredited to do those things. [LB569]

SENATOR GROENE: So what you're saying, maybe I'm wrong here, but for years in nursing there was a cooperation between the college and the hospital for training. We're getting that way in other fields also, is what you're implying here. [LB569]

JIM WALSH: Absolutely. The work-based learning piece... [LB569]

SENATOR GROENE: The work-based learning, yes. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

JIM WALSH: Is the missing link. The academic preparation is still important as a foundation, but you can't apply it. That's where people struggle, that's where employers struggle. [LB569]

SENATOR GROENE: But free enterprise is footing this bill, so it doesn't account for the huge increases in property taxes and state aid. [LB569]

JIM WALSH: That's right. That's exactly right. [LB569]

SENATOR GROENE: Thank you. Any other questions? [LB569]

JIM WALSH: Thank you. [LB569]

SENATOR GROENE: Next opponent. [LB569]

GREG SMITH: (Exhibit 4) Good afternoon, my name is Greg Smith, G-r-e-g S-m-i-t-h. I'm the president of Central Community College, so Senator Friesen happens to have his district within our service area. Senator Groene and members of the committee, thanks for the opportunity to testify this afternoon. A lot of the previous opponents have stated quite a bit of what I intended to say today, so I'll try to keep it pretty brief here. With regard to the first component of LB569, the task force, I would contend that through their initial program review process and through their continuing program review process all of our programs in the state have to be reviewed by the Coordinating Commission. And certainly one of the things that they're looking at is possible redundancy. They're certainly looking at viability, so I would say with regard to the task force and the study, you already have a state agency that's doing a lot of that. I would also say that, and one of the proponents mentioned this earlier, but if you do want to have a task force, it would probably behoove everybody to study the University of Nebraska system and state colleges, as well as community colleges, for potential duplication. I'll take...certainly take Senator Friesen at his word that he has no desire to harm community colleges, but it's also, you know, completely accurate to say that as that bill is written right now it would defund community colleges starting with fiscal year '21, at least in terms of ability to levy property taxes. No doubt about that. I would say what that might mean for Central. We get more of our operating budget from local taxes than any institution in the state. We get 16 percent from tuition and fees, 16 percent from state aid, and 64 percent from the local property tax. We get fewer dollars in state aid than any institution in the state. Since fiscal year '08, the last time that there was a major bump in state aid, we've had a reduction in our state aid of over 25 percent. If you look at the, you know, computer price index inflation indicators, the real reduction in state aid has been 34 percent in the last 9 fiscal years. So that's a part of it. We've also been told by Governor Heineman in the past and Governor Ricketts now and this body that you would like us to keep our tuition low. Over the last five years, our tuition has raised a total of \$10 from \$86 for tuition and fees to \$96.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

That's about 2 percent per year. Central is at 82 percent of the national average. We're a low-cost community college for our students. On top of that, we do have three full-service campuses in a service area that's larger than the state of Maryland. If our service area were a state, there would be nine states smaller than us. Our Hastings campus has facilities that are more than 70 years old, our Columbus campus has facilities that are approaching 50 years of age. And as this group well knows, Central Community College and no other community college in the state gets 1 cent from the Unicameral for deferred maintenance or new construction. So any capital needs that we have, we have to derive those from the local levy. And believe me, when you have a campus that's 70 years old, the needs can be pretty high in terms of facilities needs. I would also say one thing, Senator Friesen did make a comment about us being transfer institutions. That is not the case. At Central Community College, and we're the third-largest community college in the state, but we award more certificates and degrees than any other college. We award about 2,200 certificates and degrees each year--I see I got the red light here--1,500 unduplicated (sic) head count. In those awards, 91 percent of those are career and technical, so we are not a transfer institution. And you also well know that our enabling legislation says that in terms of our statutory role and mission we are first and foremost to do technical education training. Also, we have a diesel program with about 100 students in it. So if you want to ask me about that, I could give you some clarification there. [LB569]

SENATOR GROENE: Thank you. Could you wrap up? [LB569]

GREG SMITH: So thank you for your time. And I would entertain any questions that you might have at this point. [LB569]

SENATOR GROENE: Committee have any questions? Senator Erdman. [LB569]

SENATOR ERDMAN: Thank you, Senator Groene. Thank you for coming. So you get 64 percent of your budget from property tax. How much is your budget? [LB569]

GREG SMITH: Our operating budget is about \$58 million. [LB569]

SENATOR ERDMAN: Fifty-eight million? And what is your mill levy? [LB569]

GREG SMITH: Right now it's 9.5 cents. It's gone down in each of the last five fiscal years, starting at an 11.7 percent it's gone down to 9.5. [LB569]

SENATOR ERDMAN: So do you know how much your budget has increased over the last ten years? [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

GREG SMITH: Well, that's somewhat irrelevant. You know, you keep using fiscal year 2006 as the year. And you really, in my estimation, should be rolling your numbers off of fiscal year '08, because that's the last year that community colleges got a significant bump from the Unicameral. Since then, our raises have been on average 1.7 percent per year for the system, even though as I mentioned, Central's funding has gone down 25 percent. [LB569]

SENATOR ERDMAN: I didn't ask the question from '08; I said how much has it gone up in the last ten years. [LB569]

GREG SMITH: I'm not sure. Quite a bit. [LB569]

SENATOR ERDMAN: So how much is your cash reserve? [LB569]

GREG SMITH: Well, as you know, state law requires us to not have more than 50 percent of our budgets, and our board is more conservative than that. We have board policy that says we can't have a cash reserve larger than three months. So I would say right now we're probably at about \$12 million. But part of that is because we're completing a new facility in Kearney and we've been putting money into reserves because we've told the Kearney community that there will be no long-term debt on that facility. [LB569]

SENATOR GROENE: Any other questions? Senator Linehan. [LB569]

SENATOR LINEHAN: Thank you, Mr. Chairman. I'm just going to I think ask this question again. You don't know how much your budget has gone up over the last ten years? [LB569]

GREG SMITH: Not exactly. [LB569]

SENATOR LINEHAN: Well, just a round-about number. [LB569]

GREG SMITH: I would say about 87 percent in terms of round numbers. But again, there are lots of reasons for that, including a few that I just mentioned to you. [LB569]

SENATOR LINEHAN: What percentage of your student...have you had an increase in student population? [LB569]

GREG SMITH: Over the last ten years, probably slight. Some of the earlier folks who testified, including Greg Adams, pointed out the cyclical nature of our enrollments. When the economy

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

goes down, our enrollments increase vastly. And when the economy goes up, our enrollments go down. [LB569]

SENATOR LINEHAN: Okay, that's good. So over the last ten years have they gone up significantly? [LB569]

GREG SMITH: They've gone up and then down again. [LB569]

SENATOR LINEHAN: Do you have more students enrolled today than you did ten years ago? [LB569]

GREG SMITH: Yes, we do. And if you look at both for-credit and not-for-credit, we have about, depending on the year, 23,000 to 26,000 students. I would point out that serving all those not-for-credit students is part of our statutory role and mission, but we are not funded for that, at least by state aid. [LB569]

SENATOR LINEHAN: Okay. Let me...so could you...would it be okay if I asked if you got us the percent your budget? What your budget has done over the last ten years and your enrollment for the last ten years each year? Could you provide that for the committee? [LB569]

GREG SMITH: I could, sure. [LB569]

SENATOR LINEHAN: Thank you very much. [LB569]

GREG SMITH: I mean, not off the top of my head, but certainly... [LB569]

SENATOR LINEHAN: No, that's fine. That's fine. Whenever. [LB569]

GREG SMITH: I would also point out that with regard to community colleges, and the individual presidents could probably tell you, but 70 to 90 percent of our operating budgets are in personnel. And we are all unionized and those costs are not completely controllable and they do tend to outstrip the inflation rate. So again, you can look at the raw numbers or you can dig in and understand, you know, why this is happening. [LB569]

SENATOR LINEHAN: So how much has your personnel increased every year? What's the average increase in personnel? [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

GREG SMITH: Well, we've had years of...and again, not under our control, where health insurance and benefits have increased probably close to 14 percent. We have per employee, per full-time employee, with health insurance and other benefits it's about \$16,000 per employee per year. [LB569]

SENATOR GROENE: Any other questions from the committee? Excuse me, I have some questions. [LB569]

GREG SMITH: Sure, sure. [LB569]

SENATOR GROENE: I always let the committee ask and then I try to clean up and play devil's advocate. But I'll be blunt. And when I talked to the community college community, they point at you and Northeast Community College as the largest increasers of spending of property taxes. How long have you been at Central? [LB569]

GREG SMITH: I'm in my ninth year in the presidency. [LB569]

SENATOR GROENE: But they say don't throw us all in the same bucket, that those two colleges seem to be increasing spending the most. Can you explain why? [LB569]

GREG SMITH: Well, I just explained partially why. The Unicameral has reduced our funding by 25 percent over the last eight fiscal years. [LB569]

SENATOR GROENE: So in the... [LB569]

GREG SMITH: We have been instructed by the past governor and the previous governor and this body to keep our tuition and fees as flat as we can so those...and we've done that at, you know, at your wish. And we also again have the facilities that are aging and this body does not fund capitol. You know, I personally believe that community college students and employees deserve a level playing field and I would like to understand why our colleges should not be of the same quality as the University of Nebraska and state colleges, especially when we serve a larger proportion of low-income students and much more racially and ethnic diverse student body. We're not willing to be second class citizens, and I've been able to get my board to build a college that we can be proud of. [LB569]

SENATOR GROENE: Are you talking structures or that you've increased wages to compete when you say second class? Are you talking structures, buildings? [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

GREG SMITH: I'm talking about structures and buildings, faculty, and anything else. You know, it shouldn't matter in this state and to this body whether students are in a community college or whether they're in a four-year institution. You should expect the same amenities and the same quality of learning environments, no matter where students are in public higher education. And the days of, you know, community colleges working out of store fronts are over. [LB569]

SENATOR GROENE: You keep saying you lost state aid, but overall state aid is, if I look at this, K-12 went up 34.6 percent in the last ten years; University of Nebraska, 29; state colleges, 28; and community colleges, 47 percent. If yours went down... [LB569]

GREG SMITH: Well, the last time you gave us a big bump was 2008, and at that time it was increased to \$84 million. Right now, with the budget recession this year, it's as \$97 million. If you run the numbers on those eight fiscal years, you'll see that the average increase for community college has been... [LB569]

SENATOR GROENE: But you said you've gotten less money. [LB569]

GREG SMITH: We have over \$3 million less in state aid than we had in fiscal year 2008. And the reason for that is when we had our little spat over the funding formula, Central does think of the six community colleges as a system, and at the time we were thought of as a resource-rich college in terms of assessed valuation. So in order to settle that battle and come to an agreement on the funding formula, we gave up quite a bit in state aid just to make that happen. [LB569]

SENATOR GROENE: Were you the only one or did other colleges actually decrease in funding from...? [LB569]

GREG SMITH: I would let others speak for themselves, but my recollection is we were probably the only one. I would also say that, you know, if you really...community colleges make up 5.4 percent of the property tax levy, so you know, you're not going to solve the property tax problem with us. But if you want to understand how you might begin to solve it, look at what happened in fiscal year '08, the last time you gave us a bump. You will find five of the six community colleges reduced their property tax levies when the Unicameral bumped our state aid. It's not rocket science. You know, there are only a few sources of funding that we have and if state aid goes up, the property tax ask tends to go down. [LB569]

SENATOR GROENE: Thank you, sir. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

GREG SMITH: But we do have, not just Central, but a lot of others, we have great facilities needs that we have no way of addressing other than through the local property tax. [LB569]

SENATOR GROENE: Well, I appreciate that you explained you lost state aid. That explains some of your bump in the property tax. [LB569]

GREG SMITH: Thank you. [LB569]

SENATOR GROENE: Justified some of it. Thank you. [LB569]

GREG SMITH: Yeah. Thanks for your time, everybody. [LB569]

JIM TOWNSEND: Good afternoon. My name is Jim Townsend, T-o-w-n-s-e-n-d, and I'm here today as an opponent to LB569. I'm a proud alumna of Mid-Plains Community College in North Platte and also the University of Nebraska-Lincoln personally, but I'm here today representing Kawasaki Motors. I'm part of the management team at Kawasaki Motors Manufacturing here in Lincoln. I wanted to kind of represent the importance of the community college system in our business. In order for us to remain competitive in a world economy, we've had to invest highly in technology. And if we are to continue to be competitive in a world economy, we need to continue to invest in technically trained workers. And right now, because of the lack of industrial technology training in the schools, high schools, we're seeing a lack of interest in (inaudible) trained and technically trained employees that can work on this highly advanced manufacturing equipment, maintain it, and operate it. So technical education is expensive. It's more costly than just teaching algebra or English. But the hard part about technical education, and the needs to work with advanced manufacturing equipment is you have to be able to do English and math and those other skills also. So the importance of the community colleges' funding, that's not here or there. I just wanted to represent our concern and in order for us to continue to be competitive to be a viable business and continue to grow our business in Nebraska, we need technically skilled workers. And we're doing our part by partnering with all of the community colleges as much as possible, with the local schools to get in, to get kids interested in skilled and technical careers such as welding, such as electromechanical maintenance manufacturing technicians. I will tell you that those two programs at Southeast Community College are busting at the seams, but they're still not meeting industry's need. We have open requisitions right now on our rail carrier division for welders. So we need skilled and technical people to do that. We do train, we do technical training on our facility. We continue to train, but the training is on specialized equipment and those highly technical operations such as tube lasers and other machinery that we are investing in to remain competitive. So with the training that we're providing is specific to the operation of that equipment and how to be prepared, but we need people that can understand what Ohm's Law is, how to troubleshoot, and the basic skills and other necessary equipment to

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

work on that again. I'm really pleased to be able to come and testify today, and I just want to express our support of the community college system. So any questions? [LB569]

SENATOR GROENE: Any questions? So do you have...Senator Pansing Brooks, sorry. I overlooked you. [LB569]

SENATOR PANSING BROOKS: Thank you, Senator Groene. Thank you for coming, Mr. Townsend. I was just trying to...do you sort of agree with what Mr. Walsh...did you hear his testimony? [LB569]

JIM TOWNSEND: Yes, ma'am. [LB569]

SENATOR PANSING BROOKS: Regarding the fact that the businesses can't educate fully and do all of the education. Could you speak to that? You spoke to it just a little bit. [LB569]

JIM TOWNSEND: Yeah, so... [LB569]

SENATOR PANSING BROOKS: So you're training on specific, very complicated technical things is my understanding. But you also need people. Can you explain what you need the community colleges to prepare these kids to be able to do? [LB569]

JIM TOWNSEND: Yeah. We need people that have math skills, that can measure, that can do basic operations of equipment. Our employees do not stop learning. When they come in our door, it's continuous learning environment. For example, for welding. Just to be able to have...we do train people right off the street every day on how to weld so that we can remain competitive. But if the schools can do some of that, it's a very viable career to where the some of the people that started at our facility welding are now running some of the strategic areas of our building. It's a continuous learning process. But some of the pieces of equipment that we have been investing in in automation, robotics, and high level technology we have to be able to train and have trained people that have that capability of troubleshooting and using that equipment. The same thing that they were talking about diesel. And I would say that that's even in farm equipment in ag, that you don't get your car fixed the way you used to. It's all computerized, it's all working, you go and plug-in. So for those skills, we are in dire need to have those trained employees. [LB569]

SENATOR PANSING BROOKS: Thank you. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR GROENE: Any other questions? So are you like the truck companies, where you cooperate, where your instructors are also work with the college and they get credit hours? [LB569]

JIM TOWNSEND: Yes. [LB569]

SENATOR GROENE: Or do you just...you also have that cooperation? [LB569]

JIM TOWNSEND: Senator, we are working in the career academy. For example, the career academy in Lincoln, we are one of the title...we had a career academy group, business group, out of our facility today. We're there, we're partnering, we're working at ways to partner. [LB569]

SENATOR GROENE: Your employees help instruct. [LB569]

JIM TOWNSEND: Yes, Senator. So we're there involved with the Nebraska (inaudible). [LB569]

SENATOR GROENE: So that's a financial burden your company took on? [LB569]

JIM TOWNSEND: Right. [LB569]

SENATOR GROENE: It's not part of our spending by the college. [LB569]

JIM TOWNSEND: Serving on committees and working on with education as a partner to try to help continue to drive kids into...not every kid is destined for a bachelor's degree, to attend the University of Nebraska. We need those kids to come be interested in work in our factory and in our manufacturing...advanced manufacturing facility. [LB569]

SENATOR GROENE: We used to call these community colleges vo-tech schools, you think we should rechange (sic) them again back to community vo-tech institutions? Because that seems to be where they lost over the last 20 years. They're coming back to it. [LB569]

JIM TOWNSEND: Senator, I think I would use the electromechanical program in Milford as an example. I'm on their advisory board with one of our maintenance supervisors. I come, we meet, we review that committee with many area manufacturers within the operating board. That program is at capacity, they've had the largest group ever. That they'll have, correct me if I'm wrong, I think about right now 25 or 30 graduates every six months out of that program. Those students will have 250 jobs available to them, that these are highly skilled technical positions

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

that we are competing for for people. And as an example, Senator, right now I have three employees that I am paying full-time and scholarshiping (sic) them through Southeast Community College, Milford, just so we can meet our current employment needs. [LB569]

SENATOR GROENE: Do you go into the...do they allow you into the high schools and the junior high schools to give speeches at their assemblies about the value of working with your hands? [LB569]

JIM TOWNSEND: Senator, yes. We are very involved with Dream It. Do It. and other organizations. And our employees are reaching into classrooms in the Lincoln area and that surrounding area. There's not a week that goes by where we don't have kids from the middle schools and high schools in our facility, touring, talking about career opportunities, and the need within those jobs. [LB569]

SENATOR GROENE: Thank you. I put myself through college welding to \$12,000 a year. If you have a night shift... [LB569]

JIM TOWNSEND: Yes. If you can still weld, we'll get a job for you, Senator. [LB569]

SENATOR GROENE: Thank you. I'll keep that in mind. Is there any other questions? Thank you, sir. [LB569]

JIM TOWNSEND: All right, thank you. [LB569]

JEFFREY SCHERER: Good afternoon. Thank you, Mr. Chairman and members of the committee for giving me this opportunity today. My name is Jeffrey M. Scherer, J-e-f-f-r-e-y S-c-h-e-r-e-r. I'm an at-large member for the Northeast Community College board of governors. I represent the 20-county area that Northeast serves. I spent about six years in public accounting and, up until January, for nearly 25 years I was the CFO of Smeal Fire Apparatus in Snyder, Nebraska. [LB569]

SENATOR GROENE: That's where I welded. [LB569]

JEFFREY SCHERER: When we sold our company my job went along with the sale. But I'd like to think that I've been involved in enough different things over the years to give me a fairly good perspective on the value as the community colleges bring to the state and certainly to northeast Nebraska. I was chairman of the Nebraska Chamber in 2011 and one of the things that I learned early on, even prior to taking that position, was the lack of skilled labor in the state of Nebraska.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

And today nationwide it's...the number one challenge for all businesses across the country is the lack of skilled labor. And, in my opinion, who better to solve that issue than the community college system. As the CFO, we talked...I heard earlier some of the earlier speakers talk about public-private partnerships. We work with Northeast Community College to develop, along with some other area manufacturers, to develop a manufacturing boot camp. Affordability was a key issue of that. A \$99 tuition fee to teach somebody...teach people how to have just some elementary skills as they relate to manufacturing. Some introductions to welding, introductions to other machine operation, how to read a tape measure. Simple stuff. How to show up on time, some soft skills. We've had some pretty good progress with that. And, in fact, something I've been working on with other folks in the West Point area is adding onto the extended campus for Northeast, because the folks up there realize the shortage we have in skilled labor, the need to keep our young people. And right now we're not completely funded on this, but we've got two foundations, local foundations that have stepped up and offered us, one a \$500,000, another one \$600,000 grant. And we have another local foundation that we're going to ask for a million dollar pledge from to build a industrial training center that will not only teach welding and industrial courses, but also add to the nursing curriculum for Northeast in the West Point area. And this endeavor, this extended campus, has got the buy-in from six of the area high schools. They've agreed to work with Northeast so some of the kids going to school can get some dual credit courses. They also have the opportunity to receive some introduction into the trades and, hopefully, continue that education on at Northeast or go on to the university system if they're looking for a four-year degree. For a long time, everybody in our area told their young folks that if you want to amount to something you need to go to college and get the heck out of here. And, unfortunately, that happened in a lot of the areas of the state. And in northeast Nebraska we fight an aging population along with a declining population. And while that's difficult to reverse, I think the community colleges play a key role in that. I also would like to touch on the funding system. My understanding is that the way when the community colleges were first developed, the funding system in the state of Nebraska was 40 percent property taxes, 40 percent state aid, and 20 percent tuition. And I'd like to say that at least with Northeast, we've stayed right around that 20 percent mark. State aid has gone down and the property tax has gone up. Property taxes are an issue that our board of governors are well aware of. At least half of our board of governors own farmland or are associated in farming in some way, shape, or form, myself included and so we see the brunt of property taxes. I applaud you for the work you're doing. I believe, personally, that the community college is a small bite of the apple. And I think that there's a lot to be done with property taxes, probably not as much maybe in Lincoln as should happen back home in all the jurisdictions you represent along with the rest of the state. And I'd be happy to answer any questions. [LB569]

SENATOR GROENE: Thank you, sir. Any questions? Senator Walz. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR WALZ: Thank you. Thank you for coming today. First of all, I just want to say how impressed I am with all of the business leaders who have...and school representatives who have come today. I think it's awesome that you're collaborating together and working together. It really makes me think about where these kids would be if they didn't have those programs, so thank you. Can you tell me, just a guess, how many students you think we retain here in Nebraska because of community college? [LB569]

JEFFREY SCHERER: I can tell you, Senator, that as it relates to Northeast, 88 percent of our graduates are employed in the state of Nebraska. Eighty-two percent are either...are in their field of study. Ninety-nine percent of Northeast graduates have either continued their education or working in their field of study. So I'm a great cheerleader for Northeast Community College. But that goes back to a 20-some year history in business and being able to work with Northeast and seeing the value that they bring. And I'd like to invite all of you up to the campus to see how that money has been spent. And the Applied Technology Center, they've got some fantastic equipment, but they need to have. And as a gentleman spoke earlier and regarding truck engines...and I know a little bit about trucks as they relate to fire trucks, but you have to be very careful. And I think what we're looking for is for the community colleges to bring people up to a certain level. And then the individual employers will take them the rest of the way. We'll bring anybody with a welding certificate or a welding diploma, but they're going to need some additional training at Smeal Fire Apparatus to get them to be the kind of welder that we need in that type of production environment. [LB569]

SENATOR WALZ: Thank you. [LB569]

SENATOR GROENE: Senator Linehan. [LB569]

SENATOR LINEHAN: Thank you, Mr. Chairman. Thank you, Mr. Scherer, for being here. I'm just going to ask you if I understood you right when you said one of the things that's important at the community college is elementary skills, how to read a tape measure, how to show up on time. [LB569]

JEFFREY SCHERER: That was part of our boot camp that we developed. And that's...Senator, that's because, unfortunately, there's kids coming out of high schools that don't have the math skills they should have, based on the diploma that they received at graduation. And so it's left up to the community colleges to take that ball and run with it and help provide those skills. I noticed a young man in our finish department one day a couple of years ago that had a tape measure folded in half. And I knew what he was doing and I offered to teach him fractions, even pay him to learn. But he had no desire to learn. And even though I told him that when he bent his tape measure the wrong way and drilled the hole in the wrong place, it might cost him his job

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

depending on what he was doing, he still didn't have that desire to learn. So today's world, we're trying to make the best of what we've got, what we have available to us. And I think that the community colleges serve a substantial part of that purpose in developing our young people and keeping our young people here. [LB569]

SENATOR LINEHAN: Just to clarify, there are kids going to community college that clearly want to learn, because they've enrolled themselves in community college. But they still lack the math skills, basic math skills they would need to get a job? [LB569]

JEFFREY SCHERER: There are some, correct. [LB569]

SENATOR LINEHAN: Okay, thank you very much. [LB569]

JEFFREY SCHERER: You're welcome. [LB569]

SENATOR GROENE: Any other questions? So these students that come in that they're taking remedial math, they apparently have the aptitude for math, because the community college is successful and move them on. So the reason they failed in the public school wasn't because of lack of aptitude. [LB569]

JEFFREY SCHERER: Very possible, but they received a passing grade in high school. And maybe that was good enough then and didn't think about the future when they might actually need that math...those math skills. [LB569]

SENATOR GROENE: One of the trends 10, 20 years ago, the big thing was on-line classes. That was the future. But I've noticed, especially your college, they're building off-site campuses: West Point, South Sioux City, I think you have one in O'Neill, is that yours, too? [LB569]

JEFFREY SCHERER: Yes, sir. [LB569]

SENATOR GROENE: Or you're building one there, depending on... [LB569]

JEFFREY SCHERER: There is one in O'Neill. [LB569]

SENATOR GROENE: ...if they...if the community comes up with funding. Is this because of the technical trades or are they teaching English and math in those rooms, too, because they could

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

take those on-line? Could you explain why you need these new campuses, which are adding costs, of course? [LB569]

JEFFREY SCHERER: I think it's to add a presence. It will serve a couple of different functions. One, to have a presence so these communities, such as South Sioux City, know that they are part of the Northeast Community College system. O'Neill...we've got a vast territory, a 20-county area. I mean, the college systems are large and so we're serving a lot of people there. And I think that besides providing that community presence, we're also trying to reach out and teach those trade skills in a local area so those kids can hit the ground running and get a job right after they receive a diploma or certification or an associate degree. And then we're also teaching things at those extended campuses, such as nursing, which is filling a void that's much needed in hospital systems across northeast Nebraska. [LB569]

SENATOR GROENE: So these satellite campuses, the purpose is more the technical trades or for college prep? [LB569]

JEFFREY SCHERER: I'd say it's not so much college prep as it is technical trades and nursing. [LB569]

SENATOR GROENE: Thank you. [LB569]

JEFFREY SCHERER: Yes, sir. [LB569]

SENATOR GROENE: Any other questions? Thank you, sir. [LB569]

JEFFREY SCHERER: Thank you. [LB569]

JOSE SOTO: Good afternoon. Mr. Chair, esteemed members of the Education Committee, I thank you for the opportunity to share my thoughts with you this afternoon regarding LB569. I'm Jose Soto, J-o-s-e S-o-t-o, and I'm an administrator at Southeast Community College. I share the concerns that have already been shared with you this afternoon, but I have a little bit of a different perspective that I'd like to share with you. It's kind of been alluded to by some of the other presenters, but I think I would like to be very open and forthright in addressing this issue. I'm not here to question Senator Friesen's intent on proposing this bill. I am concerned, however, about the potential and I think probable negative impact such a bill would have on the lives and futures of certain populations in communities in our state. The fact that community colleges could close their doors or, at minimum, limit their programs because of limited funding in the future, cause me to stand in firm opposition to that piece of proposed legislation. A higher

Education Committee
February 27, 2017

education progress report published by the Nebraska Coordinating Commission describes an unacceptable gap in educational attainment between whites and nonwhites in our state. Nebraska has the second largest gap in the nation related to disparities in high school graduation, college continuation rates, and graduation rates between whites and nonwhites. The effect of LB569 would be to significantly increase that attainment gap. The cumulative effect of limiting the bond and tax levy authority of community colleges after January 1, 2020, I think sounds the death toll of community colleges. That limitation will start a recurring cycle of fewer resources, fewer students, fewer programs, and fewer employees. While the stated intent of funding limitations is to affect property tax relief, the impact, whether it's by design or by default, is to either eliminate community colleges as a postsecondary education option--that is, we close our doors altogether--or to substantially limit access to that educational resource by certain segments of the communities we currently serve. Neither outcome is desirable. In effect, we would close our doors to individuals who are low income, who may be first generation college students, or students who are racial, ethnic, cultural minorities. Others who would be similarly impacted would be single parents, persons with disabilities, and veterans. In Nebraska's community colleges, similar to trends at the national level, about 23 percent of enrolled students identify as a race ethnicity other than white. A large number of our students are first generation of their families to attend college. The majority of community college students are individuals with low or limited income. We ended up serving quite a few veterans on our campuses. And, in fact, in 2014, 3,000 of our students received veterans' benefits. Many students are not academically prepared to attend a four-year institution. In the aggregate, instead of opening doors and opportunities, we would close doors to segments of our communities who have historically, and in many cases continue to be, underserved, not well served, or excluded from pursuing a college education. We would be eliminating the opportunity for these individuals to increase their earning power and such a limitation means they will contribute less to the local and state economies. And maybe more importantly, we would be limiting the number of qualified workers available to business and industry across the state. The shortage of trained workers is a serious problem now. It would only get worse if community colleges are limited in how they fund their programs. I am a community college administrator and educator who has worked hard over the past 25 years to open doors for the very people LB569 would eventually impact, particularly, racial, cultural, and ethnic minorities. I'm a first-generation college student. Neither of my parents made it past high school. I made it through law school. I was a low-income student. I relied on low tuition rates and public support to get through school. I was a single parent and I know all of that struggle way too well. Things have to be available, accessible, and affordable, especially education. I'm a veteran who was honorably discharged from the Air Force after four years and I served 25 months in combat zones in southeast Asia, including Vietnam. I know the challenges of making the transition from the world of college and eventually into the work force. And if you'll allow me, I would just take a minute to summarize. I see some part of me in the students I interact with on a daily basis at Southeast Community College. I want to ensure that they have the educational opportunities provided by community colleges that are open access,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

affordable, and designed to move them toward additional education or directly into the work force. I believe LB569 restricts or eliminates these opportunities for people like me. That is unfair, unwarranted, and I believe unnecessary. And while the intent of the bill may be, on its face, race neutral, the impact is not. Closing the doors to community colleges would have a desperate impact by race and socioeconomic level. Many low-income and minority students would be effectively excluded. That result is incompatible with our aspirations to ensure inclusion, fairness, and equal opportunity. In closing, I'd restate my belief that the impact of LB569 is fiscally imprudent, socially shortsighted, and unnecessarily detrimental to education in our state. I respectfully urge each of you not to advance it out of committee. [LB569]

SENATOR GROENE: Thank you. [LB569]

JOSE SOTO: I'd take any questions or comments. [LB569]

SENATOR GROENE: Any questions? I have one. You're with Southeast, what percentage of your enrollment is ethnic? [LB569]

JOSE SOTO: About 22 percent, sir. And it kind of varies and depends on the term and if you add students who might be international students. [LB569]

SENATOR GROENE: Hispanic and African-American? [LB569]

JOSE SOTO: Yeah. It's probably primarily Hispanic, Latino, and African-American students, yes, sir. [LB569]

SENATOR GROENE: How does that compare to the University of Nebraska, do you know? [LB569]

JOSE SOTO: I don't know exactly, but I...it probably hovers around the same. And it kind of depends on who you include in that. If you include international students at the University of Nebraska maybe it might be a little larger percent. But, again, the population in the state of Nebraska that is nonwhite would probably be around 15 percent, 17, percent, 18 percent. It depends on who's counting and when you're counting. [LB569]

SENATOR GROENE: Observation that I've seen, you can go to the University of Nebraska in poverty and you can pretty much go clean through free. If you've got a lot of money you can go to a private school. What I've seen in my district is the community college has been the college of choice now for the lower-middle class, under \$100,000. They don't qualify for Pell Grants,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

they don't have enough money to have the tuition or to loan it. And I'm seeing an awful lot of middle-class kids ending up in the community college because they sit there in the middle and they're called the middle class. Have you seen that also? [LB569]

JOSE SOTO: I don't know the specifics of that, but it would not surprise me that we're probably seeing a lot more students that maybe at one time would be called middle class would fall in that category. But probably now are more on the limited income or even lower income. [LB569]

SENATOR GROENE: But considered middle class? [LB569]

JOSE SOTO: Yes. [LB569]

SENATOR GROENE: Thank you. I'm a big proponent of community colleges. [LB569]

JOSE SOTO: I appreciate that, sir. [LB569]

SENATOR GROENE: I'm just looking at the spending. Thank you. Any other questions? [LB569]

JOSE SOTO: I...the only thing that I would say, we end up in the same place. You say spending, I say investment in our future. And I don't think that we've ever really been hesitant to make good investments. And what better investment than the education of our young people? Your grandchildren and their children deserve that we keep the doors open to community colleges and those opportunities. And I thank you very much. You've been very kind and I sincerely applaud you for how well you're able to sit in one place for such a long time. [LB569]

SENATOR GROENE: We do it every day. [LB569]

JOSE SOTO: Time in the saddle is totally impressive. I thank you so much and have a great afternoon. [LB569]

SIERRA SNODGRASS: My name is Sierra Snodgrass, S-i-e-r-r-a S-n-o-d-g-r-a-s-s, I'm student senate vice president, I'm also a business administration student at Southeast Community College. Southeast is not where I started my education. I actually started my education at a four-year school out of state and I quickly found that that was...I was not prepared. In high school I was on National Honor Society and I was very involved, so I was very shocked to find that I was not prepared for those experiences. So I ended up back in Nebraska. I took some time off to

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

figure out what I wanted to do and how I wanted to go forward. I know I found that I wanted to go to a school that I could pay for out of pocket to avoid some of those loan fees, especially if I was not going to be able to complete my degree. I found that at Southeast Community College. I work full time at Walmart and I go to school full time. And I can tell you--I know that you said that you paid your way through school--it's not easy. There's a lot of times that I find I'm living month to month and it's hard to make those ends meet. With the raise in property taxes, I've also been affected by that. I live here in Lincoln and I have seen an increase in my rent. I know that at least some portion of that goes back to my tuition, so although it hurts to write those checks it also...I like to think that I'm paying for some of my education through that and for the education and opportunities of other students so that they can receive the same education that I have. I know that I'm not the same person I was when I started at SCC. I've been at SCC for just about a year now; at the end of this term it will have marked a year. And I'm definitely not the same person and that's all thanks to the experiences I've had at Southeast Community College. I've gotten to know a lot of my instructors on a personal level and they've helped me develop. And I hope after graduation to go back to receive a bachelor's and then go on to become a CPA. A few weeks ago I was given the opportunity to talk to about 350 eighth graders in the Lincoln area, giving them a presentation on knowing how to go to college. And we talked a lot about how there are affordable options out there and if they start thinking about their future now, all of them should be able to receive an education. And I know that this bill as it is written would rob a lot of them that opportunity. And I...it just...it upsets me so much that these students were so excited to start thinking about college and that this opportunity might not be available to them in a few years. I thank you for giving me the opportunity to speak in front of you today. And I know, for all, we all pay some of that property tax and I thank you all for giving me the opportunity to go to school here in Lincoln. [LB569]

SENATOR GROENE: Thank you, young lady. Is there any questions? Senator Walz. [LB569]

SENATOR WALZ: Thank you for coming today and for testifying. You said that you're a different person because you came and went to the community college. Can you tell me just some of the other experiences that may have changed you or... [LB569]

SIERRA SNODGRASS: I believe joining student senate was a big part of that and, like I said, I'm student senate vice president. And through that I was given the option to come testify before you today. And I know if I'd been given that opportunity a year ago I would not have done it. Even now I'm still...it's nerve wracking, but I'm thankful for this experience. [LB569]

SENATOR WALZ: Thank you. Great job. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR GROENE: Any other questions? I appreciate somebody who values education so much they're willing to work for it. That's a loss in our society. Do you get a discount on your macaroni and cheese at Walmart? [LB569]

SIERRA SNODGRASS: Not on food; I only get 10 percent on GM. [LB569]

SENATOR GROENE: I had to pay for my macaroni and cheese, too. Thank you. Good luck in college. [LB569]

SIERRA SNODGRASS: Thank you. [LB569]

MIKE BAUMGARTNER: Good afternoon, Chairman Groene and members of the committee. My name is Mike Baumgartner and I'm the executive director of the Coordinating Commission for Postsecondary Education. The Coordinating Commission supports efforts to step back and take a big-picture view of Nebraska higher education, as you are doing today, and in the case of LB569, the community colleges and how they are funded. Nebraska has much to be proud of in the system of postsecondary education that has developed over many decades, but there's often room for improvement even in the best systems. This bill as it's currently written designates the Coordinating Commission as a member of the proposed task force and we would be happy to take part in that capacity or any other. Indeed, as had been mentioned several times this afternoon, the task force would touch on some of the core constitutional missions of the Coordinating Commission. And that's partially why I'm here, in case you had any questions about how we review things. However, we are concerned about the proposed sunset date on the community college level on bonding authority being determined prior to the proposed task force's determination of feasible, predictable, economic, and effective alternatives. Specifically, we're concerned about any policy changes that could result in higher tuition for students or reduce the ability of community colleges to address the work force and educational needs of their communities and would ask that you consider removing the tax levy and bonding sunset dates if you would forward the bill out of committee and focus on the study presently. That's all I have and would be happy to respond to any questions. [LB569]

SENATOR GROENE: Questions? If we asked for information about...do you look into cost and the reasons for cost increase of funding? And do you have all the enrollments over the last... [LB569]

MIKE BAUMGARTNER: We do. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR GROENE: Do we have a study on the community college enrollments and their expanded missions? [LB569]

MIKE BAUMGARTNER: We do. We have lots of enrollment information. We have lots of degree completion information, tuition, financial information. We don't have everything that the colleges have, but we do have it at an aggregate level so that we can do comparisons--which is part of our statutory missions--with like institutions so we can do that sort of thing. In terms of duplication and program offerings, when they start, the number of students, how often we review them. We have all sorts of information on that. [LB569]

SENATOR GROENE: Part of Senator Friesen's study is to find out redundancy where we're doing things. Apparently, 40 percent of our kids that are going to junior college, taxpayers have already spent for a math class in high school and they're doing it again. Do you look into that or those kind of instances or... [LB569]

MIKE BAUMGARTNER: We do. Working with the colleges on data they collect, so for...we don't collect directly information on developmental education, although you can pull that out of some of the data sources. That's something that we work with colleges to pull together into one convenient place so that the Legislature or the Governor's Office, whoever needs it, can do that more conveniently. But we do have vast information on programs, the number of graduates, when the programs were started, that sort of thing. [LB569]

SENATOR GROENE: Thank you. Any other questions? Thank you. [LB569]

PAUL ILLICH: (Exhibit 5) Thank you, Senator Groene and members of the Education Committee. We've had a lot of testimony, so...and one of the earlier testifiers noted that you guys have been sitting a long time, so what I'd like to do is make a couple of points and then open it up for questions that you might have of me. I'm handing out some information. One of the points that I wanted to make and it was on that first fact sheet that Greg Adams handed out... [LB569]

SENATOR GROENE: Could you spell your name? [LB569]

PAUL ILLICH: Oh, sorry. That's Paul Illich, P-a-u-l I-l-l-i-c-h, I'm the president of Southeast Community College. There was a fact sheet handed out early on and I think this is really one of the most powerful points that we can make. And if you look at what we do, we produced over the last ten years 65,000 graduates and it's this fact sheet here. So that's over the last ten years. And if you look on this information I handed out, there's two parts to it. One part is sort of a different fact sheet and let's look at the economic impact of community colleges here in

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

Nebraska. And if you look at...you notice that one table that has yellow highlights, everywhere we see yellow those are a list of high demand, high wage jobs. We know we have very much a very large gap between the number of community college graduates we're creating and the number that we need to create. So what we...so we have this very basic issue. We have a crisis in Nebraska. We have a lack of qualified workers and we produced 65,000, so we know one thing right off the bat. Without looking at any other numbers we know that we're not producing enough graduates. We know that we need to figure out a way to invest in our community colleges and expand those capacities. So that's one of the things. And the other thing I wanted to point out is when we produce a graduate, what is that graduate? That graduate is a future taxpayer or is an actual taxpayer. And here's what we really got to think about. If we're producing 65,000 graduates or taxpayers, where are they going? It turns out, 92 percent of those graduates stay right in Nebraska. So what we know is that we're an economic engine for the state of Nebraska. I had a reporter ask me a few months ago, she said, well, Dr. Illich, I understand about if a person graduates or if they're going to Southeast Community College or their dependents are going, I understand what they get out of it. What does a person who's not going to SCC or doesn't have dependents? And what I said to her and I absolutely believe this is, the next time your HVAC system goes out and it's 95 degrees in July that's probably a community college student; same thing with nurses, radiological technologists. If you need to get your combine or tractor fixed, that's going to be a community college graduate doing that. So those are...we absolutely serve a very, very critical role. The other thing we've heard comments about today is we heard comments about academic transfer. All of our current technical courses require, by accreditation, they require what we would call general ed courses. Those are also academic transfer courses. We also take whatever we do in terms of academic transfer, those create profit. We're able to push that over to the very costly current technical programs. I was talking to a automotive technology instructor and he was looking at a brand new hoist. And I said, tell me about that hoist. It's an alignment hoist for automotive technology. It cost over \$60,000 and he only has one. He needs a lot more. So that's the story of all of our current technical programs; very costly but very, very critical. So we leverage that academic transfer to cover those costs. But let me stop there and just take any questions that you have of me. [LB569]

SENATOR GROENE: Any questions? Senator Linehan. [LB569]

SENATOR LINEHAN: Thank you, Mr. Chairman. Do you have any idea what the average wage is once they get their degree or their certificate, your average wage of your student leaving college? So like the diesel mechanics or your best story. [LB569]

PAUL ILLICH: Right. So I handed this book out. It has for very program, it has our graduation rates and it tells you their exact average age, the annual rate and it varies from \$40,000 to \$70,000. We have students coming out of one of our programs called nondestructive testing and it's fascinating. Those students come right out of that program and they're making...they can

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

make \$60,000, \$70,000. We've got students in energy generation out at Milford and they can go to work directly...they have a...actually their very costly control simulation center they've put into place that allows them to train those students on wind energy, fossil fuels, gas turbine, you name it. Almost any different plant they can work in. But all of that information is here. What we do know...you see on this one fact sheet is that the students do earn a lot more if they get an associate degree. So I think their rate of return is about 19 percent. So we produce about \$4 billion every year of income into the state. And that calculation was made based on a economic impact study done in 2013. So we absolutely know what we're doing is generating income to the state, obviously, by producing qualified workers. We're also reducing that average loan debt among students getting a four-year degree. Fifty-seven percent of all 2013-14 graduates with a four-year degree took some of their coursework at a community college. That lowers that average loan debt, which puts more money back into the economy. [LB569]

SENATOR LINEHAN: Okay, I'm looking at page 5. Is that the page you're talking about? [LB569]

PAUL ILLICH: Yeah. So to your far right you can see the average annual salary for each of the programs. [LB569]

SENATOR LINEHAN: I don't see any \$70,000. [LB569]

PAUL ILLICH: Well, those are examples of what one student earns. It varies, depending on where they go and it depends on the demand. So these are averages. The way this study is calculated, it's calculated based on surveying all of the students and we got a very high response rate on them. But that's an example of what a student can earn. It depends on where they're willing to go. And several comments were made, we do have a lot of partnerships with companies, like John Deere. We've got Chrysler, we've got Ford, a lot of different companies partner directly with us in a lot of different ways. But John Deere is a very strong partner with us. [LB569]

SENATOR LINEHAN: Thank you very much. [LB569]

SENATOR GROENE: Any other questions? You said, 65,000 graduates. You're talking...one testifier said over ten years. It's 6,500 a year on average? Were all of your programs full? Are most vo-tech programs full? [LB569]

PAUL ILLICH: Well, for...I can't speak to the other community colleges and you heard some of the speakers from the industry. What I can tell you, at Southeast Community College we have...if

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

you want to go into the welding program, you may be looking at a one and a half, two, to three-year wait. Every year that's what we have. Same thing with our health sciences. So in our case, many of our current technical programs, not only are they full, we have a very large waiting list. So that's an obvious challenge for us. [LB569]

SENATOR GROENE: The nursing programs, I know you're limited by cooperation with hospitals, not by an ability to put students in the classroom. Is that the same with the welding? You're limited by students, where you can apprentice them? [LB569]

PAUL ILLICH: Not as much as the health sciences. In the welding area we're limited more by space. When I came here about three years ago we had one bay. We had a second bay; we couldn't really utilize it because it wasn't up to date very well, so we've upgraded that. Now we're serving welders...they're in there from 7:00 in the morning to about 10:00 at night. And it's not just credit students, it's also local companies from the rail industry and different industries utilize that space. In fact, we don't have enough space. It's...we can't...we often have to train some of those workers with the door open and they're actually in an area just outside of the structure. [LB569]

SENATOR GROENE: So when you expand or add is that where you go, to the vo-technical type of... [LB569]

PAUL ILLICH: Yeah. For example, in Milford we have a diesel technologies program that doesn't have its own space, so they share it with the automotive. And they've been really, really wanting to change that, so we're looking at what it would take to create a separate space for them on that campus. [LB569]

SENATOR GROENE: Another question, since Affordable Care Act have you changed any benefits for your employees? Have you raised their deductibles? Have you taken away...have you charged for families or do you cover the entire family? And very low deductibles, dental and...because in the free enterprise system that's all changed. [LB569]

PAUL ILLICH: So we're looking at that right now, actually. We're looking at how all that would look. In the past we have had full coverage, but it's becoming more and more difficult to do that. But I'm glad you raise that point, because I've heard a lot of comments about spending. And if you look at our budgets, over the last ten years the...if you look at...our total expenses has gone up, as an aggregate, about 5 percent per year. But if you look at how we're positioned, almost 80 percent...70 percent to 80 percent every year of those budgets are in personnel. Those are tied to contractual obligations, like you said, benefits, cost of living raises, many other things are contractual. If you look at our equipment costs, actually operating cost--which is primarily

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

utilities--that's gone up 7 percent per year. So when you look at those, those are things that are very difficult for us to control. [LB569]

SENATOR GROENE: How has your healthcare gone up on average since Affordable Care Act? [LB569]

PAUL ILLICH: Senator Groene, I don't have that. It's gone up. [LB569]

SENATOR GROENE: But you still have the same benefits, probably, now as you did prior to... [LB569]

PAUL ILLICH: Close. I think we've actually seen some reductions in different areas. And we're looking at that right now because we know that's going to be very difficult to continue. [LB569]

SENATOR GROENE: Do you allow for close relatives to attend the college of your employees free? [LB569]

PAUL ILLICH: The...if it's a dependent, I believe they do get their tuition waived, I believe the direct dependents. [LB569]

SENATOR GROENE: Why is that? They're just a taxpayer who happens to work there. Why should their children get it free? [LB569]

PAUL ILLICH: I'm not 100 percent certain if that's the case, but that's something I can look into and get back to you. [LB569]

SENATOR GROENE: You wouldn't know if that's a state statute or if it's just a...when they were underpaid that was done, but now they're paid well. [LB569]

PAUL ILLICH: Yeah, I'm not sure. It may be, now that I'm thinking about it, that...I know where I came from that was something we did. I'm not sure, I'll have to get that back to you. [LB569]

SENATOR GROENE: If you still do it? [LB569]

PAUL ILLICH: Yeah. I'm not sure. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR GROENE: All right. Thank you. If you could get that to me, I'd appreciate it. [LB569]

PAUL ILLICH: I will. Absolutely. [LB569]

SENATOR GROENE: Thank you. Any other questions? [LB569]

PAUL ILLICH: Thank you very much. [LB569]

JAY SEARS: (Exhibit 6) Good afternoon. Chairman Groene and members of the Education Committee, for the record, I am Jay Sears, J-a-y S-e-a-r-s, and I am testifying in opposition to LB569 on behalf of the 28,000 educator members of the Nebraska State Education Association. I believe about two hours ago Senator Morfeld brought up my two points, so I'll be brief. The first point was the Coordinating Commission is tasked to do the study that is in the bill. And so it looks like we have a duplication of effort and duplication of cost if we go along with the task force, so. The other piece that Senator Morfeld brought out and is in my testimony is the ability for community colleges to levy property tax sunsets in 2020. That might create a problem. To me, it says, we already have the solution, we'll stop allowing community colleges to fund property taxes, even before we have a study to see what the duplication might be and how we might fund it. So with that, I'd be glad to end my testimony and answer any questions that you would have. [LB569]

SENATOR GROENE: Senator Linehan. [LB569]

SENATOR LINEHAN: Thank you, Mr. Chairman. Can you explain why...we've had several people here today say they can't control the salaries and it's an expense that keeps pushing their money, their expenditures up and up because they're into contracts and because of...I think one of the people who testified against the bill said that their benefits per year is something like \$16,000 a year per employee. [LB569]

JAY SEARS: It's the cost of doing business no matter what business you're in. And so if you're looking at the Educators Health Alliance that most of our educators belong to and most of the institutions contract with, the costs of increase for Educators Health Alliance has been around the 3 percent to 4 percent. This last year it went to 7.99 percent. It's like healthcare costs all across the nation, except in Nebraska with the EHA we've been able to keep down the healthcare costs, so. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR LINEHAN: But you are aware in most private companies they've increased the deductibles and they've raised out of pocket and people pay for their own families. [LB569]

JAY SEARS: Yes. That's correct and that's what we're seeing also is the increase in deductibles are going up. The amount of money that comes out of employees' pockets are also going up. So it's the very same in every industry. [LB569]

SENATOR LINEHAN: So it's not...they're not paying for family insurance anymore, they just pay the employee? [LB569]

JAY SEARS: Some do. Some do. The other thing is the average salary in the state of Nebraska for educators is below the average in the nation, so. It's a balancing act in the amount of dollars that you put into fringe benefit programs and salary programs to incentivize people to work for you and stay. [LB569]

SENATOR LINEHAN: But why do they say they can't control it? [LB569]

JAY SEARS: Because it's a bargaining situation. And so the cost of living does go up. If you look at the current state contracts with state employees, they've gone up about a percent or two. The same thing is happening in K-12 education. And about the same thing in higher education. So it's not like we're inflating salaries and fringe benefits way out of line in what's going on. [LB569]

SENATOR LINEHAN: But you would agree, it's a driver of the cost? [LB569]

JAY SEARS: Yeah, people and salaries are always a driver of cost in whatever business you're in. [LB569]

SENATOR LINEHAN: Okay. Thank you very much. [LB569]

JAY SEARS: Sure. [LB569]

SENATOR GROENE: Senator Erdman. [LB569]

SENATOR ERDMAN: Thank you, Senator Groene. Thank you for coming. So the NSEA, your union has the teachers that teach in the community colleges in your organization? [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

JAY SEARS: We represent the educators in the community colleges, yes. [LB569]

SENATOR ERDMAN: I believe you said earlier we already have the solution. What is that? [LB569]

JAY SEARS: No. I said, we already have a commission that is to study this issue and so... [LB569]

SENATOR ERDMAN: Oh, okay. [LB569]

JAY SEARS: ...a commission is redundant, in my mind. [LB569]

SENATOR ERDMAN: I didn't understand that part. Thank you. [LB569]

JAY SEARS: Well, sure. Yeah. [LB569]

SENATOR GROENE: Did you say the average salary has been going up 1 percent to 1.5 percent? I've not seen a contract yet that's been less than 2 percent to 3 percent. [LB569]

JAY SEARS: I was just speaking of the state employees were set at 1 percent to 1.5 percent. Our K-12 teachers, I would say the average package is 3 percent to 4 percent, and that includes the 7.9 percent health insurance increase where deductibles went up. [LB569]

SENATOR GROENE: But when you say deductibles, what I have seen they went from nothing to \$300 or \$500. [LB569]

JAY SEARS: Our lowest deductible on the EHA is \$600 deductible. Most of the school districts, K-12 school districts are at the \$900 deductible. [LB569]

SENATOR GROENE: You do understand, free enterprise is at \$5,000 and \$7,000? [LB569]

JAY SEARS: Gotcha. [LB569]

SENATOR GROENE: And copays have gone up, too. [LB569]

JAY SEARS: Right. And that's happened to our plan also. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR GROENE: Copays have gone up? [LB569]

JAY SEARS: Copays have gone up. All the costs have gone up. We're not exempt. [LB569]

SENATOR GROENE: All right. Thank you. Thank you. Any other questions for...thank you, sir. Next opponent. [LB569]

MICHAEL CHIPPS: (Exhibits 7, 8) Good afternoon, Chair Groene and the Education Committee. My name is Mike Chipps, I'm the president of Northeast Community College, my spelling is M-i-k-e C-h-i-p-p-s. Senator Groene and I have had various conversations over a good 15 years now. I'd like to give a quick history about myself. I'm a Nebraska boy. I was born in Grand Island. I consider myself to be a proud meat packer that has carried a family through school. And my parents are from the places at Boelus on the farm at Boelus and Mason City and Dannebrog, so I do have a tremendous love for this place called Nebraska. As you can tell, I'm very senior in years and I don't have many more years to work in this great work called community colleges. This is my third of six community college systems that I've been privileged to work for. I have a tremendous passion for this work. But I'm going to read you a few comments and then I'll certainly take questions. You know, I believe that LB569, being a fellow Nebraskan, it's shortsighted. And you've heard a lot about that today as far as reactionary response to an issue that has plagued fellow Nebraskans, and especially rural Nebraskans, for many years. So as Senator Erdman, and as I look around this table a number of you, have made comment to that--especially with your rural roots--and I fully understand your concern. But while on the surface it may look good to the local citizen taxpayer, that's what we call penny wise and pound foolish. Your--and I want to emphasize the word "your"--this is your community college. It belongs to the citizens of the state. You represent that as well as my board of governors represent the 20 counties of which I serve. But it is one of the finest investments and I want to use the word that Dr. Soto used as far as investments to our state. And you've heard that from business and industry as well today, so I won't repeat it. You know, we are reasonable to fund. And the trouble is, what I see here is a tremendous isolated focus on the percentage of increases that we've experienced over the past eight to ten years. I think that needs to be part of what you look at, but when you have that focus you really lose focus sometimes on what the community college does as an investment. We truly are your agents to be able to keep...I've always felt that with our four tenets at the state of Nebraska, one of it is the...the primary one is technical education, which Senator Groene and I have talked about for many, many years. Another one is academic transfer. Whether the Legislature likes it, you created it in '73. The second one is academic education, academic transfer. The third one is continuing education and customized training, which we're very good at, very adept at, to make sure our business and industry needs are satisfied with a trained work force. And the fourth one, which is not used a lot, is applied research. And part of that mission is that developmental piece, of which we could spend all day talking about. We hear about the use of our property taxes, which, by the way,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

accounts for, as you've already heard, 5.4 percent of the total property tax pie. Forgive me, it's hard for me not to see it as, with 5 percent of the property tax it seems to be the low-hanging fruit of this conversation and I understand it in part because of the growth. Again, I ask senators not to move to particulars, but move to the general. In the last ten years Northeast has continued to privately fund--and I want to emphasize again--privately fund much of its needed facilities, some of the things that we get blamed for is you see some buildings going up. But I also have to reinforce it by the fact of, we have one primary campus if you can think it like that. Central's got three campuses; Metro has got four campuses, it goes on and on; but Northeast has one primary campus so it even looks more. But you know, out of the \$65 million that actually we've spent in the last ten years for facilities, only \$18 million of that has been used of the personal property or of the state or the taxes that we use, only \$18 million of that has been out of those coffers. The rest of it's been privately raised, which should tell you something--like Mr. Scherer shared with you earlier about West Point--it should tell you about the fact that people understand what a community college can do and they're willing to invest in it. If you look at the College of Nursing as one example, the University of Nebraska Medical Center came to us and said, if you will raise \$12 million we will come there so that you can actually educate people up through the master's degree of nursing and that they will stay in this area. And they have proven that over and over, that when they get that education there they stay in that area and help rural Nebraska for all of us. And frankly, you know, we really like to eat. And so without people in those rural areas to be able to do the types of work that they do...for instance, if you look at agriculture, one of our 80 programs and concentrations, in 1973 we had three students in agriculture. Today we have 350 students in agriculture. Eleven of our programs are ag and ag related. We think that will grow to 500 and the reason is, 82 percent of those students go right back into where? Farm and ranch and related occupations to make sure that we can eat. And so those are the types of things to think about. So with the College of Nursing we went out and raised \$12 million privately and they did come like they said they would. Let's move to the applied technology facility, which a couple of people have talked about today. [LB569]

SENATOR GROENE: You've run out of time, but if you want to just mention it. [LB569]

MICHAEL CHIPPS: Oh, I'm sorry. Can I get an extension? [LB569]

SENATOR GROENE: Yes, but try to hit the high points (inaudible). [LB569]

MICHAEL CHIPPS: I will. That's why I'm flipping through these pages quickly, Senator. Thank you. But the applied technology facility, we did a real interesting, novel idea. We saved for seven years in order to build the applied technology facility. So you think about things like that. Heating and air conditioning was in the basement, a wet, damp basement. They stayed there for 28 years. You pull them out of there. Like Greg Smith said, President Smith, you should be able

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

to provide them decent training facilities in order to educate them properly. And that's basically what we've been trying to do. So I think in sum, what I've given you is the placement report which Dr. Illich provided you from Southeast, I provided the Northeast one for you. But I guess what we really want to talk about is, what are we going to do about our collective community college? Yes, I understand property tax. I understand how difficult that is. Senator Groene and I have talked about it a number of times. But there's got to be a mechanism to be able to fund your community college system, because it's doing what you ask it to do. With that, I'll take questions. Thank you. [LB569]

SENATOR GROENE: Any questions? We go way back debating, that's how I got started in public hearings where you were the community college. And one of the things you said that made me kind of irate one time and you never said it again was, you wanted to turn the community college into a college experience. My argument was then, as a taxpayer, I'm paying for Kearney. If you want to join a frat, if you want to watch a basketball team, you want to go to a ball game, the school dance, you can go to Kearney, Chadron, University of Nebraska. Most kids, I believe, just...that go to a community college, a single-parent, a person with a second career holding a job, the young lady working at Walmart just wants an education. And the concern of a lot of people I see is this movement towards a college experience. Is...adding softball at North Platte where none of the kids are local. Added basketball where none of the kids are local. What's your comments on that? [LB569]

MICHAEL CHIPPS: Well, first of all, they should be as local as possible, number one. Number two is, if we're going to retain them, what I've found over 36 years of doing this, Senator, is that you've got to offer some services beyond which I believe are currently directly necessary. I would think you'd do that in sales. You offer all kinds of different options for people in order to buy your product. It's the same way with us. We've got to be able to sustain those students and help grow it. So that's why we built, for instance, like dormitories is we had 719 requests over a ten-year period for 354 spots. It took us ten years to figure out how to keep students in rural Nebraska in order for them to be able to stay and work in rural Nebraska. So whether we agree on the business piece of it, the thing is we have to work out mechanisms to be able to retain those students in rural America and, especially, rural Nebraska. [LB569]

SENATOR GROENE: Thank you. Senator Erdman. [LB569]

SENATOR ERDMAN: Thank you, Senator Groene. Do you have athletics at your school? [LB569]

MICHAEL CHIPPS: We do. [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR ERDMAN: What do those cost you, any idea? [LB569]

MICHAEL CHIPPS: They cost us 2.5 percent of the total budget. [LB569]

SENATOR ERDMAN: Two point five? [LB569]

MICHAEL CHIPPS: That's right. [LB569]

SENATOR ERDMAN: How many that in dollars? Can you tell me how much your budget is? [LB569]

MICHAEL CHIPPS: Our general budget is \$46 million, give or take. That's eight sports. And I know in Iowa they have like 23 sports and all the rest. We're eight and done. The issue is, that helps attract...tries to hold on...for instance, I don't agree with you on softball. I know you're talking about North Platte, but I'm here to tell you that softball is almost all Nebraska kids. And one way to keep them in that area is to offer softball. And I'm going to say something I shouldn't, but the issue is they go right past our curb, go in other institutions, and they want to play softball. If I can hang onto them to get them educated in the northeast area, I can show you statistically is that more than likely they will stay there. When we ship them out, coming back is extremely difficult. I'll show you that statistically. [LB569]

SENATOR GROENE: If they want to play softball, their parents... [LB569]

MICHAEL CHIPPS: No, they want to be student athletes, Senator. [LB569]

SENATOR GROENE: Well, then, they can pay the tuition. Thank you. [LB569]

MICHAEL CHIPPS: Okay, well. Anything else, Senator? [LB569]

SENATOR GROENE: No. Thanks, Mike. [LB569]

MICHAEL CHIPPS: Thanks. Appreciate it. [LB569]

SENATOR GROENE: (Exhibits 9-17) Any other opponents? I see no more opponents. We have letters in opposition from Avenue Scholars, Omaha; Tom Svoboda, Omaha; BCDM Architects, Omaha; Cargo Zone LLC, Omaha; Michael McMeekin, Lamp Rynearson, Omaha; Jim Walsh, Truck Center Company recruiting director, Omaha; John Neal, LPS; David Brown, Omaha

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

Chamber; and Barry Kennedy, Nebraska Chamber of Commerce. Any neutral testimony?
[LB569]

NATHAN LEACH: Mr. Chair and members of the Education Committee, my name is Nathan Leach, N-a-t-h-a-n L-e-a-c-h. I'm here today to speak in a neutral capacity on LB569. My statements are relevant to the procedure utilized by this committee as well as the procedures used by the Legislature, should the bill move to the floor. My testimony is a continuation of my protest of the Nebraska Legislature's inability to adopt its nonpartisan rules, as well as the disrespect voiced by some members of the Legislature towards the state's tradition of nonpartisanship. I intend to continue to submit testimony, either written or verbal, relevant to this issue until such time as the body adopts its rules. A quote from Hartley Burr Alexander, which is now inscribed on this building, says: The Salvation of the State is Watchfulness in the Citizenry. It is for this reason that I believe it necessary to continue to discuss this issue. A legislative body is not a thoughtless mechanism for decision making, but a democratic chamber of ideas, passionate debates, decisions, and the epicenter of our society's most pressing questions. In this form, it is the most beautiful and vital aspect of American governance, but the hardest to achieve and especially to maintain. The state of Nebraska has long been a state of political innovation, whether it's our Unicameral Legislature, our nonpartisan elections, the nonpartisan rules used by our lawmakers, or our district-based method for choosing presidential electors. Nebraska has a remarkable history of applying common sense reforms that empower voters and weaken the influence of self-serving political factions. This history of innovation, particularly the traditionally nonpartisan rules and behavior of our Unicameral have been a source of immense pride to the voters of our state since its adoption over 80 years ago. Our students learn about it in our schools, our politicians brag about it when they attend interstate conferences, and our Congressional delegation praises it on the floor of the United States Congress. However, in a political climate in which partisan politics is becoming increasingly polarized, this principle of the Nebraska legislative governance is becoming increasingly difficult to maintain. With this in mind I believe it is crucial to begin having conversations about ways to guard the Legislature from this increasingly partisan influences, whether it's expanding our top two primary elections to all offices in the state of Nebraska, passing campaign finance reforms to make it more difficult for out-of-state partisans to influence our local legislative elections, or encouraging legislators to reflect and prioritize this issue without a strategic change. And if the Legislature continues to face these pressures I do not believe that our state will be able to maintain the system of nonpartisan rules in the long term. With that, again, I encourage this committee to maintain its nonpartisan behavior with its consideration of this bill. Thank you, Mr. Chairman. [LB569]

SENATOR GROENE: Any questions for the testifier? Thank you. Would you like to close, Senator Friesen? [LB569]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR FRIESEN: I have patiently waited. I like the sign up there. You put LB569. I checked my sheet and, yes, it's the same bill. Section 1 of the bill says, "There is hereby established the Community College Task Force for the purpose of evaluating duplication of educational services and funding sources for community colleges." Nowhere in this bill have I questioned the quality of their education, the courses they offer, the good to the community, the good to the state, none of that. I didn't question their costs. I pointed out some facts on what it costs. It's a very simple bill. And if somebody is already looking at the duplication of services we can make it an even simpler bill. Let's have the task force look at alternative funding sources. When you create a task force I have found, in this body at least, that if you don't have something at the end of the tunnel there will be no end to the tunnel; you can study it until you grow tired and term limits take you out. So it does get everybody's attention when I say they want to discontinue their ability to levy property taxes. That was the point. It worked. Now, when I opened...when I look at the bill it doesn't say anything about disadvantaging any poor people or anybody of color or any other races. I want a good education from our community college system. I said it to start with. I'll repeat myself. I'll talk slowly. I like our community college system. I think they serve a very valuable purpose. I want to look at how they're funded, because when I look at this and everything I've heard today it seems like agriculture and farm producers are the only ones that love our kids, because we contribute the most by far of anybody in this room. I know property taxes are a very stable source. They're very stable and they've continually gone up. Mine have gone up 180 percent in the last ten years. So the funding of education as a whole--and I'm not just pointing at community colleges, because they are a small portion, but they are a portion--\$211 million in 2016. It's not a big dollar amount, no, but it's part of the package. When I look at what ag contributes, ag contributes what, 32 percent versus commercial at 19 percent. Is that because ag producers love their kids more, we love an education more, we value it more? And yet all of our kids go to work in the commercial industry, because in ag we're continually shrinking because you're taxing us to death. You want to tax...you're taking the goose that lays the golden egg and you're killing the goose. We will buy that technology, we will hire those kids when we need technology that are going into agribusiness from all these colleges, but we have to have some economic viability to do that. And right now, we're the ones paying the tab and we're getting tired of it. I've tried to point that out over and over. I have never criticized community colleges. I think they offer a quality education. When I attended Milford Community College their tack was a little different. Back then they taught you the basics of repair. They taught you how things worked and therefore you could work on every different kind of tractor, truck, whatever. They taught you the principles behind it. And they've changed over time. And I have no problem with that, because things have gotten a lot more technical. I'm to the point now, I have very seldom had to take a tractor in to get it fixed, but I've had to. And I've not kept up with continuing ed, so I think technical college did a really good job with my education. They taught me the basics, I can figure it out and I've still been able to do that. And I know they've had to change with technology. And they are changing and so we do prepare those kids for the industry. And the industry gives it the final stroke of teaching them for that industry. And they do a great

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

job. I got no complaints at all. The kids that have had to come out that are young and straight out of college, they come work on my combine, they know what they're doing. I'm impressed. They're not stupid. And I hope they're getting paid good. Funding sources for community colleges, look at it, see if there's a better way. That's what I'm asking for. Look at the numbers and see where the dollars are coming from and see if there's a better way. See if there's other people who love the education in this state as much as we do. With that, I'll answer any questions. [LB569]

SENATOR GROENE: Thank you, Senator Friesen. Any questions? Senator Erdman. [LB569]

SENATOR ERDMAN: Thank you, Senator Groene. Thank you, Senator Friesen. I appreciate the attitude that you have; I'm with you. I appreciate you bringing this bill. Have you ever went to a junior college budget hearing? [LB569]

SENATOR FRIESEN: No, I have not. [LB569]

SENATOR ERDMAN: Good. You don't need to waste your time. It doesn't do you any good. The system we have now does not work because they don't listen. We need to pay better attention to who we elect to those boards, because they don't have our interests at heart. And I can guarantee I've been there and tried it. But I appreciate this bill. You have my support. [LB569]

SENATOR FRIESEN: Thank you. [LB569]

SENATOR GROENE: Do you think somebody working in education has higher values and won't take advantage of an opportunity to spend more when valuations of land skyrockets and the money is just free flowing in because of property valuations and you don't even have to raise your mill levy, your money just comes in at 20 percent or 30 percent more a year? Do you think maybe this body ought to have the same...look at words such as transparency, vigilance, oversight, effectiveness, efficiency, and maybe do a study to make sure that is happening? [LB569]

SENATOR FRIESEN: I've been on enough boards and I've been involved at the city level, I've been involved on NRDs. And I'm...it is real easy to let the valuation increase drive your budget and you can brag to the newspapers how you held your levy the same. But I always wanted to alongside the ad that you said you held your levy the same, you put how much more dollars you took in; transparency. And I...we do provide oversight to all of this. We are responsible for it right here. And I...when I look at...even if I look at the senators around here, there is no one who loves the kids as much as us ag producers, because we sure fund a lot of money towards it and it

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

seems like you only love them if you send money, otherwise you don't care about them. And so I just want to look if there's a better alternative source to fund them. And if that report, it comes due 2018 and the Legislature has some time to work. And if it finds it has to extend that deadline, I'm sure it could. But I don't think anybody in this body or most people in this state want to destroy community colleges. I really don't. [LB569]

SENATOR GROENE: Would you consider an LR that we look at funding for the community colleges this summer? (Inaudible) been done yet. [LB569]

SENATOR FRIESEN: I am open to any suggestions. And if we're...if I'm duplicating some service, let's pull them out. But I still feel that sometimes the community colleges are doing some things that the high schools should be doing, I think they're doing some of the things that the college system should be doing. Don't know that, but I'd like to look into it. [LB569]

SENATOR GROENE: Thank you. Any other questions? Senator Friesen, thank you. That closes the hearing on LB569. We're going to take a five-minute or so break. When we come back, Senator Ebke will be sitting in...will be chairing the committee. I've got to go to another committee so they have quorum for a while, then I'll be back. And then Senator Walz will introduce her LB490. [LB569]

BREAK

SENATOR EBKE: (Recorder malfunction)...LB490. Senator Walz. [LB490]

SENATOR WALZ: Thank you, Chairman Groene...Ebke. [LB490]

SENATOR EBKE: Or whatever. Just...go ahead. [LB490]

SENATOR WALZ: All right...and members of the Education Committee. For the record, my name is Lynne Walz, L-y-n-n-e W-a-l-z, and I proudly represent Legislative District 15. LB490 would create the College Choice Grant Program Act. We have not appropriated any money for this program through this legislative bill. LB490 would set up the program with the capability of allotting money at a later time. The small fiscal note attached to this bill would set up a database and other small administrative costs. We had a similar program in the state from 1991 to 2003 called the Postsecondary Educational Award Program, or often referred to as a PEAP. The state support for these kids has actually declined by almost three-quarters of a million dollars. Students in private colleges receive less than .3 percent of the total state and local dollars that support higher education. Nebraska private colleges and universities award more than 41 percent

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

of bachelor's and advanced degrees and enroll more than 33,000 students. Currently our state does not provide significant resources to students who wish to attend Nebraskan not-for-profit, independent colleges and universities. Total need-based aid allotted to independent institutions is just over \$3.1 million compared to the \$16 million given to public postsecondary schools and \$1.8 million for private for-profit colleges. Independent school aid is the only sector of education in this state to lose funding over the past 15 years, down 20 percent from \$3.9 million to \$3 million. And we lag far behind surrounding states in our aid contribution to independent institutions. Our 14.83 percent aid to independent, not-for-profit colleges and universities is lagging behind our neighbors in surrounding states: Wisconsin, which is 25.3 percent; Minnesota, which is 26.63 percent; and Iowa, which is 79.6 percent. Each of these states have well-established successful public colleges and universities but also provide support for students to make a choice among diverse options for their higher education. I bring forward this bill because I believe that all students should be able to choose the college or university that fits their needs. I attended Midland Lutheran College which is now known as Midland University. I was not a traditional student, meaning I did not go to school or college right after high school. I was married and had two small boys and I was working multiple jobs. While I support public colleges and universities, it was the only option that worked for me. The other two universities were an hour away from where I lived and it was just a lot more time away from home and from my kids. That was my personal story. But students choose independent colleges for a variety of reasons. For example, my son I think would have never succeeded in a university. He really needed the small college scene, staying in smaller communities and having greater degree of support. Independent colleges and universities provide 200 more scholarships to African-American students than the University of Nebraska and state colleges combined. Despite their smaller size and more limited funds, independent colleges serve as an essential option for minority students. Students also find success in some of the most in-demand fields for the growing Nebraskan economy. Independent universities and colleges provide 54 percent of business degrees, 57 percent of degrees in health sciences, and more than one-third of the teacher education degrees. This bill aims to achieve the Nebraska Education Committee goal of making higher education more accessible and affordable. By providing Nebraska residents seeking their first bachelor degree with financial support, the state has an opportunity to expand upon this brain gain and make Nebraska a better option for some of the brightest students in our state. I'll finish my opening by saying that two years ago, Senator Nordquist introduced LB232 which is very similar to this bill. Senator Kolterman requested an Opinion from the Attorney General on the constitutionality of this program which was ruled that it would be constitutional based on rulings around the PEAP which existed from 1991 to 2003. And I know that if you have any questions regarding that we have somebody here to answer those. I'd be happy to try and answer any other questions that you might have. [LB490]

SENATOR EBKE: Any questions? Senator Linehan. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR LINEHAN: Thank you. What percentage of graduates did you say? It was right at the very beginning. [LB490]

SENATOR WALZ: Forty-one percent. [LB490]

SENATOR LINEHAN: So that's 41 percent of the kids that graduated...people who graduated last year? [LB490]

SENATOR WALZ: I think that was from 19...no. [LB490]

SENATOR LINEHAN: It's okay. [LB490]

SENATOR WALZ: That's okay? [LB490]

SENATOR LINEHAN: But 41 percent, that's what you did say. [LB490]

SENATOR WALZ: Forty-one percent, bachelor's and advanced degrees. [LB490]

SENATOR LINEHAN: Do you know what percentage of students are in those colleges versus all the...the state universities? You said 30,000 I think. [LB490]

SENATOR WALZ: 33,000. [LB490]

SENATOR LINEHAN: 33,000. Okay. Thank you very much. [LB490]

SENATOR EBKE: Any other questions? Senator Erdman. [LB490]

SENATOR ERDMAN: Thank you, Senator Ebke. Senator Walz, I'm a newbie here as you are. And I see that they tried this four times. Did you by chance happen to go back and look and see why it never got out of the committee? Did you review what they...what the findings were? [LB490]

SENATOR WALZ: I have some of the testimony in this book and I can go back and look and maybe I can get you that answer. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR ERDMAN: I was just curious because as I was introducing some bills and the things I was looking at to try to make an adjustment in property tax and what we do I discovered other bills that were of similar nature and I went back and looked to see what the testimony was on those and to see what happened. It says this bill is similar to what it was back in 2009. Is that correct? [LB490]

SENATOR WALZ: Um-hum, two thousand and....oh, so just two years ago, so 2014. [LB490]

SENATOR ERDMAN: Okay, two years ago. Well, it's been introduced 2009, '12, '13, and '15, so they've tried it several times. Perhaps it would be good to know why they didn't get it out of there and what perhaps was the holdup. [LB490]

SENATOR WALZ: Okay. [LB490]

SENATOR ERDMAN: I don't know what it was. I didn't go look at it. But this committee may have the same problems as they did. I don't know. That's just a suggestion. [LB490]

SENATOR WALZ: Yeah, I'll look while we're listening to the other testifiers and see if I can find you an answer on that. [LB490]

SENATOR ERDMAN: All right. Thank you. [LB490]

SENATOR EBKE: Any other questions? Thank you, Senator Walz. [LB490]

SENATOR WALZ: Thank you. [LB490]

SENATOR ERDMAN: First proponent. [LB490]

WILLIAM MOTZER: (Exhibit 1) Senator Ebke and members of the committee, my name is William Motzer spelled W-i-l-l-i-a-m M-o-t-z-e-r. I serve as vice president for enrollment management at Nebraska Wesleyan University testifying today on behalf of the Nebraska Independent Institutions of Higher Education in support of LB490. It's important to emphasize this is a need, financial need-based program. And financial access to a college education is critically important for the state of Nebraska's economic future. According to the Western Intrastate Commission for Higher Education, projections of high school graduates will steadily increase by almost 10 percent in the next five years. However, we must understand the socioeconomic demographics within this increase and the impact of this change in higher

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

education within Nebraska. The number of white, non-Hispanic graduates will decline approximately 9 percent. Hispanic graduates will double. Black, non-Hispanic graduates will see small increases of 1-2 percent. As it relates to this bill these demographic changes will impact access to the financial resources needed to pay for college. Estimates suggest that underrepresented populations in Nebraska earn considerably less than white, non-Hispanic populations. Approximately 75 percent of Black non-Hispanic and Hispanic families' earnings are below the median for White non-Hispanics. According to the Coordinating Commission for Postsecondary Education, nearly 30,000 students qualified for the Nebraska Opportunity Grant and did not receive them due to a lack of funding. With the changing demographic landscape in Nebraska, the need for state-supported grants will increase substantially; beyond the 30,000 not currently funded with NOG. Therefore, we can expect college enrollments in the near future to be increasingly diverse and in greater need of financial aid. For Nebraska to remain economically strong and competitive, we must enhance state funding that supports the college choice that best fits each student and retains enrollment in the state of Nebraska. In this regard, low-income students already thrive in our Nebraska private colleges and universities. As evidence, at Nebraska Wesleyan University, 30 percent of new students are eligible for the federal Pell Grant, compared with 25 percent of Pell-eligible students at our state flagship institution. Perhaps more impressively, 84 percent of Pell-eligible students graduate at Nebraska Wesleyan University, compared with 51 percent nationally. Nebraska Wesleyan, as well as our peers among the Nebraska Independent Institutions are doing more than our share of providing a quality education to low-income students. Supporting LB490 will ensure that the growing number of low-income students will have financial access to their institution of choice. You can be proud that our Nebraska Independent Institutions are outstanding stewards of state funding in which we graduate and prepare our students to become productive citizens of Nebraska. As been questioned in other statements, 85 percent of Nebraska Wesleyan students hail from Nebraska, and in the most recent graduate survey, 83 percent remained in Nebraska as well. I respectfully ask for your support of LB490. Thank you. And I'm happy to answer any questions. [LB490]

SENATOR EBKE: Thank you. Any questions? Senator Erdman. [LB490]

SENATOR ERDMAN: Thank you, Senator Ebke. Thank you for coming. So did I hear Senator Walz correctly? She said the funding was \$3.9 million and went down to \$3 million, is that what she had said? [LB490]

WILLIAM MOTZER: Those were...yeah, the financial side of this is to put it forward and then find the funding to support it. [LB490]

SENATOR ERDMAN: Okay. And where does that funding come from? [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

WILLIAM MOTZER: The source will be determined after this moves forward after is my understanding. [LB490]

SENATOR ERDMAN: Okay. I see on the fiscal note there was just a small amount, \$5,000 or something. So where are we going to get this money? [LB490]

WILLIAM MOTZER: I believe \$5,000 was to understand the full impact of this. And then I will defer that question to others who may be more informed. [LB490]

SENATOR ERDMAN: Thank you. [LB490]

WILLIAM MOTZER: Certainly. [LB490]

SENATOR EBKE: I suspect this is one of those things where we create the fund, we create the program and then fund it later. [LB490]

WILLIAM MOTZER: Oh, yeah? [LB490]

SENATOR EBKE: But it's in existence. Does that sound...? [LB490]

WILLIAM MOTZER: I would say the important message though is the trends. Again, going forward the low-income families are going to increasingly be demanding and then for all of education. [LB490]

SENATOR ERDMAN: I thought I read in '03 we eliminated this program. [LB490]

SENATOR EBKE: We did. So we're recreating it under a different name. That's what this bill would be, correct? [LB490]

SENATOR ERDMAN: So why wouldn't the fiscal note say \$3 million? [LB490]

SENATOR EBKE: Because we're not funding it. [LB490]

SENATOR ERDMAN: Okay. [LB490]

SENATOR EBKE: It wouldn't be funded right away. Senator Linehan. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR LINEHAN: Thank you. Thank you for being here today. In your testimony you said 84 percent of Pell-eligible students graduated Nebraska Wesleyan University. [LB490]

WILLIAM MOTZER: Correct. [LB490]

SENATOR LINEHAN: That is very impressive. Is that four or six years, not that it matters? [LB490]

WILLIAM MOTZER: That's a six year...that's a national norm. Fifty-one percent nationally is also a six-year average. [LB490]

SENATOR LINEHAN: Okay. Do you know what our state institution's average is? [LB490]

WILLIAM MOTZER: I do not have that statistic. [LB490]

SENATOR LINEHAN: Okay. Thank you very much. [LB490]

SENATOR EBKE: Any other questions? Thank you for being here. [LB490]

WILLIAM MOTZER: Thank you. [LB490]

SENATOR EBKE: Next proponent. And if you're going to be testifying, don't be shy. As one person gets done, just step right up, okay? Go right ahead. [LB490]

BRIAN FRIEDRICH: Good afternoon, Chairman Ebke and members of the Education Committee. My name is Brian Friedrich, B-r-i-a-n F-r-i-e-d-r-i-c-h, and I'm testifying today on behalf of the Nebraska Independent Institutions of Higher Education, NIIHE, in support of LB490. I'm the president of Concordia University in Nebraska and one of the four independent, not-for-profit colleges and universities that make up NIIHE. The other three institutions are College of St. Mary, Hastings College, and Nebraska Wesleyan University. LB490 is a way that the great state of Nebraska can enhance its ability to meet its postsecondary education goals. It would do so by providing additional funding to Nebraska residents who wish to attend an independent, not-for-profit college or university and demonstrate high financial need. Nebraska's Postsecondary Education Award Program, PEAP, which we've referenced already in this conversation was in existence from 1991 to 2003 and that program awarded need-based grants exclusively to Nebraska students that attended nonprofit colleges and universities in Nebraska. Since PEAP was repealed, support for students attending independent, not-for-profit colleges and

universities has actually declined by \$740,000. While \$3.3 million was awarded to eligible students in independent colleges and universities in 2016, Nebraska's state support for its resident students attending independent colleges and universities is less than every other state in which a Big Ten institution is located. Iowa is closest to us in the amount of support it provides its resident students and it awarded \$49.1 million to independent college students in fiscal year 2016. Not only is Iowa's total 15 times higher, the per student amount is also considerably more by at least four times. Iowa grant recipients received an average of \$4,368 compared to Nebraska's \$1,109 per grant recipient. Nebraska's independent, not-for-profit colleges and universities have a major impact on both the state's higher education and its work force. According to Nebraska's Coordinating Commission for Postsecondary Education, in 2014-15 independent colleges and Universities awarded more than 40 percent of all bachelor and advanced degrees in Nebraska. These accounted for 46 percent of all business degrees, 34 percent of all education degrees, and 57 percent of all degrees in Health Sciences. Additionally, 26 percent of students enrolled in independent colleges and universities are students of color. Those percentages were all achieved with approximately one-third of 1 percent of the state's annual higher education annual appropriation of more than \$300 million. Nebraska has an interest in providing quality postsecondary education opportunities to all of its citizens and LB490 is one way for our state to address that necessity, especially among those of high financial need. The independent colleges and universities of Nebraska are doing our part to educate our future work force. While many students want to attend public research institutions, state colleges, and community colleges, others prefer and benefit from a more personal education and a more personal educational setting that is afforded to them by our independence. Finally we're not about through this bill...about helping our bottom line but about helping Nebraska students attend, graduate, and remain in Nebraska. We are here and ready to do even more than we've done in the past and at a minimal cost to taxpayers. Thank you for your time this afternoon and I'd be happy to try to answer any questions you may have. [LB490]

SENATOR EBKE: Okay. What questions do we have? Senator Linehan. [LB490]

SENATOR LINEHAN: Thank you, Senator Ebke. Thank you very much for being here. The numbers I would like...maybe you can put these together and I don't expect you to know them right now: but the number of kids attending college at public universities of Nebraska; the number of kids attending private school or the schools you're representing in Nebraska, private schools; and the number of graduates because if you're 40 percent of the bachelor's and advanced degrees on an annual...whatever those numbers are that you're using, they're very impressive numbers but I'd just like to understand them a lot better. [LB490]

BRIAN FRIEDRICH: Sure. Happy to do that. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR LINEHAN: Thank you very much. [LB490]

SENATOR EBKE: Any other questions? Okay. Thank you. [LB490]

BRIAN FRIEDRICH: Thank you very much. [LB490]

SENATOR EBKE: Next up. [LB490]

CHRISTIAN JONES: (Exhibit 2) Chairman Ebke and members of the committee, good afternoon. My name is Christian Jones, C-h-r-i-s-t-i-a-n J-o-n-e-s, testifying today on behalf of the Nebraska Independent Institutions of Higher Education in support of LB490. I am currently a senior at Nebraska Wesleyan University. I'm set to graduate this May with a bachelor's degree in accounting and finance. I've been Pell Grant eligible all four years of school at Nebraska Wesleyan and I'd just kind of like to describe my college experience and why the private institution is so important to Nebraska and to the students here in Nebraska. So as a student ambassador I always finish out my campus tours by saying out of all the colleges I was recruited by and applied to across the country, Nebraska Wesleyan was absolutely the best choice I could have made out of any school, period. The size, culture, and community of this private university has allowed me to succeed both in and out of the classroom. Academically we have very small classes. We have an 11:1 student-teacher ratio and that's allowed my professors to get to know me and allowed me to get to know them. And that is extremely, extremely important for me to be able to get the help that I need and also develop a relationship with somebody who's going to be able to benefit me further on down the road. And I couldn't have done that at a larger institution. I've also been able to take advantage of a program that the Nebraska Wesleyan has developed this year. I will be able to complete a masters degree from Nebraska Wesleyan in only one year having taken dual enrollment classes from Nebraska Wesleyan while I'm working on my bachelor's. So I will be at Nebraska Wesleyan for another year after this and that's a program that our public schools do not have. Outside of the classroom I've had opportunities and experiences that I wouldn't have been able to get anywhere else. I've been a member of a wide variety of groups, clubs, and activities that's made me the person I am today and help prepare me for citizenship after graduation. I'm on vocal music scholarship with our university choir and I've had the opportunity to tour both internationally and domestically and perform in one of the world's most renowned performance halls, Carnegie Hall. That's not something that most universities get to do and I have through Wesleyan. I've also gotten to participate in our government on campus as a senator for Student Affairs Senate and I even ran for our student body president. Those are things I have been able to experience such diverse applications and different activities at Wesleyan that I don't feel I would have been able to do in another university that's larger because I wouldn't have been able to reach out to the number of people that I met through Wesleyan who got me interested in all these different things that I really enjoy. My best

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

friend in college inspired me to get back in shape and now I'm actually running track on the varsity track and field team, which is first year I've gotten to do that since high school. So Nebraska Wesleyan has provided me opportunities that I would never have gotten anywhere else and this private institution in Wesleyan is extremely, extremely important. Nebraska Wesleyan is able to provide students the opportunity to shape their college experience uniquely so each student gets to decide what they want their college experience to be. That's not something that big universities can give you. Now understandably Nebraska Wesleyan can't give away an education for free. Good, quality educations cost money and I understand that. But coming from a very low-income family, financially it is extremely, extremely important to me. And if it weren't for the financial aid that I have gotten from Nebraska Wesleyan I wouldn't have been able to go. To be quite honest with you, if it weren't for my very generous grandparents, I probably wouldn't have been able to go regardless. So this grant would enable students who don't have grandparents like me, who aren't able to access larger sums of cash to be able to reach these programs that really will benefit them and impact them for the rest of their time. A student's choice of university should be decided by the opportunities and experiences they will have, not the amount of tuition or financial aid that they will receive. That's why I urge you to support this bill to give students who may not currently have the opportunity to afford a quality education and give them that same opportunity to learn, grow, and become citizens that will have positive impacts like the types that Nebraska Wesleyan produces. Wesleyan is special. To be honest with you, if I had not found the Nebraska Wesleyan I would not be in Nebraska. I would have left the state right after high school. But Nebraska Wesleyan made me want to stay here in Nebraska and I'm definitely still here. So I definitely appreciate your time. I thank you for listening to me. And if I can answer any questions I would be more than happy to. [LB490]

SENATOR EBKE: Any questions? Senator Erdman. [LB490]

SENATOR ERDMAN: Thank you, Senator Ebke. Just one question, thank you for coming. You made a statement that caught my attention. You said it will...when you graduate it will prepare you for citizenship. What exactly did you mean? [LB490]

CHRISTIAN JONES: At Nebraska Wesleyan we don't just concentrate on education. We concentrate on the social impact that we have on our communities and our global communities. We concentrate on the environmental impacts. We learn how we as humans really interact with the global communities. And by being able to have the really...the liberal arts education which has enabled me to experience different people's views and opinions and see things from a different angle that I wouldn't have had I just gone on with my normal point of view, it's really enabled me to be able to open up and see things from a more global perspective and I feel that I'm going to be able to fit into society and be a more positive member of it because of it. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR ERDMAN: So you don't mean like a citizen. You mean like a better citizen. You don't mean...you're already an American citizen. [LB490]

CHRISTIAN JONES: I'm already a citizen, right. A better citizen. [LB490]

SENATOR ERDMAN: I was just trying to figure that out. Thank you. [LB490]

CHRISTIAN JONES: Absolutely. [LB490]

SENATOR EBKE: Any other questions? Go Prairie Wolves. [LB490]

CHRISTIAN JONES: Absolutely. [LB490]

SENATOR EBKE: Thank you, Mr. Jones. [LB490]

PAULA KOHLES: Good afternoon, Chairman Ebke and the Education Committee. My name is Paula Kohles, P-a-u-l-a K-o-h-l-e-s, and I'm here today in support of LB490 on behalf of Creighton University. I currently serve as the financial aid director and I've been at Creighton for over 20 years. Creighton University supports LB490 because it's important to the state of Nebraska to support all students seeking postsecondary education. A brief background on Creighton: We were founded in 1878 and for the fourteenth year in a row we have been named to the number one Midwest regional university by U.S. News and World Report. We're the only university in the country that offers eight health professions programs including dentistry, nursing, medicine, pharmacy, occupational therapy, physical therapy, emergency medical services, and public health, along with our undergraduate arts and sciences, college of business, and our law programs. Creighton graduates have tremendous impact on the state of Nebraska and also further our brain gain. Creighton graduates have an overall success rate of 95 percent. Upon graduation, 55 percent of our graduates are employed and about 33 percent of them go on to graduate and professional school programs another 7 percent volunteer in federal programs. Historically, over 50 percent of our graduating class have stayed here in the state of Nebraska, and considering 62 percent of our population comes from outside the state of Nebraska, we are contributing to Nebraska's brain gain. In short, Creighton University graduates have very positive outcomes, however, we believe there's still room for improvement in Nebraska's postsecondary education policy. In fact, the independent, nonprofit colleges and universities are the only postsecondary sector to receive less state aid in the last 15 years. In the last five years Creighton University has experienced a reduction in the Nebraska Opportunity Grant by over \$30,000. For the 2016-17 school year, we currently are assisting 71 students through the Nebraska Opportunity Grant Fund program but that's only 40 percent of the eligible students because we

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

choose to award those funds to our neediest students to allow them to have access to a private education. And we feel that LB490 would go a long way to improving that policy and give more students the opportunity to attend Creighton University. We believe with a more robust grant program the state of Nebraska can have a larger impact on students who are not interested in attending a large public university, a state college, or a local community college. We are hoping that with LB490 Creighton could be more competitive with our Nebraska students who are seeking out-of-state private institutions. We really would like to be able to keep those students here in the state of Nebraska. And contrary to popular belief, not all Creighton students come from wealthy families. We would certainly love to be able to help the remaining 60 percent of our undergraduate needy students who would qualify for NOG to be able to assist them with their education. And we think that these students would greatly benefit from increased funding to this Nebraska state grant program. I would like to thank Senator Walz for introducing this bill and I urge your support of LB490. LB490 would allow the neediest Nebraska students the opportunity to attend postsecondary institution that best fits their needs. This bill is about access and affordability for our neediest students and will allow the state of Nebraska to retain its best and brightest students. And with that, I'm happy to answer questions you may have. [LB490]

SENATOR EBKE: Thank you. Do we have any questions? Senator Erdman. [LB490]

SENATOR ERDMAN: Thank you, Senator Ebke. Thank you for coming. You made a comment about 7 percent of your graduates volunteer for federal programs. What does that mean? [LB490]

PAULA KOHLES: There's the...there are several volunteer programs that students can go out to. We, as part of their Creighton education, we try to give them opportunities to experience social justice and things. So that there's a Jesuit Volunteer Corps, AmeriCorps, those federal programs that are out which students do volunteer on a full-time basis upon graduation. [LB490]

SENATOR ERDMAN: All right. Thank you. How many students, if this bill was to pass at the level that they're talking about, how many students do you think you could help at your university? [LB490]

PAULA KOHLES: We would help about 200-250 would be actually eligible for the additional grant funds. [LB490]

SENATOR ERDMAN: Thank you. [LB490]

SENATOR EBKE: Thank you. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

PAULA KOHLES: Thank you. [LB490]

SENATOR EBKE: Next up. Next proponent. [LB490]

ANGIE COOK: (Exhibit 3) Chairman Ebke and members of the committee, my name is Angie Cook, that's spelled A-n-g-i-e C-o-o-k, testifying today on behalf of the Nebraska Independent Institutions of Higher Education in support of LB490. I am a student from Nebraska Wesleyan and I'm a junior. I'm studying biochemistry and molecular biology, so this is a little outside of my realm. So if I'm really nervous, I'm sorry. I want to talk to you guys today a little bit about why I chose Wesleyan and why I value financial aid. When I was a senior in high school and I was looking at some different schools, most of the schools I was considering focused on what made their college more impressive than the rest. They would tell me things about like how many of their students were getting scholarships and getting accepted into graduate programs and I thought that was all really impressive. But when I met a recruiter from Nebraska Wesleyan he spent an hour and a half talking to me and finding out what my dreams and my ambitions were and then he told me how their school could help me accomplish all of that and I realized that there was something special going on here. When I came to campus and I met students and professors, that support only grew. Everybody I talked to wanted to know what goals I had in life and how Wesleyan could help me achieve that. Everyone at Wesleyan truly wanted what was best for me. Even one of the nurses told me that if I felt more at home at another college, she wanted me to go there. As much as she wanted me to love Wesleyan, she respected my decision. What she wanted most for me was to be happy. I chose Wesleyan because everyone there cared about me and now in my sixth semester I have no doubt that that was the best decision I could make. The personal attention and care has truly made a difference in my education. Even in my largest classes there were 40 students and the professors still knew who I was. My sophomore year I took an organic chemistry test and like a little bit afterward I saw one of my professors from my freshman year in the hallway and he remembered who I was and we kind of struck up a conversation. And was teasing me and saying like, oh I can tell you just took your organic test. And it was a nice time. And then during my next class he actually came with a piece of candy as like a little reward for my test from other previous class. So I'm really fortunate because I have professors who do care enough to bring me candy and ask how my test went and that sort of thing. I'm really lucky to be at this university because I've had so much support from others who believe...who have pushed me to believe in myself, to set an achieve goals higher than before, and to become the best version of myself. When I was a freshman in high school and the recession was strong, my parents lost their business. And then later that year my brother actually got really sick and spent a lot of time in the hospital. With the mounting medical bills and the loss of our business, our financial situation was dire. We spent a few years living with very little while my aunt and uncle made our monthly housing bills so that our home wouldn't get foreclosed. I saw the financial strain that my parents went through and I saw them work to make ends meet and make sure that it would affect my brother and me as little as possible. And I

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

promised myself that I would not burden them with asking for assistance to pay for my education. When I was looking at Wesleyan I found that each year they offer two full-ride scholarships to incoming students and I knew that that was my ticket in. If I was going to somehow afford the education of my dreams, I needed to apply. I spent months working on my application and practicing for the interview and on March 4, 2014, I got a call from Tom Ochsner, the director of financial aid at Nebraska Wesleyan. I can still tell you exactly where I was the moment the phone rang and I can tell you...I can hear his voice in my head and the words he told me when he told me the good news. And I still feel the way that I bent over and I started crying uncontrollably because that was the moment my life changed. Sorry. There's no way I would have been able to afford tuition at Wesleyan, but this is truly the school of my dreams and I cannot imagine furthering my education anywhere else. If not for the support I received I would not be here. And this scholarship has given me so much more than the funding to pay for tuition. It's given me the ability to pursue my dreams. I'm able to be involved in so many activities on campus. I'm one of the cheer captains. I'm in a sorority. I'm on Panhellenic Council. I'm in some organizations like Pre-Health Club, TriBeta, Order of Omega, and other things. And all of that is because somebody saw something and believed in me and gave me financial support so I could come here. But not only that, I don't have to work on a job on the side. I can focus on things that actually help me become a better person and I can focus on my education. I truly value higher education and I value this ability to further my education. I value the opportunity to better myself at this at this university which is truly perfect for me and I value the opportunity to become a stronger member of our community. When I'm older and have a career my own, I promise I will give back and do everything in my power to give other students in similar situations as mine the chance to attend the school of their dreams just like somebody did for me. And with that, thank you for your time. I'd be happy to answer any questions if you have them. [LB490]

SENATOR EBKE: Thank you, Ms. Cook. Any questions? Let me just say my husband was a biology major at Wesleyan a long, long time ago. And I remember the look when he got done with his organic chemistry. [LB490]

ANGIE COOK: Yeah. [LB490]

SENATOR EBKE: Thanks for coming today. [LB490]

ANGIE COOK: Thank you. [LB490]

SENATOR GROENE: Next testifier, please. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

ELI LUNDAK: (Exhibit 4) Chairman Groene and Members of the Committee, my name is Eli Lundak, spelled E-l-i L-u-n-d-a-k, testifying today on behalf of the Nebraska Independent Institutions of Higher Education in support of LB490. I'm a current sophomore biochemistry and molecular biology major at Nebraska Wesleyan with aspirations to attend medical school after graduation. My favorite thing about Wesleyan and the reason I believe students from here and other small private institutions are so successful is the community. I've always been a shy, introverted person. I'm nervous to try new things, and being alone at the end of the day helps me relax and reenergize. Through the community at Wesleyan I've branched out and gained the confidence to do things I never would have imagined in high school. When I'm at Wesleyan, it feels like home. Walking across campus I'm constantly seeing the familiar faces of my friends, and even those students I don't know always give a smile or wave as they walk by. It's incredibly easy to make friends, and become involved in a wide variety of activities. On campus I'm involved in the following: Greek Life, Student Ambassadors, New Student Programs, Society of Scholars, Huge Society of Scholars and Leaders, Pre-Health Club, I'm a supplemental instruction leader, Yoga Club, research with a professor, codesigning a class with a professor, as well as various other opportunities such as being an INBRE scholar, or even speaking here today. The supportive and friendly community at Wesleyan is what empowered me to seek out these opportunities, despite my timid personality. The community goes beyond the student body though, and extends to the faculty and staff as well. The professors know who I am, and what's going on in my life. When I came to Wesleyan for a prehealth event prior to matriculating, I was struck by alumni reminiscing on visiting their professors' houses for dinner. I couldn't believe students and professors could have that relationship, because the college narrative I had grown up with was the stereotypical large, public university. My first semester on campus, my archway seminar class went over to my professor's house for dinner. We made pancakes, had some discussions, and got to know one another better. Our discussions in class from then on were noticeably better because we felt more connected and weren't afraid to participate in class. Knowing your professors personally makes it much easier to come to them with questions about class and discuss feedback on assignments and tests. If it weren't for this supportive community, I know I wouldn't be as successful or involved as I have been thus far in my collegiate life. None of this would have been possible, if it weren't for financial assistance provided to me through scholarships. I come from a low-income family, with my parents divorced and my father not financially supporting me at all. I work as much as I can, but school is expensive and despite my high scholastic achievements, scholarships only cover so much of the cost. Passing this bill to help financially assist students who wish to attend private over public institutions is essential because there are many people who need the supportive community of a private institution in order to be successful. Denying students the environment they require to be successful is a disservice not just to those students, but to the community they will eventually live and work in as well. The quality of my education has certainly been enhanced by the unique experiences I've received at Wesleyan. Anybody can learn the sciences required to become a physician, but the most important and difficult part to learn is what comes through experiences outside the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

classroom. Through my activities and various leadership roles I have learned about emotional intelligence, empathy, and how to connect with others. Without these skills, one would not be very successful in any field that requires teamwork. Small, private institutions are the perfect breeding ground for the future professionals our society needs. Allocating funds to help cultivate this generation of new professionals will pay or itself in the quality of students produced from these schools. Thank you for your time and I would be happy to answer any questions the committee may have. [LB490]

SENATOR GROENE: Any questions by the committee members? What types of grants and scholarships do you get now? Are most of them an alumni that's set up a scholarship fund or...? [LB490]

ELI LUNDAK: Yes. Most come through Nebraska Wesleyan. Some are from alumni such as the Huge Society. And then others are like small, outside that I found on my own. [LB490]

SENATOR GROENE: Federal...and are you qualified for the federal Pell grants and all those? [LB490]

ELI LUNDAK: I qualified for a Pell grant my first year, but I did not qualify for a Pell grant this year. I was close but not quite. [LB490]

SENATOR GROENE: All right. Thank you. [LB490]

ELI LUNDAK: Thank you. [LB490]

SENATOR GROENE: Any other questions? [LB490]

ELI LUNDAK: Thank you. [LB490]

KURTH BRASHEAR: Chairman Groene, members of the committee, my name is Kurth, K-u-r-t-h, Brashear, B-r-a-s-h-e-a-r. I am the vice president for institutional advancement and general counsel at Concordia University in Seward and I appear before you today on behalf of the Nebraska Independent Institutions of Higher Education in support of LB490, the College Choice Grant Program Act. Our thanks to Senator Walz for introducing LB490 as well as to you, Mr. Chairman, and Senators Ebke, Kolowski, Linehan, and Morfeld for joining Senator Walz in introducing this bill. You have heard others testify on how the College Choice Grant Program Act would be a key tool in educating every Nebraskan for success. I concur in their assessment. I will focus my testimony however on the legal issues which may be raised and indeed have been

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

raised in the past as it relates to state funding for students attending one of our independent, nonprofit colleges and universities located here in Nebraska. In particular the question of whether a program such as that contemplated by LB490 would violate Article VII, Section 11 of the Nebraska Constitution is a pertinent one. Article VII, Section 11 provides in part that, "appropriation of public funds shall not be made to any school or institution of learning not owned or exclusively controlled by the state or a political subdivision thereof." That state dollars would go to students attending Independent colleges and universities under LB490 would not, in my opinion, violate Article VII, Section 11 of the constitution. As the committee may recall and has been noted earlier, LB490 is very similar to LB232 introduced in 2015 but ultimately not advanced by the committee. I believe the community is familiar with and Senator Walz referenced Attorney General Opinion 15-012 which opined on the constitutionality of the model before you in LB490 which is the same as LB232 reaffirming a 1991 AG Opinion that the then Postsecondary Education Award Program was constitutional. The 2015 AG opinion noted that as had been the case under PEAP, LB232 would have had eligible independent colleges and universities acting as agents of behalf of the state for administrative efficiency directly distribute funds to students eligible under the proposed program. Like LB232...and I should note and was...is constitutional. Like LB232, LB490 would again have the independent institutions directly distribute funds to eligible students. This is not, as the 1991 and 2015 AG Opinions noted, an appropriation of public funds in violation of the state constitution. As noted in both those opinions, the distinction between appropriation of state funds to a student at a private institution and the appropriation to a private institution is, quote, constitutionally significant, close quote. These opinions have not to my opinion...to my knowledge been superseded and in fact the Supreme Court held after the 1991 AG Opinion that the state can contract with nonpublic institutions for education services notably in Father Flanagan's Boys Home v. Department of Social Services in 1998. Thank you for considering LB490 and for the opportunity to appear before you today. As I believe I may be the last proponent, if I may, Senator Erdman, you had asked about funding sources for this. I want to make sure we're clear with the committee. The \$3 million referenced roughly refers to the Nebraska Opportunity Grant Program which is a separate program from what is proposed here but has been a great blessing for Nebraskans attending private institutions as well. With that, I would welcome any questions that the committee might have. [LB490]

SENATOR GROENE: Any questions from the committee? Senator Pansing Brooks. [LB490]

SENATOR PANSING BROOKS: I'm sorry because I've been out at another hearing on a bill of mine. So this is creating a whole new act, is that correct, Mr. Brashear? [LB490]

KURTH BRASHEAR: That's correct. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR PANSING BROOKS: And why is there a necessity for that versus just funding NOG dollars? [LB490]

KURTH BRASHEAR: I think it has been our experience in trying to look at...and by our I should clarify the independent institutions as we've looked at increasing NOG dollars I want to say roughly four or five years ago, that there is not a consensus amongst the state colleges, the university system, and the independents about the merits of that. The various institutions took different views on whether that would be a better use of appropriated dollars or whether the university would like to have its own, the state colleges would like to have their own, where those funds should go to. I think reflective of that, then, Senator Pansing Brooks, the independents starting in the last session had come up with this idea of a College Choice Grant Act to at least try and have some funding to allow Nebraskans to go to the independent schools because we are generally, as you have had evidence today, in agreement about the fact that that would be beneficial to Nebraskans who want to do so. [LB490]

SENATOR PANSING BROOKS: Yes. Do you feel that that...is that because all Nebraskans pay tax dollars or how are you...what's the position that...why is it that funding private schools is something that is beneficial in your mind? [LB490]

KURTH BRASHEAR: Well, respectfully I would disagree with the assertion it's funding private schools, Senator. I would say it is providing funding for students to go to the school of their choice, as we've seen represented here by Angie and Christian and Eli. [LB490]

SENATOR PANSING BROOKS: Right. [LB490]

KURTH BRASHEAR: The university system, which is indeed outstanding and I'm a product of, the state college system, which is I think again very good, is not necessarily always the right fit for every student to succeed. The independents do this very efficiently, at least from a taxpayer perspective. But if some Nebraskans would like to continue their education here but don't feel... [LB490]

SENATOR PANSING BROOKS: Thank you. [LB490]

KURTH BRASHEAR: ...either the university or the other would be beneficial that's why. [LB490]

SENATOR PANSING BROOKS: So if a student goes to a school and gets this award, does it follow the student? [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

KURTH BRASHEAR: Yes. [LB490]

SENATOR PANSING BROOKS: And so a student transferring from Wesleyan... [LB490]

KURTH BRASHEAR: That's my understanding. [LB490]

SENATOR PANSING BROOKS: ...a student transferring from Wesleyan to Nebraska, it would follow them to Nebraska. [LB490]

KURTH BRASHEAR: I don't know that it would follow them to the University of Nebraska. It would follow them in between...to another independent if they transferred to those. The legislation as written would not be eligible for a student to go to the university or a state college. [LB490]

SENATOR PANSING BROOKS: Okay. All right. I'm sorry I haven't been here for this because I have strong opinions this. I don't think the Supreme Court has settled this issue at all. I would disagree that that they have determined whether or not we can give money. The previous times that the state did give money were in instances of high need such as Creighton University got a special funding for a cancer center and it was specific to a high need that was determined to be necessary to help with a significant issue in our state. And, you know, any other time the University of Nebraska has also been allowed to get funding as well. So we haven't specifically funded private institutions. My kids went to...I'm a taxpayer and my kids went to school out of state. So theoretically I should be getting paid for my kids to be able to go somewhere, too, if I'm a taxpayer. Do you agree with that under this theory? [LB490]

KURTH BRASHEAR: No, I would disagree with that, Senator, respectfully. I think the question before the Legislature which does set the public policy of the state is, do we want to try and retain as many Nebraskans as possible here for higher education and hopefully keep them here after they graduate? [LB490]

SENATOR PANSING BROOKS: And what about when we're a state with a few dollars to divvy out? So if somebody chooses to go to a private school, my kids could choose to go to a private school but that's their choice. [LB490]

KURTH BRASHEAR: Absolutely. [LB490]

SENATOR PANSING BROOKS: So why should they be paid by the state to make that more expensive choice than trying to supplement the institutions? I just left a hearing where the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

University of Nebraska is just getting hammered on the funding, their funding of our public institutions. And now we're going to disperse dollars further to our very important...I love our private institutions. My kids went to a private school. But I don't think that anybody should be paying me from the state for my kids to be able to do that. [LB490]

KURTH BRASHEAR: I understand the senator's point. [LB490]

SENATOR PANSING BROOKS: Anyway, I just want to make that part of the record. We can have this off the mike and we'll be happy to discuss it. But there is a lot of legal work out there about whether or not this is appropriate. So I'd love to have that discussion with you. Thank you for coming today. [LB490]

KURTH BRASHEAR: Thank you, Senator. Thank you. [LB490]

SENATOR GROENE: Any other questions? Senator Linehan. [LB490]

SENATOR LINEHAN: Thank you, Chairman Groene. Thank you, Mr. Brashear, for being here today. I just want to make sure I'm right. This is needs based, right? [LB490]

KURTH BRASHEAR: That's correct. [LB490]

SENATOR LINEHAN: So if I send my kids to a private school and I could afford to pay for it, they wouldn't be eligible for this scholarship, right? [LB490]

KURTH BRASHEAR: If I assume your assertion they're not needs based, yes, that would be correct. [LB490]

SENATOR LINEHAN: Wouldn't be needs based. Okay. I just want to make sure of that. [LB490]

KURTH BRASHEAR: That's correct. [LB490]

SENATOR LINEHAN: Thank you much. [LB490]

KURTH BRASHEAR: Thank you. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR GROENE: Any other questions? Has your organization of private schools ever figured out what...go to University of Nebraska, what the taxpayers subsidize each student's education? [LB490]

KURTH BRASHEAR: Senator, I think we could...Mr. Chairman, sorry, we could certainly find that and at least give some information to you in that way. I guess I would respond at least right now in the sense of for several of the institutions including Concordia, we receive no state or federal grant money. [LB490]

SENATOR GROENE: I understand that. [LB490]

KURTH BRASHEAR: So any subsidy as it's looked at in that sense comes from what is it's dispersed through the Nebraska Opportunity Grant. [LB490]

SENATOR GROENE: Five hundred million or so we give to the university. [LB490]

KURTH BRASHEAR: The \$3 million in the Nebraska Opportunity Grant would be... [LB490]

SENATOR GROENE: Well, the \$500 million we fund the university system with, I'm just saying, could it be considered a cost savings that if we can get a student into Wesleyan or Concordia that we're not having to help fund...subsidize that student when he goes University of Nebraska. [LB490]

KURTH BRASHEAR: I certainly assume that some would look at it that way and there could be an argument made that way. I think from our perspective we would simply say where does the student succeed best? We're not trying to take from the University of Nebraska's pie or the state college system pie. But we are, as fellow Nebraskans, deeply invested as is the Legislature in keeping Nebraskans in Nebraska. [LB490]

SENATOR GROENE: Well, I would assume if there's less students at the University of Nebraska and they're going to your school and stuff, that's less money we have to fund the university. [LB490]

KURTH BRASHEAR: It could be. [LB490]

SENATOR GROENE: So that could be an avenue to justify. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

KURTH BRASHEAR: I would defer on those issues to the Legislature. I think that's... [LB490]

SENATOR GROENE: But you receive federal money, don't you? Pell grants. [LB490]

KURTH BRASHEAR: Our students receive Pell grants, that's correct. [LB490]

SENATOR GROENE: So I'm trying to see. I know our state constitution and the federal, but in society it is acceptable for tax dollars to be given to a private... [LB490]

KURTH BRASHEAR: To students who...right, to students who are attending a Title IV compliant institution. So I, as I noted before, Mr. Chairman, there really is...from our perspective, this is not funding to any of the institutions. It is to the student. We're dispersing that on behalf of the state. [LB490]

SENATOR GROENE: And I understand, before Senator Pansing Brooks straightens me out, there's a difference between our State Constitution and the federal one. So thank you. [LB490]

KURTH BRASHEAR: Thank you. [LB490]

SENATOR GROENE: I'm done. Anybody else? Thank you, sir. [LB490]

KURTH BRASHEAR: Thank you very much. [LB490]

SENATOR GROENE: Next. Go ahead, next. Oh, is that it? You're just moving up? That was proponents. Opponents. Did we have any letters? No letters. [LB490]

SUSAN FRITZ: (Exhibit 5) Good afternoon, Chairman Groene and committee members. My name is Susan Fritz, S-u-s-a-n F-r-i-t-z, and I have the pleasure of serving as the University of Nebraska as the executive vice president and provost and dean of the graduate college. I'm here today to testify in opposition of LB490. First and foremost, I would like to thank the committee on behalf of the University of Nebraska for your support of public higher education in Nebraska. The University of Nebraska awards nearly 11,000 degrees each year--a significant contribution to the state's work force. Consequently, one of every seven Nebraskans is a University of Nebraska graduate. For every \$1 the state invests in the University of Nebraska, we give back \$6 to the state in economic activity. The University is the entity that can help grow Nebraska out of this temporary economic downturn. No other state entity drives Nebraska's work force development, agricultural innovation, outstanding healthcare, and quality of life like the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

University of Nebraska does. At a time when our economy needs more college-educated workers to fill critical positions and grow its tax base, we are doing all that we can to increase enrollment, which is at an all-time high--nearly 53,000. We want to see continued growth but to do that, we need to keep tuition affordable for students and families. The University of Nebraska president spoke before the Appropriations Committee this afternoon asking for the state to provide flat funding so that we can minimize budget cuts and keep tuition at less than double digit increases over the next two years. State support for need-based aid through the Nebraska Opportunity Grant, NOG program is critical for our students and I appreciate the sponsors of LB490 raising this issue of state support for need-based financial aid. However, Nebraska provides far fewer state dollars to assist needy students in meeting their educational goals than many states, consistently ranking in the bottom 20 percent of all states for need-based aid support. The formula for NOG funding is based on the enrollment of Pell-eligible, low-income students, a group that this particular proposed program is trying to target. Nebraska Opportunity Grant recipient students attend any Nebraska higher education institution, public or private, of their choosing. At the University of Nebraska we are opposed to the basic tenet of LB490 which is that the state should create and fund a second financial aid program for students who attend private colleges and universities. With the chronic underfunding of the Nebraska Opportunity Grant program, creating the College Choice Grant Program as a second state financial aid grant program for students who attend private colleges is a luxury that Nebraskans cannot afford, especially when the Legislature is considering cutting funding for public higher education by millions of dollars. Creating a second grant program for students who choose to attend a higher cost, private institution is not a good use of taxpayer resources which are already funding our public colleges and universities. If the Unicameral wants to invest more in need-based student financial aid, we recommend that funds be directed to the existing Nebraska Opportunity Grant (NOG). There is clearly a need. We have thousands of students at the University of Nebraska who qualified for a Nebraska Opportunity Grant but did not receive one because the funding was depleted. Rather than create a second state need-based financial aid program by passing LB490, we urge the Education Committee to close the gap between eligible and funded Nebraska students by increasing NOG funding and allowing students to choose the Nebraska higher education institution that best fits them. Thank you for hearing my perspective. I would be happy to take your questions. [LB490]

SENATOR GROENE: Questions from the committee? Senator Linehan. [LB490]

SENATOR LINEHAN: Thank you, Chairman Groene, and thank you, Ms. Fritz, for being here today. Can you tell me what your, UNL's graduation rate is at six years? [LB490]

SUSAN FRITZ: Yes. I heard you ask that question earlier so I actually checked it out. I have the 2015 numbers. UNL was 67 percent of its students graduating at six years. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR LINEHAN: UNL did 67 percent? [LB490]

SUSAN FRITZ: Yes. [LB490]

SENATOR LINEHAN: Do you know what UNO or... [LB490]

SUSAN FRITZ: UNO, 47 percent; UNK, 52 percent. And these are a look at first-time freshmen and following them as a cohort through their six year experience. [LB490]

SENATOR LINEHAN: Right. Thank you very much. [LB490]

SENATOR GROENE: Any other questions? You mentioned about almost like you're in competition with a private college. You're a state institution. You're created by the people. You're an employee there. Do you believe we should have private...public institutions on a competing basis for students with private? Or should public fill in where private doesn't? [LB490]

SUSAN FRITZ: I don't necessarily see us as competing. What I see is a range of choices for students. I even see within the set of our undergraduate campuses at the University of Nebraska a range of options. It's very different set of students attend UNO as compared to UNK and then UNL. And so similarly if we look across the state landscape I think it's important that we offer those varied opportunities for students. So I don't see us as in competition with them as much as all of us trying to create tomorrow's work force for the state. [LB490]

SENATOR GROENE: So wouldn't this help give the better opportunity, as you said earlier, for students to choose where they wish to go and their parents wish to go? We're all achieving the same ends for them to have a good education and a good future. So why would the university care? [LB490]

SUSAN FRITZ: Well, Senator Groene, what the university is proposing is that we look at an existing program, the Nebraska Opportunity Grant, and fund that at a higher level and let the students make a choice on which institution to attend. [LB490]

SENATOR GROENE: That's a fair point. Thank you. Any other questions? Senator Pansing. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR PANSING BROOKS: Yeah, thank you, Senator Groene. Thank you for coming, Ms. Fritz. So could you tell me what percentage are turned down for the NOG grants at the university? [LB490]

SUSAN FRITZ: Yes, I've got some data from 2014-15 if I could cite that. We know that in 2014-15, 11,478 at the University of Nebraska were eligible for NOG but only 3,865 were able to receive it due to the amount of funding available. [LB490]

SENATOR PANSING BROOKS: So that's obviously less than a third of those who are eligible and who applied. [LB490]

SUSAN FRITZ: Yes. [LB490]

SENATOR PANSING BROOKS: Is that correct? [LB490]

SUSAN FRITZ: Yes. [LB490]

SENATOR PANSING BROOKS: And do you know the average award under NOG? [LB490]

SUSAN FRITZ: I do not have that but I could get that for you. [LB490]

SENATOR PANSING BROOKS: Okay. Are you familiar with...how would this be different, the Choice Opportunity Grant as far as...I mean would the pools of money be similarly...so what we would have is this new...the College Choice Grant Program is only for private schools. So kids at the public schools could not apply for that. [LB490]

SUSAN FRITZ: That's my understanding [LB490]

SENATOR PANSING BROOKS: Yet public and private kids can apply for the Nebraska Opportunity Grants. [LB490]

SUSAN FRITZ: Yes, that's true. [LB490]

SENATOR PANSING BROOKS: So students at the university would be at a disadvantage as far as their ability to apply for grants or funding. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SUSAN FRITZ: If there is no change to NOG, yes, that would be the case in my understanding of the legislation. [LB490]

SENATOR PANSING BROOKS: Thank you very much, Ms. Fritz. [LB490]

SUSAN FRITZ: Thank you. [LB490]

SENATOR GROENE: Senator Linehan. [LB490]

SENATOR LINEHAN: How do they...thank you. How do they decide now on the NOG funding what goes to the university and what goes to other schools? Is there...is it...how do they split up the pie now? [LB490]

SUSAN FRITZ: My understanding is it's based on eligibility and then looking at the funds that are available. And then when they're depleted, they're depleted. [LB490]

SENATOR LINEHAN: So help me here. So if I'm applying to Wesleyan and I get a Pell Grant and I'm applying to the university, it all goes to one big system. They look at every student systemwide through every school and then they decide who gets a NOG grant? [LB490]

SUSAN FRITZ: You know, I have to tell you, I don't want to mislead you because I do not handle scholarships and financial aid. So I can get that detail for you. [LB490]

SENATOR LINEHAN: Yeah, I think it would be very helpful so we know how it's spread out now. [LB490]

SUSAN FRITZ: Absolutely. [LB490]

SENATOR LINEHAN: Okay, thank you very much. [LB490]

SUSAN FRITZ: We'll get that process detailed for you. [LB490]

SENATOR LINEHAN: Thank you much. [LB490]

SENATOR GROENE: One more question, a Regents Scholarship, you have to be going to university system, do you not? [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SUSAN FRITZ: You need to be going to a university campus, and so UNL, UNK, UNO.
[LB490]

SENATOR GROENE: And so we do have grants and scholarships with tax dollars specific to the university system, do we not? [LB490]

SUSAN FRITZ: Yes...I guess indirectly you would consider a Regents Scholarship just that because it's a remission. [LB490]

SENATOR GROENE: So if a brilliant young student wanted to go to Wesleyan where my granddaughter goes and is top of their class, they could not get a Regents Scholarship to Wesleyan. [LB490]

SUSAN FRITZ: No, they could not. [LB490]

SENATOR GROENE: So we do have specific scholarships to state institutions. [LB490]

SUSAN FRITZ: Which are self...our Regents Scholarships are self-funded and they're determined by the campus. So eligibility is a consideration on the campus, not across the system.
[LB490]

SENATOR GROENE: But is it in statute, the Regents Scholarships? [LB490]

SUSAN FRITZ: I don't know that it's in state statute. We certainly have it in our policies and our bylaws. And so there are minimums, but then those are administered by each of our campuses. So there is not one standard across the system. [LB490]

SENATOR GROENE: All right, thank you. [LB490]

SENATOR PANSING BROOKS: Okay, I have a question. [LB490]

SENATOR GROENE: Senator Pansing Brooks. [LB490]

SENATOR PANSING BROOKS: Could you explain what self-funded means then? [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SUSAN FRITZ: Self-funded would mean that the tuition remission that is given through a Regents Scholarship then would be taken away from the tuition total. So it's...you have a tuition budget of 100 percent tuition. Anything that's self-funded or remitted then is netted from that whole amount of tuition. [LB490]

SENATOR LINEHAN: So the state pays. [LB490]

SUSAN FRITZ: Technically, yes. [LB490]

SENATOR GROENE: They're just attending free. Oh, excuse me. [LB490]

SENATOR PANSING BROOKS: Does some of it come from the foundation through grants and monies donated to the University of Nebraska Foundation? [LB490]

SUSAN FRITZ: We absolutely have the good fortune to have people who have donated money that have endowed scholarships or we have spend-down scholarships at the University Foundation. However, those are separate from the Regents Scholarship. [LB490]

SENATOR PANSING BROOKS: Okay. [LB490]

SUSAN FRITZ: Thank you for asking that. [LB490]

SENATOR GROENE: Any other questions? Thank you... [LB490]

SUSAN FRITZ: Thank you. [LB490]

SENATOR GROENE: ...for your knowledge. [LB490]

JODI KUPPER: Hello, Chair Groene and members of the Education Committee. My name is Dr. Jodi Kupper, J-o-d-i K-u-p-p-e-r, and I'm vice chancellor for academic planning and partnerships for the Nebraska State College System. I'm here today to speak in opposition to LB490 and my comments will be brief. LB490 would establish the College Choice Grant Program Act intended to provide additional public support to students attending private institutions. While I am supportive of our friends in private institutions and understand the important role they play in higher education for Nebraska students, I believe that in the current economic climate it is critical that the limited state funding available for higher education in Nebraska be focused on

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

public institutions. Thank you for the opportunity to speak. I'll address any questions you have. [LB490]

SENATOR GROENE: So really it boils down to there's only so many dollars out there and we're looking after ourself, which is fine. I appreciate that. [LB490]

JODI KUPPER: It is. We want...we pride ourselves in trying to provide an affordable option for students, especially rural students. And so we'd like to keep that as affordable as possible. [LB490]

SENATOR GROENE: Do you know total of the NOG funds the state colleges got? [LB490]

JODI KUPPER: I do not. As Susan talked about that, I can certainly look into it and try to find out for the state college the same data. [LB490]

SENATOR GROENE: The breakdown. Yeah. [LB490]

JODI KUPPER: Yes. [LB490]

SENATOR GROENE: The breakdown of where it went. [LB490]

JODI KUPPER: But I do know that we, like her, have students who request but are not funded. So the need is greater than what we receive. But I don't know exact numbers. I'll get that for you. [LB490]

SENATOR GROENE: Thank you. Any other questions? Thank you for your testimony. [LB490]

JODI KUPPER: Thank you for your time. [LB490]

SENATOR GROENE: Any other opponents? Neutral testifiers? [LB490]

NATHAN LEACH: Mr. Chairman, members of the Education Committee, my name is Nathan Leach; that's N-a-t-h-a-n L-e-a-c-h. I'm here to speak in a neutral capacity on LB490. My statements are relevant to the procedure utilized by this committee as well as the procedures used by the Legislature should the bill move to the floor. My testimony is a continuation of my protest of the Nebraska Legislature's inability to adopt its nonpartisan rules as well as the disrespect voiced by some members of the Legislature toward our state's tradition of nonpartisanship. I

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

intend to continue to submit testimony, either written or verbal, relevant to this issue until such time as the body adopts its rules. So far this session the Legislature has adopted a motion to adopt temporary rules six times. The first time was on the first legislative day to last until the second legislative day. The second time was the second legislative day to last until the twelfth legislative day. The third time was on the twelfth legislative day to last until the seventeenth legislative day. The fourth time was on the seventeenth legislative day last until the twenty-fourth legislative day. The fifth time was on the twenty-fourth legislative day to last until the twenty-ninth legislative day. And the sixth and most recent time was on the twenty-ninth legislative day to last and last until the fiftieth legislative day. This band-aid approach is flawed on two levels. The first and perhaps most fundamental flaw is the practice of adopting temporary rules in the first place. According to Mason's Manual of Legislative Procedure, in Section 4.2 which can be found on page 15, "Rules of legislative procedure are derived from several sources and take precedence in the order listed (below). The principal sources are as follows: (a) constitutional provisions and judicial decisions thereon; (b) adopted rules; (c) custom, usage, and precedents; (d) statutory provisions; (e) adopted parliamentary authority; and (f) parliamentary law." Therefore, if the Legislature was acting without its permanently adopted rules or temporary rules, the custom, usage, and precedents of the body would take precedence as the rules. In order to determine what custom, usage, and precedents of the body are, the Legislature would turn naturally to the rules of the previous legislative session. This interpretation is unquestionably verified in Section 39.6 which can be found on page 35 of Mason's Manual which states, "In the absence of rules, as immediately upon convening and before rules are adopted, the houses are governed by usage, custom, and precedent and by the general parliamentary law. The best evidence of what are the established usages and customs is the rules as last in effect." The Arizona State Senate, for example, actually waits until the last day of the session to adopt its rules relying on usage custom...usage and custom as reference until that time. Obviously waiting that long is ridiculous, but there are other examples of legislative bodies who do not go through the process of adopting temporary rules prior to adopting permanent rules. This critique of procedure of adopting temporary rules is not wholly important nor necessarily worthy of objection, but it highlights the lack of dynamic leadership throughout the unprecedented two-month standoff over the rules, which brings me to the second flaw of this process. The amendments that were considered were mostly petty in nature and the debate wasn't relevant to the underlining issues trying to be addressed in the rules changes in the first place. For example, a conservative senator remarked to me personally last week that he needed to, quote, make the progressives behave by lowering the cloture vote. And yet he did not articulate why lowering the cloture vote would actually achieve the goal anyway. Even if cloture was lowered to 25 or 30 votes, the senators would still have a political incentive to obstruct and plenty of obstructive procedures would still exist. Most importantly though and the reason I bring this up relevant to procedure and nonpartisanship is that the Legislature didn't use many of the tools that it has on its disposal to assist in deliberations like referring controversial amendments to a committee, suspending the rules to have rules amendments be considered as bills with three rounds of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

debate, or having some conversations with the public about how to avoid wasting two months to deliberate on rules. Instead, the Legislature continued the standoff. Regardless, my objections to this process is grounded mainly in the fact that it was a symptom of partisanship and not a genuine conversations about how rules assist the Legislature in conducting its nonpartisan business. With that, again, I encourage this committee to maintain its nonpartisan behavior while it has this conversation about LB490. Thank you, Mr. Chairman. [LB490]

SENATOR GROENE: Thank you. Any other testifiers neutral? Any questions I guess I need to ask? [LB490]

SENATOR EBKE: Yeah, I have a question. [LB490]

SENATOR GROENE: All right. Senator Ebke. [LB490]

SENATOR EBKE: Mr. Leach, if we don't adopt permanent rules until day ninety, will you be here every day until then? [LB490]

NATHAN LEACH: I am going to basic training on April 17, so I will not be able to do that. I may...I suppose I could send a letter. [LB490]

SENATOR EBKE: We'll be done with committee hearings by then. [LB490]

NATHAN LEACH: Oh, yeah. You'll be done with the committee hearings. [LB490]

SENATOR EBKE: Okay. Just checking. (Laugh) [LB490]

NATHAN LEACH: So, yeah. [LB490]

SENATOR EBKE: Okay, thank you. [LB490]

SENATOR GROENE: I have a question. Have you considered testifying in any other committees? [LB490]

NATHAN LEACH: I have testified before every committee. And moving forward, I'm just sending written statements to one committee...or to all the committees and then occasionally if I have time because I also, believe it or not, I actually have somewhat of a life. So I won't be able to necessarily be verbally present at all of the committees, but I will try. And you guys, frankly I

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

think there has been some changes on the floor and if I wasn't a spunky young Nathan I wouldn't have made the promise to do it until you adopt the temporary...the permanent rules. But here I am. [LB490]

SENATOR GROENE: Thank you, young man. I'm glad to know you have a personality and you smile. (Laughter) All right, thank you. [LB490]

MIKE BAUMGARTNER: Good evening, Chairman Groene and members of the committee. My name is Mike Baumgartner; that's spelled M-i-k-e B-a-u-m-g-a-r-t-n-e-r. I'm the executive director of the Coordinating Commission for Postsecondary Education. The commission supports any efforts to increase financial aid for low-income students in Nebraska including programs outlined in this bill. However, because of the state's economic situation, we do have concerns about funding the program and how it could affect funding for a financial aid program that benefits a broader pool of students. For this reason, we are testifying in a neutral position. The Coordinating Commission currently administers the Nebraska Opportunity Grant, the state's only need-based financial aid program. Students from both private and public institutions are eligible for the Opportunity Grant. Despite the fact that the Opportunity Grant awarded \$16.8 million in grants in 2015-16, the unmet need of low-income students remains high. As you've heard from a number of people, only about a third of the eligible students received a grant previously. These students are spread out across Nebraska colleges and universities, public and private. We greatly appreciate the Legislature's and the Governor's continued support of the Nebraska Opportunity Grant, even during this challenging budget process. And we also understand that even during more stable economic times there are limited state dollars available for financial aid. So we ask that you consider all options when addressing the issues of college affordability for our state's low-income students, but when doing so please continue to make the Nebraska Opportunity Grant a top priority when it comes to state resources. Thank you for your time and I'd be happy to answer any questions. [LB490]

SENATOR GROENE: Any questions? How many dollars, lottery dollars do we put into education? It's half, right? [LB490]

MIKE BAUMGARTNER: The NOG program? [LB490]

SENATOR GROENE: Well, there's more than the NOG. There's also the school teacher... [LB490]

MIKE BAUMGARTNER: I don't have that... [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR GROENE: (Inaudible.) [LB490]

MIKE BAUMGARTNER: When I had that last week, about...it's like 40 percent after prizes and after the environmental quality or Environmental Trust Fund and the other places that it goes to, about 40 percent of it goes to education. [LB490]

SENATOR GROENE: So it would be hard to increase it through the lottery funds. There's not a lot... [LB490]

MIKE BAUMGARTNER: It could not be without a change in statute... [LB490]

SENATOR GROENE: Well, we just changed it last year. [LB490]

MIKE BAUMGARTNER: Right, it would be taking dollars. [LB490]

SENATOR GROENE: But there's not a lot left... [LB490]

MIKE BAUMGARTNER: No. [LB490]

SENATOR GROENE: ...that we could take from another program. [LB490]

MIKE BAUMGARTNER: No, no. [LB490]

SENATOR GROENE: All right. Thank you. Senator Pansing Brooks. [LB490]

SENATOR PANSING BROOKS: Thank you, Senator Groene. Thank you for coming, Mr. Baumgartner. Do you have...Senator Linehan asked a question about how it goes to every institution. Do you have that information? [LB490]

MIKE BAUMGARTNER: Yes, I do. [LB490]

SENATOR PANSING BROOKS: So could you respond on that, please. [LB490]

MIKE BAUMGARTNER: The number of Pell Grant eligible students...actually the state goes a little bit above Pell Grant eligibility, about 10 percent more so that it captures a little bit more into the middle income students than just the Pell Grant does. But it takes the number of FTE

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

students times the tuition and fees of the institution capped at UNL's tuition and fees. So if you are at an institution like Nebraska Wesleyan or Concordia that's more expensive than UNL, you're capped for the calculation purposes of UNL tuition and fees. And then you get a proportion...that's all the product of all those FTE and the tuition and fees is added together and everybody gets a proportionate share based on their tuition and fees. That's how the proportion is figured and then it's applied to the \$16 million to get the institution how much it receives. The institution determines which students, which of the eligible students, will receive the award. [LB490]

SENATOR LINEHAN: So it starts out as one big pool of kids who need help, regardless of where they're from...I'm sorry. It's your question. (Laughter) [LB490]

MIKE BAUMGARTNER: It starts out...yes, yes, in the calculation. Yeah, there is a number of eligible students. [LB490]

SENATOR LINEHAN: So this would never happen. But let's say that all the eligible students were in the state university, then all the money would go to a state university. [LB490]

MIKE BAUMGARTNER: Yes. [LB490]

SENATOR LINEHAN: Or vice versa if all the eligible students were in private school. They all do go in one big pool and that goes back out. [LB490]

MIKE BAUMGARTNER: Yes, based on their proportionate share of needy students. [LB490]

SENATOR LINEHAN: Okay. Thank you very much. [LB490]

SENATOR PANSING BROOKS: So do you feel...how do you feel creating this school choice great program would effect NOG? I know obviously if there's certain money that goes into that. [LB490]

MIKE BAUMGARTNER: Well, it depends if it's a zero-sum game or not. It doesn't have to affect NOG if there's additional money. I'm well aware. I have my budget hearing tomorrow. There's no additional money. But if it were added then you could look at it as diluting the money that would have been available for everybody, or you could look at it as there was the pool that we were putting into NOG and this is a set aside for these students as it was in the past. [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR PANSING BROOKS: As you divvy out this money proportionally, do you feel that...I mean obviously we have a lot of kids who can use this money, right? [LB490]

MIKE BAUMGARTNER: Yeah. [LB490]

SENATOR PANSING BROOKS: And so do you feel that there's a disproportionate and inappropriate amount going to the private schools and so we need to build in something to protect those kids going to private schools for some reason over the public schools? [LB490]

MIKE BAUMGARTNER: I don't think that it's...I don't think it's disproportionate. It's proportionate in the way that it's figured. You could calculate it differently. Other states can calculate it differently. You could raise the tuition and fees that were covered. You could lower the tuition and fees covered. You could...there are just different things that you could do. This is the way the Legislature put it together proceeding my time here. I know how it works. I don't know exactly when they came up with that formula. But I think that it's a pretty good way to do it the way we do it right now. I think that it allows us to serve more students than if we have the tuition go up higher. Then we need to add in order to maintain the amount of money going to the public institutions students as well. [LB490]

SENATOR PANSING BROOKS: Thank you. [LB490]

SENATOR GROENE: Senator Linehan. [LB490]

SENATOR LINEHAN: Thank you. I'll be very quick. So in K-12 the State Department of Ed uses a number, what it costs per child to educate a kid in Nebraska. It's around \$11,900-some. Does the university system, state schools have a correlating number that costs the state to educate a kid? [LB490]

MIKE BAUMGARTNER: Well, you can do that by dividing up the appropriation by the FTE. But it varies so much by the kind of institution you're talking about because of at the University of Nebraska you've got UNMC which is very, very expensive because of its medical mission and UNL because of its graduate mission. So you could. You can calculate it a lot of...yes, you calculate it a lot of different ways what the state is putting in per FTE. But it's not... [LB490]

SENATOR LINEHAN: So has anybody ever calculated what it would cost the state of Nebraska if all of the private schools went away? [LB490]

MIKE BAUMGARTNER: And the students came to the public institutions? [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR LINEHAN: Um-hum. [LB490]

MIKE BAUMGARTNER: Not that I'm aware of. It could be...certainly could be estimated.
[LB490]

SENATOR LINEHAN: That would be a good estimate to have. If you could do that, that would be wonderful. [LB490]

MIKE BAUMGARTNER: Sure. [LB490]

SENATOR LINEHAN: Thank you. [LB490]

SENATOR GROENE: Question...I don't think it would be that simple because a university system is a land grant college. They fund all the extensions, all the research. I don't know. I'm sure there's a budget somewhere that shows how much state aid goes to the classroom itself.
[LB490]

MIKE BAUMGARTNER: Yeah. Well, that's what I was trying to get to with different missions because the graduate mission in particular is very different and very expensive, and the medical mission. So we don't have a cost study in the state that allows us to get down to that level of what it costs to do...I used to work in Illinois. We could tell you based on that cost study what a lower division undergraduate cost, an upper division undergraduate, research one, research two, master's program... [LB490]

SENATOR GROENE: Wouldn't that be something good for the Coordinating Commission to find out for us? [LB490]

MIKE BAUMGARTNER: That is a very expensive proposition. That was put together many years ago and states typically don't do that anymore because it's expensive and they just don't fund it by the formula that way anymore. [LB490]

SENATOR GROENE: Thank you. Any other questions? Thank you for your testimony. Any other neutral? We had no letters in opposition or in neutral, Kristina? Senator Walz, do you want to close? [LB490]

SENATOR WALZ: Thank you. Senator Erdman, do you still want those answers, or are you satisfied with what you've heard? [LB490]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Education Committee
February 27, 2017

SENATOR ERDMAN: I'm fine. (Laughter) [LB490]

SENATOR WALZ: Okay. Looking at the time I thought you might say that. All right. Well, thank you. I just wanted to give you a little feedback on why I brought this bill forward. And one of the reasons was the Education Committee's goals for 2025 is to provide affordable access for Nebraska's students to attend Nebraska's schools and also to increase the number and diversity of students who pursue careers as educators and professionals in the areas of science, technology, engineering, and math. But more important than that, I wanted to bring this bill forward for the kids that you just heard from. Our universities our great, great institutions and they definitely, definitely deserve our support. But there are some kids who just don't fit into the university mold and I was one of them. You know, as again, a person who was married and had two young kids, I didn't have access to a university. They were an hour away and so I felt that enable...I felt that attending Midland College would be the best option for me to get through school. So I bring this bill forward mainly for the kids that you guys just heard from and to give students the opportunity to attend a college that best fits their needs, supports them through college, and prepares them for the future. That is my closing. [LB490]

SENATOR GROENE: Any questions? Have you thought of any funding mechanisms? Or is that going to be your bill next year? [LB490]

SENATOR WALZ: (Laugh) That's going to be my bill next year. [LB490]

SENATOR GROENE: How about the sales tax on textbooks? [LB490]

SENATOR WALZ: Possibility. [LB490]

SENATOR GROENE: Thank you. [LB490]

SENATOR WALZ: Thanks. [LB490]

SENATOR GROENE: Any other questions? That closes the hearing on LB490. No exec. [LB490]