

**Education Committee November 15, 2019**

**GROENE:** We're having a couple of hearings today. The first one is going to be on-- presented by-- on the Early Childhood Education Grant Program. It's a statutory requirement that every two years a report is given by the Nebraska Department of Education to the Education Committee, so we will start with that. All the rules are in place; please shut your cell phones off. It's invited testimony today because we want to get to the facts. And we've invited even this-- the second one on the entities, the government entities that oversee the programs, and-- because we're limited for time and we just want the numbers and the facts and how the programs are going because, especially on the second hearing, every five years we are required, the Education Committee, to look at the lottery funds and how we distribute them in the programs. And it-- the last year of the five year-- present five years is June 31, 2021, so we need to address it this year. We have to prepare a report to the Legislature on a lottery study every year.

**WALZ:** Every five years.

**GROENE:** Every five years, excuse me, and Nicole's been working on that, but it has to be approved by the committee. So we won't be releasing any study yet, but we have to have it done by December 31. This is the part of that process on the second hearing. So let's get

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started with Melody Hobson, administrator, Nebraska Department of Education Office of Early Childhood, to report on the Early Childhood Education Grant Fund for 2017-18.

**MELODY HOBSON:** Good morning. Chairman Groene, members of the Education Committee, as you said, my name is Melody Hobson. I'm the administrator of the Office of Early Childhood Education at the Nebraska Department of Education. And thank you for the opportunity to discuss the 2017-18 state report of early childhood education in Nebraska public schools.

**GROENE:** You need to spell your name.

**MELODY HOBSON:** OK. Melody, M-e-l-o-d-y H-o-b-s-o-n. On December 31, the Early Childhood Programs At a Glance report was submitted to the Legislature. This report provides an overview of demographics and outcomes of the school year-- of the school district and ESU-operated early childhood programs, birth to kindergarten, for the 2017-18 school year. There's been exponential growth in the number of programs operated by school districts and educational service units. In the 24-- 2004-05 year, there were 32 public programs that NDE Early Childhood monitored. By '17-18, that number had grown to 220 school districts and ESUs. During the '17-18 year, 20,058 children were served in these programs. This represents children in preschool classrooms for approximately children aged three to kindergarten

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entrance, Sixpence, birth-to-three classrooms and home-visiting programs, children receiving home-based early intervention and special education services, and Head Start programs that are either offered by school districts and ESUs or in classrooms that are collaboratively operated by a Head Start agency and a school district. Seventy-four percent of the children had experienced one or more of the following risk factors: they were receiving early child special education or early intervention services; they lived in families with incomes that qualified them for free/reduced lunch, or they lived in homes where English-- spoken English was not the primary language. Additionally, 64 percent of the children were white; 21 percent were Hispanic; and 6 percent were black. This report also presents information about the quality of the programs serving children and the outcomes of the children being served by school districts and ESUs. All programs covered by this report are expected to be of high quality.

Requirements for continued operation are detailed in Title 92 of Nebraska Administrative Code, Chapter 11, which we lovingly refer to as "Rule 11." Evaluation and quality assurance are measured in several ways. While the NDE doesn't have the capacity to go into every classroom and observe and measure the quality of every classroom, selected classes are observed using either an environment rating scale or the classroom MAPP assessment and scoring system. The classrooms serving children birth to age three were part of the Sixpence early childhood ed-- Sixpence program, which you may know as the Early

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Childhood Education Endowment Program. Every Sixpence classroom met the quality benchmark for social, emotional, behavioral support. These domains are crucial, crucial for optimal growth and development of infants and toddlers. In the preschool classroom, 70 percent of classrooms observed received good to excellent scores in the areas of quality adult-child interactions. These areas are highly correlated with child growth and learning in multiple domains. The quality of home-visiting programs in Sixpence is measured by the Home Visiting Rating Scales-Adapted and Extended version. Ninety-two percent of the home visits observed actively included and engaged family members in the activities of the home visits. This is important because while the home visitor may be with the child for an hour or two a week, the families are constant presence in the children's lives and they can implement the strategies learned from the home visitor for growth and learning throughout the week. All programs operated by schools, and ESUs measure-- measure child outcomes; in other words, they measure the growth and learning. And in school age, we call that achievement. We don't generally use that term birth to-- to five, although when you do see a child who's two sharing with somebody, that is quite an achievement. The measure that Nebraska uses is called My Teaching Strategies GOLD. It is designed to measure children's skills and abilities from birth through third grade, although in Nebraska we only require school districts to use it for children birth to kindergarten entrance age. Using the GOLD, teachers learn to observe children while

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they are engaged either in routines, in activities, or in play throughout the day. The teachers document their observations and then score the child based on a norm scale. GOLD uses the term "widely held expectations" to indicate whether children's skills and abilities are appropriate for their age. For children birth to age two, 93 percent of the children met or exceeded widely held ex-- the ex-- expectations, excuse me, across all developmental areas during the spring observation period. This is the last reporting period before the end of the school year when the children have had the benefit of the full year. For children aged three to five, 89 percent of children met or exceeded widely held expectations across all developmental areas. In summary, approximately 15 percent of children birth to kindergarten are served by a program provided by public schools or ESUs. The quality of most of the programs is high and a vast majority of the children are growing and learning appropriately. We at the NDE are working with school districts and ESUs to continually improve the quality of the programs and to ensure that as a state we are improving the way we teach and guide children's growth and learning. Thank you.

**GROENE:** Any questions from the committee? Senator Walz.

**WALZ:** I have a question. Thank you, Chairman Groene. Sixty-four percent of the children were white, 21 percent were Hispanic, and 6

percent black. What's-- do you have-- is there a reason why there's such a big gap between those percentages and, I mean--

**MELODY HOBSON:** The programs are-- are divided, I mean, across the state, so, you know, there are some places where I would say that the percentages are reversed. In areas where we have, you know, high, the Hispanic populations, we know that there are programs that have, you know, a very high percentage of those-- of children there. It's-- it doesn't quite mirror the demographic of the state, but it's-- it's pretty close and we do tend to serve a greater percentage of children of minority backgrounds.

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

**GROENE:** Any other questions? Senator Pansing Brooks.

**PANSING BROOKS:** Thank you, Chairman Groene. I'm surprised because I don't think it mirrors the demographic of the state. I thought that the number of Hispanic and people of color was more in Nebraska, in the 6 to 10 percent range or something like that, and so we have a higher percentage of Hispanic and black by-- by triple, probably.

**MELODY HOBSON:** That-- that-- that may be accurate. I have to go back and check. I-- I'm very familiar with the numbers that we serve.

**PANSING BROOKS:** OK.

**MELODY HOBSON:** And so--

**PANSING BROOKS:** And how-- and so how are they identified? Sorry if--  
if that was--

**MELODY HOBSON:** For-- for inclusion in the program?

**PANSING BROOKS:** Yes.

**MELODY HOBSON:** School districts do a variety of things. They are required to-- to serve students in an inclusive environment, so we really highly discourage a categorical program. We include-- we encourage inclusion. So even though the majority of children may be children who, like, are in special education or who are Hispanic, we really encourage programs to look at-- at these identified risk factors. We know there are a lot of other risk factors besides the three that-- that are identified here, but those are the ones we track. All school districts do have-- have enrollment policies. There are some school districts, especially in the rural parts of the state, that, practically speaking, serve every-- every three- and four-year-old child who-- in the community who wants to go. Places like Omaha and Lincoln and, I would say, probably Columbus and some of the other areas, they have waiting lists that are very, very long. So they are-- they tend to serve a lot more children who are-- have one or more of these risk factors. So there is not one set of criteria

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across the state. It really should be determined by-- by what each different school district has in their community.

**PANSING BROOKS:** Thank you.

**GROENE:** Senator Linehan.

**LINEHAN:** Thank you, Chairman Groene. Do you know what the-- so down here with your 74 percent, so it's kind of, what, one, two, three, four, fifth paragraph--

**MELODY HOBSON:** Yes.

**LINEHAN:** --74 percent of children had experienced one of the risk factors which you just mentioned.

**MELODY HOBSON:** Yeah.

**LINEHAN:** Do you know how many of them are special ed?

**MELODY HOBSON:** I should be able to tell you that.

**LINEHAN:** Or close, I--

**MELODY HOBSON:** Yes. I--

**LINEHAN:** You can get it for me.

**MELODY HOBSON:** I can get it to you.



**LINEHAN:** Yeah, you can get it for me.

**MELODY HOBSON:** Yes, because we do--

**LINEHAN:** So here--

**MELODY HOBSON:** --we do track that, yes.

**LINEHAN:** OK, because I've visited with a couple of school districts, did the federal law change so-- because when my kids were little 30 years ago, speech problems, they went to preschool, Sunset Hills, and almost every child in the room had some kind of disability, OK, from--

**MELODY HOBSON:** Right, right.

**LINEHAN:** --severe to speech.

**MELODY HOBSON:** Right, yeah.

**LINEHAN:** But my understanding is now, I know federal-- I think it's federal, for every child with a disability, you have to have a child who doesn't have an IEP or that at least--

**MELODY HOBSON:** That--

**LINEHAN:** Is it GOLD or is it the law or--

**MELODY HOBSON:** That's-- that-- that's high-- I-- I-- I will not speak to the federal law because I don't work in the special ed federal.

**LINEHAN:** OK.

**MELODY HOBSON:** But I do know that using the least-restrictive environment, which would be with typically developing children and for children birth to three, it would be in their natural-- wherever they normally would be if they didn't have a disability. So what we look at is-- ideally it would be the birth-- essentially all children are served who have disabilities. But in the classroom, it would be approximately the percentage of kids who-- who have a disability in that classroom. So it's not a special education classroom with a couple of peer models. It truly is an inclusive environment. So while sometimes people use that benchmark of 50 percent, that's not-- that's not a hard-and-fast rule. Many times there are three or four children; many times there are six or eight. Occasionally, by the end of the year, in many-- in-- well, in a number of places, if children are identified throughout the year with a disability, there may be more.

**LINEHAN:** OK. So but-- OK. I just wondered if it was-- but it-- but that's-- well, I need to find out--

**MELODY HOBSON:** It does follow-- it--

**LINEHAN:** --whether that's federal or state or--

**MELODY HOBSON:** Yeah, it does follow the federal [INAUDIBLE] requirements.

**LINEHAN:** OK.

**MELODY HOBSON:** But I will get you the exact definitions.

**LINEHAN:** OK. That would be perfect. And then, let me see, I had one other question. On the back page, paragraph four--

**MELODY HOBSON:** Yes.

**LINEHAN:** --is there a reason we start-- we-- My Teaching Strategies GOLD, if it's a program set up to go to third grade, is there a reason we stop at K? Is it because the state tests take over then or--

**MELODY HOBSON:** We've out-- well, because we-- we don't have-- we don't mandate any particular assessment--

**LINEHAN:** OK.

**MELODY HOBSON:** --until you get to the state assessments with third grade.

**LINEHAN:** OK. OK, I got it. This number, and I'm-- it strikes me as odd if you've got children birth through age two at 93 percent meet-- OK, so it's the next paragraph, I'm sorry. Children meet or exceed widely held expectations across all developmental areas during the spring observation period, so obviously if a significant percentage of these children have learning disabilities or some kind of dis-- disability,

they take that into adjustment, what they expect that child's goals to be, not that they--

**MELODY HOBSON:** That-- if-- it's actually widely held ex-- expectations for what-- those expectations does not necessarily equate to like the 75 percentile or something like that is what--

**LINEHAN:** Right.

**MELODY HOBSON:** --within the range of what we would expect children to be able to do.

**LINEHAN:** And that particular child?

**MELODY HOBSON:** Yes.

**LINEHAN:** OK. OK, thank you.

**MELODY HOBSON:** Well, for-- for-- for-- for all children.

**LINEHAN:** OK. All right. Thank you very much. Appreciate you being here.

**GROENE:** Did you want to ask another question, Senator Walz?

**WALZ:** I know Senator Murman did too.

**GROENE:** Go ahead.

**MURMAN:** Thank you, Senator Groene.

**GROENE:** I'm sorry [INAUDIBLE]

**MURMAN:** Is-- is the availability of the program about the same all across the state or does it vary by school district or--

**MELODY HOBSON:** Available to the community?

**MURMAN:** Yeah.

**MELODY HOBSON:** I would say that is not equal because there are proportionally more children certainly in like the Lincoln/Omaha area and in some of the larger communities. They have-- they tend to have longer waiting lists, so they don't have as-- as many classrooms or home-visiting programs as-- as they would need, whereas like a very small district in central or western Nebraska, they may have children-- they may have enough children to have one classroom, so one classroom will do it. And like I said, like Thayer Central serves pretty much every kid who-- who-- whose family wants them to go to preschool. I mean, they have several classrooms. That is not accurate in Lincoln or Omaha or Norfolk, places like that.

**MURMAN:** So is it available year-round or--

**MELODY HOBSON:** Sixpence does-- special education services are available to children year-round. Most of these programs are available nine months of the year like across-- around the school year. Some

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of-- there are-- there are very few that are really available a full 12 months.

**MURMAN:** And the limiting factor is usually the amount of space?

**MELODY HOBSON:** I would not say it's the amount of space. It's-- it's the cost. It's-- teachers are on teacher contracts. During the summer, that would be an added expense. Certainly, they would probably use the same classrooms they would use during the year. But it is-- it is much more difficult, much, much harder for the district to do that during the summer.

**MURMAN:** And then you had these percentages, so if a family is not on reduced lunch and don't meet any of these three criteria here, they're not eligible.

**MELODY HOBSON:** They can be, yes, they can be eligible. And like-- like I said, in some of the very-- it does depend upon availability.

**MURMAN:** OK.

**MELODY HOBSON:** Certainly, there are children in the 20-some school districts or-- that-- that don't have access to any program. But again, in very rural areas, many times they're every child in the community. But again, places that are-- are more highly populated, they do not have that capacity.

**MURMAN:** OK. Thank you.

**MELODY HOBSON:** So the-- so I would say that the accessibility varies greatly across the state.

**GROENE:** I'd like some clarification here.

**MELODY HOBSON:** Yes.

**GROENE:** You said 15 percent of the students statewide in that age group are in-- in a public school pre-K.

**MELODY HOBSON:** [INAUDIBLE]

**GROENE:** But before this program was even started, churches and private individuals--

**MELODY HOBSON:** Oh.

**GROENE:** --had preschools and they exist.

**MELODY HOBSON:** And they still do.

**GROENE:** And I've heard from some small communities. We have a great one in our church; everybody gets along; our kids go there for \$5 a day.

**MELODY HOBSON:** Yes.

**GROENE:** And the other thing about the distortion of the-- actually, the percentages are distorted because if you're a wealthy family or a middle-class family, you're going to pay for private preschool.

**MELODY HOBSON:** Yeah.

**GROENE:** So the ones who are going are probably the poor, the ones who have English language in the bigger cities--

**MELODY HOBSON:** Um-hum, yes.

**GROENE:** --because then the parents who have the money are not going to stick them in a public school; they're going to stick them in where they church. So these numbers can't reflect the-- do not reflect the general population of the state of Nebraska--

**MELODY HOBSON:** I would say--

**GROENE:** --demographics.

**MELODY HOBSON:** I would say, yeah, you're absolutely correct. I would also say that there are some of these children who are being served by school districts that may also be served in other programs.

**GROENE:** And this--

**MELODY HOBSON:** So this is not a distinct number of children.



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**GROENE:** And the Sixpence program, is it the interest off the original investment?

**MELODY HOBSON:** It's the interest off of the \$40 million of the Lands Fund and \$20 million off of the private endowment. There is also-- there are also State General Funds going into Sixpence, and then-- and then there is also for a Sixpence Child Care Partnership. There is a funding source that's [INAUDIBLE]

**GROENE:** Put a dollar amount on it.

**MELODY HOBSON:** Oh, my. I can get the-- I-- I cannot tell you off the top of my head. I will tell-- I will find that.

**GROENE:** Thank you. And didn't the original language of the bill say that it's-- it's only a grant for two or three years, hoping that the school will then take it up?

**MELODY HOBSON:** Sixpence is not, no. The-- the-- the rest of these, the-- like the preschool programs, if they get a grant, then-- then they're-- you know, they are-- if they're starting a program and never had a program before, then they'll get the grant for about three years, then they'll be considered qualified; their four-year-olds will be counted.

**GROENE:** Um-hum. And that's the Sixpence money?

**MELODY HOBSON:** That's the preschool money. The-- the majority of programs, we have much more federal funding in the programs than we have state money because we also use, you know, partnerships with Head Start, with-- with IDEA, all-- and private-pay and school district dollars. So after they've-- after they've been a qualified program and they're rolling into state aid or rolling into being-- their children counted for state aid in-- in preschool, they may get a few dollars. They may get like a thousand dollars in state aid-- I mean in-- in grant money the next year, or then they roll off of the grant-- we call it rolling off with the grant-- completely.

**GROENE:** And then we have the same problem we have with everything on funding for our schools is if you're a nonequalized school district, you get no money for that child from the state.

**MELODY HOBSON:** Yeah, yeah, yeah.

**GROENE:** You have-- the property taxpayer funds it.

**MELODY HOBSON:** Yeah.

**GROENE:** All right, so-- but I wanted to clarify--

**MELODY HOBSON:** Yes.

**GROENE:** --that 85 percent of the kids aren't-- aren't in a preschool right now.

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**MELODY HOBSON:** Not in a school-based program.

**GROENE:** Yeah, not a public school-based program. The vast majority of them are in private--

**MELODY HOBSON:** Yes, absolutely.

**GROENE:** --and has been for 50 years.

**MELODY HOBSON:** Yes.

**GROENE:** All right. Thank you. Senator Linehan.

**LINEHAN:** Thank you, Chairman Groene. Are there any-- because I-- grand-- grandkids in this age group now. And it seems to me, and this is, you know, not a study, just what I observed, that some schools charge.

**MELODY HOBSON:** Yes.

**LINEHAN:** So some of these programs are-- I'm sure you got reduced charge if-- I'm not sure. Is there-- is there a statewide standard or any guidance on what-- who should be charged, who should be-- who shouldn't be charged, how much you can charge?

**MELODY HOBSON:** There are some children categorically who cannot be charged. If this is a-- if-- if this is a program that is being

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offered to children who are eligible for Head Start, they cannot be charged; the families cannot be charged.

**LINEHAN:** And what is the eligibility for Head Start?

**MELODY HOBSON:** A hundred percent of poverty.

**LINEHAN:** A hundred percent--

**MELODY HOBSON:** Yes, it's very--

**LINEHAN:** --so well below the free and reduced lunch.

**MELODY HOBSON:** Yes.

**LINEHAN:** OK.

**MELODY HOBSON:** And if-- like a child-- if this is what is written into the IEP for children with--

**LINEHAN:** Right.

**MELODY HOBSON:** --with an IEP or FSP, then they, for that-- those services, they can't be charged.

**LINEHAN:** OK.

**MELODY HOBSON:** For other-- other programs, they-- they do need to have a sliding fee-- if they're going to charge, they do you need to have a sliding-fee scale. When we-- we-- we do talk to different districts

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and very truthfully, the-- the-- it's required in statute that if they're going to charge, they have to-- to have a sliding-fee scale. And so we really talk to them about, OK, what is it that will make sure that all your families who need it can have access to this? And so sometimes it falls along free- and reduced-lunch line. We say, if they're-- they're-- they'll say if they're eligible for free lunch, they-- there's no charge; if it's reduced lunch, it may be a very small amount; if they're-- they're full pay, then whatever it is. But that is not necessarily consistent across the state. It is an individual school district decision.

**LINEHAN:** So it's not mandated by the state--

**MELODY HOBSON:** No, uh-uh.

**LINEHAN:** --what they charge.

**LINEHAN:** OK, that's-- that was what it seemed to me, but I just wanted to make that sure.

**MELODY HOBSON:** Yeah. Yeah, just that if they do charge, they have to charge-- they have to use a sliding-fee scale.

**LINEHAN:** OK.

**GROENE:** Thank you.

**LINEHAN:** Thank you.

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**GROENE:** Appreciate your testimony. If we could get that information to the committee on how much--

**MELODY HOBSON:** Absolutely.

**GROENE:** --money is in the Sixpence program that you disburse--

**MELODY HOBSON:** All right. Thank you.

**GROENE:** Thank you.

**LINEHAN:** Thank you.

**GROENE:** That closes the testimony and hearing on the Early Childhood Grant Program. We will now go to the interim hearing regarding the Education Improvement Fund that is in our constitution. And Nicole Barrett, the committee research assistant, has done wonderful work, a lot of hours researching this and preparing, starting to prepare the committee report to the Legislature. That has to be done by December 31. We have to decide if we're going to recommend changes for the next five years by December 31 or we push it off until next year with an emergency clause the following year. But it's time to start looking--

**PANSING BROOKS:** I have a question.

**GROENE:** --at the-- at the lottery funds again.

**PANSING BROOKS:** Yeah. Senator Groene, I just had a question because I think I was confused about-- what if somebody else wanted to speak to that specific issue?

**GROENE:** Which issue?

**PANSING BROOKS:** The previous issue.

**GROENE:** We--

**PANSING BROOKS:** You already--

**GROENE:** It was invited testimony.

**PANSING BROOKS:** You've already-- oh, you just did invited testimony?

**GROENE:** Because it's not a hearing; it's basically a report presented to the committee that's in statute--

**PANSING BROOKS:** OK.

**GROENE:** --by the Education Department.

**PANSING BROOKS:** OK.

**GROENE:** So it wasn't actually a hearing; it was the report, you know.

**PANSING BROOKS:** OK. All right. Thank you.

**GROENE:** Yes.

**PANSING BROOKS:** Just wondered.

**GROENE:** Senator-- I mean-- not "Senator." Nicole, please begin.

**NICOLE BARRETT:** OK. Good morning--

**GROENE:** No, she's not running for Legislature. [LAUGHTER]

**PANSING BROOKS:** She was [INAUDIBLE]

**GROENE:** That was not a Freudian slip.

**PANSING BROOKS:** At least yet.

**LINEHAN:** That you know of.

**NICOLE BARRETT:** She is not. Good morning, Senator Groene and members of the Education Committee. My name is Nicole Barrett, N-i-c-o-l-e B-a-r-r-e-t-t. I am the research analyst for this committee and I'm here today to provide some introductory research that I have compiled on today's topic and then turn the microphone over to our invited guests to share their expertise. The purpose of this hearing is to help the committee make recommendations regarding how the Education Improvement Fund should be allocated to best advance the educational priorities of the state for the five-year period, beginning with fiscal year 2021-22. The-- those recommendations are statutorily required to be submitted by December 31 of this year. Per the Nebraska Constitution, after payment of prices and operating expenses, as well



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as a \$500,000 transfer to the Compulsive Gamblers Fund, 44.5 percent of the Nebraska lottery proceeds shall be used for education, as the Legislature may direct. As a point of reference, in fiscal year 2018-19, education's allocation of lottery dollars was \$20.5 million. The current allocations, which were primarily established by LB519 in 2015 and sunset June 30, 2021, are as follows: 1 percent to the Expanded Learning Opportunity Grant Fund; 17 percent for the Department of Education Innovative Grant Fund, which funds both competitive innovation grants and standard college admission testing; 9 percent to the Community College Gap Assistance Program Fund; 8 percent to the Excellence in Teaching Cash Fund; 62 percent to the Nebraska Opportunity Grant Fund; and 3 percent to fund distance education incentives. Today's invited testifiers will provide more explanation and analysis of each of these funds and, of course, I'm available to answer any questions you might have. But I do want to provide some insight into some additional findings that I've discovered while researching for this. So in addition to the allocation changes made in 2015, LB519 implemented two new procedural mechanisms related to education lottery dollars. First, the statute requires that an amount equal to 10 percent of the revenue received in the prior fiscal year be retained in the Education Improvement Fund before distributions are made. This retainer was added to the statutory language for the first time in lottery history for cash-flow purposes. However, analysis of the financials from the first three

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fiscal years, as well as conversations with NDE, CCPE, and the Legislative Fiscal Office have not provided any indication that this retainer is currently serving its intended purpose or necessary in future years. There are several mechanisms in place at the agency level to protect against fluctuations in lottery proceeds, and there is actually no statutory language that allows the retainer to be utilized in the event of an economic downturn. Second, the statute requires the entire education lottery distribution to be transferred into the Education Improvement Fund and then transferred to individual allocations. This process was necessary to facilitate the calculation of the 10 percent retainer. NDE calculates the retainer with the September distribution, makes the appropriate adjustments to each fund, and then transfers quarterly distributions to all funds according to their statutory allocation, but the 3 percent allocated for distance education incentives remains in the Education Improvement Fund per statute. Another interesting finding was that there are currently no statutory requirements related to the reporting of financial data by the Education Improvement Fund, nor by any of the allocation recipients. The process of compiling data for this committee at a level that provided both formatting consistency and a drilled-down level of transparency as you prepare the reports and recommendations became a laborious and time-consuming process for NDE, CCPE, the Legislative Fiscal Office, and myself, so perhaps adding reporting requirements to the statute in the new bill would provide

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greater transparency to the citizens of Nebraska as well as for future Legislatures as they contemplate the effectiveness of lottery dollar allocations in the future. Finally, it may interest the committee to know that two big lottery games have changed their rules and per-ticket cost throughout this decade, which has resulted in revenue boost or spikes to the state in corresponding years. So that's Mega Millions and Powerball. They-- each of those games has also had a record \$1.5 billion jackpot in the past two years, so this explains some of the fluctuations that our state has seen in lottery revenues in recent years. As always, if there are additional details that I can provide to any of you on the committee, please don't hesitate to ask. Are there any questions?

**GROENE:** Senator Pansing Brooks.

**PANSING BROOKS:** May I please have a copy of your testimony--

**NICOLE BARRETT:** Yes.

**PANSING BROOKS:** --because I'd like those statistics. You said them so quickly, I didn't get--

**NICOLE BARRETT:** Oh, OK.

**PANSING BROOKS:** --them written down, so thank you.

**NICOLE BARRETT:** Yes.

**PANSING BROOKS:** Like, if we could get it in the near future, so during all this testimony, if I could see that--

**NICOLE BARRETT:** Yep.

**PANSING BROOKS:** --that would be great.

**NICOLE BARRETT:** Yep.

**PANSING BROOKS:** Thank you for that work. It's good history.

**GROENE:** Any other questions?

**PANSING BROOKS:** It's a good history. Thank you, Ms. Barrett.

**GROENE:** So right now, we-- we don't have a report where every dollar went from the-- those who distribute it, which school district got how much money? Is that what you're saying? There's no reporting requirement on--

**NICOLE BARRETT:** There's not a report-- a financial reporting requirement at that level. So it has been compiled in some of the draft information that was provided to the committee with the hard work of-- of those people that have been helping me at both agencies and the Legislative Fiscal Office. So we have compiled that and there are reporting requirements for the different funds to update the Legislature on the funds, but there's not necessarily a requirement for the certain level of financial detail that needs to go into those.

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So it has been compiled and provided for this report, but I am suggesting this--

**GROENE:** But you had to ask-- request-- ask for it and search for it and ask them to help you, but then you ended up compiling it instead of-- is that true?

**NICOLE BARRETT:** Yes, with a lot of assistance from those-- those partners as well.

**GROENE:** Yeah, well, they--

**NICOLE BARRETT:** In some cases it was-- for example, in the gap assistance, you know, the Coordinating Commission has great-- they provide a lot of financial information in there, but then we went and took it a step further to analyze at the community college level how much was spent and put it in a consistent format in that way. So in no way am I implying that there's not good recordkeeping or things like that happening. It's just a matter of some consistency across might be something the committee might want to look at.

**GROENE:** Thank you. Senator Walz.

**WALZ:** I could probably ask you, too, Senator Groene, but I'll just ask the question because I-- I don't know. Once we hear all the-- the testimony, what does the process look like then as far as how we make those decisions? What does that process look like?

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**GROENE:** I-- let me answer that.

**NICOLE BARRETT:** Yep.

**GROENE:** We have to have a report by December 31.

**WALZ:** Right.

**GROENE:** Nicole has started on it, but it has to be approved by the committee. We have to, in that report, make recommendations to the future what we-- what-- what we think needs to be done with the lottery funds, if any changes. Then statute, it dictates that every five years we do this report, which also in the past I was on the committee five years ago with Senator Sullivan where we went through and re-- we reapportioned it. We-- we looked at all the programs. We said, is-- is this one doing what it needs to do? Are we over-funding this one? Are we over-funding this one? And then we come together and say, let's make a recommendation to the body of how we should-- with a-- with a statute how we should distribute this lottery funds.

**WALZ:** OK, so we'll be meeting later on to have--

**GROENE:** We're going to have some Exec Sessions in December, yes.

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

**GROENE:** Thank you. Nicole. Mr. Blomstedt.

**MATT BLOMSTEDT:** Good morning, Senator Groene and members of the committee. I am Matt Blomstedt; Blomstedt is spelled B-l-o-m-s-t-e-d-t, and I'm the Commissioner of Education for the state of Nebraska. Thanks for inviting me to provide a little additional information. By the way, I just want to compliment Ms. Barrett on all of her work. I will tell you it's been-- I know it's a lot to do that work. I've been in that role before and I complimented her privately, but I thought complimenting her publicly was well worth the effort too. So what I want to talk to you a little bit about, first of all, I-- I know from Nicole's work you'll have access to a lot of historic-- historic pieces of the lottery. You'll have an opportunity, I think, to see the fiscal numbers that you were starting to talk about a little bit. I want to give you kind of perspectives. I think really in the time since 2015 when LB519 was passed, that kind of set up the current structure and a couple of changes that actually took place along the way as well that I think are important for your consideration on-- on kind of next steps; also probably a couple lessons relative to distribution of grant funds in alignment with the way that the law was originally constructed and then how a change was done; and then kind of maybe last, a talk-through of kind of other-- other elements or overview of-- of thoughts around-- maybe lessons-- I guess that's maybe my best way to put it-- some lessons around-- around how we might use lottery and how we continue to use lottery going forward. So obviously back in 2015-- I think I have that right--

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LB519 was passed by this body that created the current distribution, as-- as Nicole talked about, around lottery funds. There's-- and I think she ran-- ran these down already. One-- one of those changes that I guess I would highlight is that it ended up being administered at the Department of Education in a different way and the 10 percent piece-- is it 10 percent, Nicole? The-- the set-aside piece of the funding--

**NICOLE BARRETT:** The retainer is 10 percent.

**MATT BLOMSTEDT:** Yeah. Yeah. We've had good conversations on that front and we concur with what-- what Nicole had mentioned before. But us managing it was a change from what it used to be. It used to get directly appropriated to the various entities that it was split off to. But it does include some things that I think are specific to our work at the department and I'll speak-- I'll speak primarily to those, number one, the Expanded Learning Opportunity Grant Fund had 1 percent set aside.

[FIRE ALARM SOUNDS]

**MATT BLOMSTEDT:** I don't know what that means.

**LINEHAN:** I assume that's not [INAUDIBLE]

**LOUD SPEAKER:** May I have your attention, please.



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**LINEHAN:** You have it.

**LOUD SPEAKER:** May I have your attention, please.

**WALZ:** Yeah, you got it.

**LOUD SPEAKER:** There has been a fire alarm reported in the building.  
There has been a fire alarm reported in the building. Please proceed  
to the stairways and exit the building. Do not use the elevators, but  
proceed to the stairways and exit the building.

**PANSING BROOKS:** Look what happens when you [INAUDIBLE]

**MATT BLOMSTEDT:** I know. [LAUGH] I did ask someone to pull the fire  
alarm, but [INAUDIBLE]

**PANSING BROOKS:** [LAUGHTER] Sure. Sure, Matt.

**LOUD SPEAKER:** May I have your attention, please.

**MATT BLOMSTEDT:** I don't-- are we supposed to do--

**LOUD SPEAKER:** May I have your attention, please.

**PANSING BROOKS:** There has been a fire alarm reported in the building.

**PANSING BROOKS:** Why-- why did she not bring her phone [INAUDIBLE]

**LOUD SPEAKER:** There has been a fire alarm--

**PANSING BROOKS:** I'm taking [INAUDIBLE]

**WALZ:** It's a false.

**MATT BLOMSTEDT:** Well, it's [INAUDIBLE]

**WALZ:** I'm taking my purse and my phone.

**PANSING BROOKS:** Yeah, exactly. I'm not leaving it here. I was going to take Lou Ann's phone too. This is typical that we all just sit here and stuff, yeah. They can't mean us. It has nothing to do with all of us getting smoke inhalation and-- did you ask somebody?

**LINEHAN:** Yeah, false alarm.

**PANSING BROOKS:** Well [INAUDIBLE]

**MATT BLOMSTEDT:** For the record, I didn't ask anyone to pull the alarm.

[LAUGH]

**LOUD SPEAKER:** May I have your attention, please. The fire alarm is a false alarm, a false alarm. All clear. All clear.

**LINEHAN:** OK.

**MATT BLOMSTEDT:** All right.

**LINEHAN:** OK.

**MATT BLOMSTEDT:** I'll recompose here.

**PANSING BROOKS:** Didn't work very well when I asked them.

**MATT BLOMSTEDT:** I know.

**PANSING BROOKS:** All right.

**MATT BLOMSTEDT:** So I-- as I was starting to go down the path of LB519 and the-- and the history of that, the kind of three major areas-- I guess maybe four areas for the department include the 1 percent for Expanded Learning Opportunity Grant Fund; 17 percent for the Department of Education Innovative Grant Funds, which I'll-- I'll give you quite a bit more detail on that; 8 percent, which is the Excellence in Teaching Cash Fund, which is really a loan-forgiveness program to-- to bring people back--

[FIRE ALARM SOUNDS]

**MATT BLOMSTEDT:** I'll keep talking-- and 3 percent distance ed funds.

**MATT BLOMSTEDT:** Am I on candid camera today?

**LOUD SPEAKER:** May I have your attention, please. May I have your attention, please. There has been a fire alarm reported in the building.

**LINEHAN:** What was the 3 percent?

**MATT BLOMSTEDT:** For the distance education innovation [INAUDIBLE]

**PANSING BROOKS:** Distance incentives [INAUDIBLE]

**MATT BLOMSTEDT:** --incentives.

**LINEHAN:** Oh. [INAUDIBLE]

[FIRE ALARM SOUNDS]

**PANSING BROOKS:** [INAUDIBLE]

**LINEHAN:** No, that's OK. [INAUDIBLE]

**PANSING BROOKS:** Yes, you do.

**LINEHAN:** I do want [INAUDIBLE]

**MATT BLOMSTEDT:** Correlation does not prove causation when he left the room. All right. I-- I'll-- I'll reticently continue here. The-- so those-- those four basic areas, so I'll go-- kind of go through each one of them briefly and then have a little bit more dialog on them. So the 1-- 1 percent Expanded Learning Opportunity Grant Fund was something specifically designated in the statute that said that there would be those funds set aside to support a set of schools in kind of startup costs-- or a set of opportunities for startup costs for expanded learning opportunities, usually before- or after-school types of programming, right, that-- that might be part of that-- that process. So we run that as a separate-- essentially a separate grant

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program underneath-- underneath this activity. We also have the 17 percent of distance-- of the [INAUDIBLE]

**LOUD SPEAKER:** May I have your attention, please. May I have your attention. The fire alarm is a false alarm. All clear. All clear.

**MATT BLOMSTEDT:** All right. He said that last time too. [LAUGHTER] So the 17 percent includes basically Innovation Grant opportunities for schools to apply for as well. But out of that 17 percent, there was in 2016, I think, a provision that was put in place to fund what we now have as the ACT as part of that. So a rough breakdown is roughly about \$4.2 million goes to the grants and about \$1.5 million goes to support the-- the college entrance exam that we use for high school admin-- accountability.

**GROENE:** And that's Innovative [SIC] Fund?

**MATT BLOMSTEDT:** Yeah, that's out of that 17 percent portion of the funds. We-- we also have 8 percent that is part of the Excellence in Teaching Cash Fund, and that's the loan forgiveness for teacher-- or for kind of hard-to-fill positions in education, and then 3 percent that funds the distance education incentives. So probably I'll spend the majority of time kind of talking through the-- the-- the grant funds, but I do want to highlight that the department has asked in the past to think about moving the ACT funding back to a General-- a General Funded portion of that that would free up these funds for the

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future, so something for your consideration as you consider-- continue to do this work and research around-- around the future uses of lottery. The other component of this is we-- we started in-- in-- underneath LB5-- LB519, the original bill that created this distribution, with-- the grant funds were actually set up with the intention of having, I would say, innovative practices that could actually be put back into the-- into the school finance formula. And it actually-- that-- that had us set up the grant program in a very different way with the intention of doing a lot of evaluation of it and proving those-- those particular grants up as best practices relative to particular work. And so we had several things, and I know you'll get more detail and we've shared more detail on the specifics of those initial grants, but they were set up with the intention of finding ideas that might fit into that-- into that school finance formula. That part was also a very cumbersome thing, and I think Nicole started to address that, a cumbersome element of the law. And really, we weren't in a position where we could say we-- we know for certain those are the right things to be able to do. And it was a pretty short window of time to be able to implement something into the-- into the school finance formula. And given other-- other considerations on school finance, those-- the-- it was a concern. And so that actually was changed and they-- the best practices allowance as the mechanism that was going to be used was changed in LB512 in 2017 and removed from that. At that point in time, the department also

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looked at the overall grant program and the expectations of what this grant program would do. Part of it was to find innovative ideas, certainly, right, that could be used and scaled across schools or across the state. The original construct, as I said, was really, you know, identifying particular practices. And we had-- well, I'll just use an example so you can get a sense of it. One of the original ones was really thinking about career education and how that was used, and I think it was in Scottsbluff area, around how that might be done. Well, in order for us to set up a heavy evaluation of what those costs were, how that would be implemented into a school finance formula, that takes a very different type of grant application than other things that maybe would come after that. What we looked at was really setting up-- I think the intention was in-- increasing the capacity of the state and then kind-- and I mean across the state education system to ensure that we get to have programs such as that be scaled in other places and networks of-- of those opportunities to exist across the state. So, for instance, something like that that might have been career education related, we might now be in a position where we would say, hey, look, if you're doing a grant and receiving grant dollars, how can this be shared with a broader set of schools so it could be shared as best practices across that fashion instead of through the school finance formula? So I hope that makes at least a little bit of sense of that-- of that type of transition. The other component I think that we've really started to look around and build kind of a set

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of priorities around those particular networks, I know there's always an interest to kind of create, you know, perhaps funds for a given moment in time, such as expanding learning opportunities, right? I mean, that's an area where there's been considerable interest; in fact, we actually had one of the innovative grants that went toward that in addition to the 1 percent. The explanation that I could give on that sense is we wanted to create some unifying approaches between those two approach-- two types of grants that were available. So the 1 percent Expanded Learning Opportunity Grant is really directed for new programs. The additional funds that might go through the inno-- innovation side of the-- the grant would be essentially to enhance and share those best practices across the state. So-- so we've-- we've experienced that, those types of changes, and actually in four years' time, it's-- it's had to change kind of twice already in that setting. But currently we have other topics that we've found to be areas to invest in and have had several school districts and others be involved in. One is around actually data visualization and use. And so I can use, for example, how we might use assessment data in the school district; take reading even as an example of ensuring that that data is immediately available to schools and to teachers and even to parents to try to visualize the use of that data in a way that's going to help improve education. So that's one current topic. We've talked about instructional materials and creating a network around instructional materials is a-- is another topic, really working with



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the best materials across the-- the-- or schools that are using the best materials across the state and actually doing a deeper dive into if you use the proper instructional materials, it'll have a substantial impact on-- on your student outcomes, right? So we know that-- that to be a good-- a good use. And again, that network has just started as well. There's one on really thinking about the capacity of teachers around professional development for asynchronous-- or an opportunity for asynchronous professional development, not to have to pull as many teachers out of their classrooms and to be able to use that from an on-line setting to expand that. So we're-- we're using this opportunity to really expand the-- the thoughtfulness around professional development in that particular case and working with a whole set of schools on that one as well. And then, as I had mentioned before, an Expanded Learning Opportunities Design Challenge, and this was an interesting one asking folks to help redesign expanded learning opportunities. Even though we'd built capacity in certain places through the other grant, this is really a way to-- to further extend how those could be shared in-- across the state more effectively and-- and think about what things like-- and we've seen trailers and other things that develop that makes those mobile and, therefore, more broadly available. And then really thinking about supports in various kind of technology services across the state, as far as whether it's data use or programs, on-line programs or any-- any type of curricular materials that might be

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available statewide, so those are some areas that we're currently working on and continue to have topics and issues that I think would fit into this type of network approach. We've talked about everything from how to do training around student discipline statewide to thinking about professional development for improving in-- in schools that maybe are otherwise struggling. And again, I could probably point to using the reading side of that equation as a-- as a-- as a part of that. Also, thinking about supports for leaders that are in our "needs improvement" schools and creating networks around those things to create a set of best practices that can be shared has really-- really been our kind of push. We've even had topics, or conversations at least, around cybersecurity and other things that schools are asking us to help provide leadership on, and these networks actually end up being a place where that could potentially be done. So we have probably a lot of information that I know our team shared with Nicole as you go into this, and I can certainly take kind of some of those questions. But I do think-- I do think moving from a mentality around kind of what I used to call salting the earth with money, and I see this happening sometimes on the-- on federal funds as well, everybody gets some distribution of money and you hope good things happen and then somebody has to evaluate what the good things are. The design, as we've kind of redesigned it since the law changed in 2017, is to think of ways-- what are key structures or key systems or key capacities that should be built across the state? And how do we work with a set

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of schools that might volunteer to participate because of the grant through-- through those particular processes to improve the capacities for instructional leadership or-- or addressing the challenges that might exist for poverty or otherwise for students that might come to school with certain disadvantages? So it's-- it's really a mindset shift for us, and I'm starting to see that our ability to leverage those funds with other funds is also very critical. Schools tell me that often. Like distance education funds right now, I think it's important that we've had distance education incentive to be able to grow that network. Now I think the next opportunity is how could we use that to be more effective in the-- in the exchange of distance education courses, the kind of modernization of it, the best practices in a school setting, the-- the supports for teachers in those environments to ensure that that's being done well as well. So there's a lot of-- a lot of-- probably a lot of information that I know you're going to continue to gather throughout the course of the day. But I would certainly take questions from you on-- on any of these topics and probably things I missed. So in the-- I'm just so pleased that the fire alarm hasn't gone off again, so [LAUGH] I might recommend a network on safety.

**GROENE:** Any questions? So you mentioned-- how much money was spent on the test, the ACT test?

**MATT BLOMSTEDT:** Yeah. The ACT was about \$1.5 million, I-- roughly that, so.

**GROENE:** So you're looking at putting it-- because it's continuous, it's in statute, it's part of--

**MATT BLOMSTEDT:** Yeah.

**GROENE:** --it's part of-- it's not innovative anymore, you're looking at putting that cost into your budget to the Appropriations Committee.

**MATT BLOMSTEDT:** Yeah. And actually, I think we have a couple of times and I appreciate that at least we've had a funding source for the ACT. And I think when that originally-- when it originally passed, it was like go to-- you know, use lottery if you have to, and then certainly the budget process worked that way. So we have-- continue to put that into our budget request and-- and will again.

**GROENE:** But you've used lottery money because it was in the statute to pay for that.

**MATT BLOMSTEDT:** Yeah. Yeah. It was--

**GROENE:** You're trying to put it into your budget so that-- free that up from other uses according to--

**MATT BLOMSTEDT:** Right, yes.

**GROENE:** On the Innovative-- the Innovative Grant Fund, it-- it seems to me like there's-- besides the testing, there was one, two, three, four schools and one educational-- and the Coordinating Council split that money up out of 244 school districts. But it seems like it's bigger schools that have grant writers. And how does that relate to a little school-- Wallace, Nebraska, in my district-- this lottery funds? I mean, it's not you; I'm just saying it's in statute. So how were they selected and how many applicants did you have?

**MATT BLOMSTEDT:** Yes. So there-- there was an application process and I think we funded in the first round-- I'll have to double check but, I mean, about two-thirds, even three-fourths of the requests that were made. So originally we had a broad dispersion of those funds. And again-- and I think you're right. You only get certain places that request funds. So we kind of-- and you see funds sometimes in a request that would be maybe, you know, a few thousand dollars to, you know, bigger requests that may have been in tens of thousands of dollars for an activity. When you start to figure out the cost of kind of evaluating each one of those smaller pots of money, you start to question, is that going to have the type of impact? And so as we shifted to think a little bit about these networks, we actually can engage more schools in that, that they would participate in a set of networks around these funds, which actually spreads the-- kind of spreads the advantage of the grant out to a broader set of schools. So

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a smaller school district might really benefit from the instructional materials side or something like that.

**GROENE:** But wouldn't the problem with that be because the innovation now becomes from an ideal-- presented by somebody in your department instead of coming from the-- from the grassroots up?

**MATT BLOMSTEDT:** Except we kind of do it in the reverse, I mean, and the-- the approach has been really taking folks' applications and kind of putting those together into a-- into a pool of ideas has really been the approach.

**GROENE:** So you-- the next two years, you're going to take that approach.

**MATT BLOMSTEDT:** Yeah, yeah.

**GROENE:** And so we'll have a-- at least this next year, see what you've done.

**MATT BLOMSTEDT:** Yeah. Yeah. I think it'll change the-- because the original-- the original construct of it was see what happens out there, and you can imagine a \$10,000 or a \$15,000 impact and we had to analyze whether or not that would be a good thing to put in that school finance formula; didn't seem to make a lot of sense in the end. But in this type of approach, I think we'd say these are really, truly our best practices that we can scale up and use and work with between

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ESUs and school districts to say this is areas of work that-- that we all need and actually build that capacity along.

**GROENE:** There's innovation out there already but-- that you don't know about.

**MATT BLOMSTEDT:** Yeah. Yeah.

**GROENE:** Lexington is great with their pop-- student population and their reading programs and their results. There's innovation there.

**MATT BLOMSTEDT:** Yeah.

**GROENE:** What are we doing here to make sure those innovations are known by the other 243 school districts?

**MATT BLOMSTEDT:** Yeah, and in fact, that's-- it's a great example of that. I think if you take what's happening across Lexington relative to their strategies to deal and address the educational needs of their English learner population, if we actually use this to have a network of best practices for schools that are serving similar students-- in fact, we kind of do this with our-- as we identify schools that are in "needs improvement," for instance, and are struggling, we like-- we look at those that are kind of breaking the trend, right, and those that are actually outperforming the expectations and how do we pair those things, those schools up or those practices up, and actually

creating a network around that helps them share that information is--  
is part of the strategy there.

**GROENE:** Or Grand Island has--

**MATT BLOMSTEDT:** Yeah.

**GROENE:** --I understand a great career path.

**MATT BLOMSTEDT:** Yeah.

**GROENE:** They're actually hands-on working with businesses. I would think that would be innovation that we'd be looking at to share with the other school districts.

**MATT BLOMSTEDT:** Yeah, and-- absolutely. And I think that's-- the-- I think it's a great point because actually what-- what we've found is that actually being able to use this-- this concept instead of invent the latest, greatest thing, what-- who's doing something innovative and how can we build capacity around that [INAUDIBLE]

**GROENE:** Yeah, don't force innovation on somebody.

**MATT BLOMSTEDT:** Yeah.

**GROENE:** Somebody came up with it.

**MATT BLOMSTEDT:** Yeah.



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**GROENE:** Somebody invented a car--

**MATT BLOMSTEDT:** Yeah.

**GROENE:** --not the government. Anyway, all right, thank you. Any other questions? Thank you.

**MATT BLOMSTEDT:** Yeah, and thanks, and we'll continue to--

**GROENE:** We will be working with you on this.

**MATT BLOMSTEDT:** We will continue to-- whatever you need, we'll-- we'll be there to-- to try to address those [INAUDIBLE] too, so thanks a lot.

**GROENE:** Now we have Dr. Matthew Blomstedt, Commissioner of Education, Nebraska Department-- no, excuse me.

**LINEHAN:** That was him.

**GROENE:** I just read the second line.

**MATT BLOMSTEDT:** I thought there was another fire alarm.

**GROENE:** I hire people who take care of me-- Dr. Michael Baumgartner, executive director of the Coordinating Commission of Postsecondary Education. They oversee the Nebraska Opportunities Grant and the Community College Gap Assistance Programs within the lottery.

**MIKE BAUMGARTNER:** Good morning, Chairman Groene, members of the Education Committee. My name is Mike Baumgartner, M-i-k-e B-a-u-m-g-a-r-t-n-e-r. I'm the executive director of the Coordinating Commission for Postsecondary Education and I'm here today to testify, provide information in strong support of maintaining the current distribution of lottery funds to the Nebraska Opportunity Grant, which receives 62 percent of the Education Improvement Fund allocation, and the Community College Gap Assistance Program Fund, which receives 9 percent. I also want to thank Ms. Barrett for her work, for contacting us, reaching out, and meeting with us. I hope we've answered all of her questions; if not, we will certainly look forward to-- to answering more as-- as we go forward. Let me give a little context before I get into the details of the report, and I have handed out today, or I-- it will be handed out today, the-- the-- the NOG reports and the GAP reports that-- that we do annually, and a lot of the figures that I am going to give you are in that report, so you won't need to follow along, but you'll have it in hand at some point because I don't-- presentation doesn't go exactly along with the other reports, but the information is in there. Propelled by the need for education and training beyond high school to participate in today's economy and the greater share of college costs borne by students and parents, college affordability is one of the most pressing issues of our time. This is seen in the myriad proposals that we get from elected officials and candidates at the federal level for student loan

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debt relief, expansion of Pell and other programs, free public college, free college of public institutions, and the burgeoning number of innovative programs at state level such as college promise programs, returning adult grants, workforce-ready grants, tuition-free dual credit. And at the institutional level, there are things like emergency grant aid and food pantries. Historically, Nebraska has supported higher education better than many states and for a state with a population of 1.9 million, I think Nebraska punches above its weight. Between its three public sectors and independent institutions, it covers a wide range of programs and levels ranging from adult ed and noncredit training, as in the GAP program, to state-of-the-art graduate and professional education and research in public service across a vast geographic range. Stable state support has translated into moderate tuition and fees at Nebraska institutions, but even moderate tuition and fees have grown compared to family incomes, and tuition and fees are only part of the college cost students face. In many cases, tuition and fees are left-- less than half the cost. We have books and supplies, room and board, transportation, miscellaneous healthcare items, childcare, foregone income from going to school. One area where Nebraska does not lead the pack is in the-- is in its state financial aid programs. This is evident in several places. For example, in the National Association of State Student Grant and Aid Programs 2017-18 report on state-sponsored student financial aid, which was released this week, Nebraska maintained its rank of 35th in

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the country in need-based aid, measured on a per-undergraduate basis. Ms. Barrett had the previous report. We are almost exactly the same, the same rank and just a couple of dollars off. So that's both good and bad. We're consistent, but we're consistently low. Our-- our aid, measured on an undergraduate FTE basis, is \$210 dollars per FTE. To get to the national average of \$667 per FTE, we would need to triple the NOG program's funding to \$60 million a year. Even if we were to give just a \$1,000 dollar grant to every one of the 36,000 eligible Nebraska students would require us to nearly double funding for the NOG program to \$36 million. This relative underfunding shows up clearly at the institutional level as well. It shows up in the commission's biennial Tuition, Fees and Affordability Report. We're almost across the board. Fewer first-time, full-time undergraduates in Nebraska public institutions receive state grants than at peer institutions, and the amounts they receive are considerably less than the peers. For example, at UNL in 2016-17, and this is using national IPEDS data so that we can do cross-- cross-state and cross-institutional comparisons, 12 percent of first-time, full-time undergraduates receive state grants compared to 25 percent of their peer institutions. The average award was half the peers: \$2,233, compared to \$4,475. At Chadron State, it was 12 percent, versus 32 percent of students receiving the grants. At Metro it was 9 percent versus 20 percent. The dollar amounts were \$649 versus \$1,595. As in other states, low-income Nebraskans are less likely to continue to

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college within a year after high school graduation. If all Nebraska high school graduates continued to college at the same rate that white, non-Hispanic, non-low-income students did in 2017, over 2,000 additional Nebraskans would enroll in college by the spring following high school graduation each year; there would be 2,000 more students. Greater affordability-- affordability will get more students into college, and it will also keep more graduates in the state, particularly in rural areas. A study published by the Federal Reserve this past January found that individuals with student loan debt are less likely to remain in rural areas than those without it, that individuals in the highest quartile of outstanding student loan debt balances are most likely to leave rural areas. And that's not to mention the observed effects in the economy of student debt on home ownership, business creation, and family formation. As I mentioned, I've given you for this hearing the most recent NOG report. This is for 2017-18. Because we audit institutions after the close of the fiscal year, our 2018-19 report won't be ready until January. Right now, one of my-- one of my colleagues, Ritchie Morrow, he is here today, but he has been going out to all the campuses in the state to do the audit, the audit of the NOG program, the ACE scholarship, and the GAP program as well, so that takes several months to compile. I think you are all familiar with the Nebraska Opportunity Grant, but if not, in a nutshell, it provides need-based financial aid to Nebraska undergraduates attending college at Nebraska colleges and universities

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in pursuit of an undergraduate credential. Although comparatively small, the Nebraska Opportunity Grants is a successful program that serves students across all sectors. It's flexible, its funding is stable and rising, thanks to lottery funds, and grant recipients graduate and contribute to Nebraska's economy. First, the flexibility: The program can be used by full-time or part-time students. It can be used by students fresh out of high school or students returning to college as adults. It can be used for tuition and fees or it can be used for other education expenses. This flexibility in the program sets it apart from programs in many other states, which typically are just for tuition and fees and usually go to students coming straight out of high school. NOG was designed to be slightly more inclusive of middle-income students than the federal Pell Grant program, giving students eligibility up to 110 percent of the maximum expected family contribution for Pell eligibility. So for the current year, the maximum expected contribution for Pell eligibility is \$5,576. That means that if the federal government calculates that you can contribute more than that, you're not going to get a Pell Grant. For the NOG program, we go up to \$6,133 this year. In 2017-18, 36,028 Nebraska undergraduates have filed a FAFSA and met the eligibility requirements. NOG has distributed to eligible institutions according to a statutory formula that is based on their share of eligible FTE and their tuition and fees cap at UNL tuition fees. In recent years, as enrollment has grown in the University of Nebraska system relative

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to the other sectors, especially the for-profit sector, which has declined precipitously in Nebraska, the university has received a growing share of the total. The Nebraska Opportunity Grant is decentralized, meaning that participating higher-ed institutions determine who receives a NOG grant and the amount each recipient receives capped at a maximum of one-half tuition and fees at UNL the previous year. That allows institutions to package NOG dollars to meet the most pressing needs among their students. In 2017-18, 12,849 students received awards averaging \$1,354. That distribution can be found on page 13 of that NOG report. Thanks to lottery funds, the NOG program has been stable and predictable for postsecondary institutions, even during recent tight budgets. Its stability is important to institutions that are packaging financial aid awards before appropriation levels are even set and provides some security from potential mid-biennium reductions. While the General Fund appropriation for NOG has basically stalled for a decade, it is currently less than it was FY '08 by \$100,000. Right now, we're at \$6.6 million and we were at \$6.7 million in 2008. Lottery funds have allowed measured but steady program growth as lottery transfers increase. Lottery appropriations will have increased by \$3.3 million between FY '17 and FY '21 from \$10.1 to \$13.4 million. And with continuing growth in transfers and responsible spending of the balance of the Nebraska Opportunity Grant Fund, lottery funds can provide stable support at about \$15.3 million beginning in FY '22 and continue

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at that rate for at least a decade, assuming that the lottery funds transfers grow as well. However, the program will need additional General Funds in the future to make gains in affordability that Nebraska needs. Matching NOG respond-- recipients with enrollment and degree data from the National Student Clearinghouse from 2010-11 through 2018-19, 73,445 unique students have received at least one NOG award; and of those, 37,489 of have-- have received at least one certificate, diploma, or degree. Now keep in mind when you hear those figures that many of those 73,445 are still enrolled because we're picking up freshmen through-- through seniors in that-- in that figure. These students are getting degrees in majors that matter to the Nebraska economy: 3,144 education majors; 6,977 health majors; 5,182 trades majors; 5,528 STEM majors; 7,739 business and communications majors; and over 11,000 liberal arts and social and behavioral science majors. Because NOG is decentralized, rather than formula driven, tracking graduation rates in a meaningful way is difficult because the student may not get the award for four years and may not get it as a freshman. If they got it as a freshman, they may not get it as a sophomore, etcetera. However, we are pleased to report that first-time students who receive the NOG toward the beginning of their freshman year graduate at rates consistent with Pell Grant's recipients with-- consistent with Pell Grant recipients, as one would expect. That's about 55 percent for bachelor's degrees within six years and 35 percent for a credential at a community college within



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three years. Turning to the Gap Assistance Program, Gap Assistance Program is relatively new, having been passed in 2015 and implemented for FY '17, so we are in the fourth year of operation right now. I've also provided each of you with a copy of the 2018-19 GAP report. It's intended to address a couple gaps. First, it's targeted to 12 occupational fields that have been identified as in demand. Those include healthcare, transportation, logistics, construction, metals manufacturing, IT, and others. As you know, we have a gap between the supply of skilled workers and the demand for skilled workers in those fields. Second, it can only be used for programs that are not covered by other financial aid, specifically Pell Grants and NOG. This means that a program must be noncredit or, with the passage of LB180 earlier this year, programs that are for credit but too short-term to be funded by Pell. So you cannot get a GAP award and a Pell award or a NOG award in the same year because the GAP programs are not eligible for Pell and, hence, they're not eligible for NOG. Prior to the GAP program, we had a gap between existing financial aid programs and the needs of low- and moderate-income students. The program is governed by the Nebraska Community College Student Performance and Occupational Education Grant Committee. That committee is made up of a member of the Coordinating Commission, the Department of Ed, Department of Labor, Department of Economic Development, and three community college representatives. The program is administered by the Coordinating Commission and at the state level, that administration means

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calculating distributions based on reimbursable education units, approving programs for eligibility, collecting reporting data on program participation and expenditures, and auditing the colleges. The programs are actually administered on each campus. Colleges determine student eligibility, track student outcomes, deliver the education, and market the GAP program. Distributions to colleges include funds for administration, bringing from 10 percent of the largest colleges to 20 for the smallest colleges. Eligible students must be Nebraska residents with income at or below 250 percent of poverty. That's \$31,000 for a single person and about \$64,000 for a household of four at the current year. GAP aid applicants must demonstrate to the college's satisfaction that they're able to complete a program, that they can be accepted into and complete a for-credit program because every gap program has to demonstrate that it can move into a [INAUDIBLE] credential, a for-credit program, and that they have the ability to obtain and maintain full-time employment. GAP funds can be used for tuition, direct training costs, required books and equipment, and necessary fees. These costs vary widely across programs. For example, a CNA or medication aid course will not cost as much as a CDL certification, welding training, or a high-end IT program that's offered not for credit. As of today, there are 338 approved programs in the [INAUDIBLE] in-demand occupational areas. That total grew 10 percent as a result of the passage of LB180 this spring, so that's what brought in those for-credit programs that were too short for Pell

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but were still for credit, so they weren't eligible for Pell-- so they weren't eligible for the original GAP program. Health services and precision metals manufacturing were the most utilized programs in FY '19, followed by transportation, warehousing, and distribution logistics. Of the 252 approved program participants in FY '19, 60 percent were male; 40 percent were female. Top fields for male participants were transportation and precision metals. The top for females was health services. The GAP program receives about \$1.8 million each year from the Education Improvement Fund. By statute, no more than \$1.5 million can be awarded from the fund during any fiscal year. Once allocated to the colleges, unspent monies stay with the colleges so they carry a balance at the college, as well as we do at the state level. The governance committee will be able to redistribute funds among colleges to match demand as the program matures, so if we find that one college has needs beyond what they are getting based on the formula that distributes by REUs, the committee will be able to move money around to those colleges from those that aren't using as much. The number of applicants for GAP funding has steadily increased since the first year, as have expenditures. Participation varies across colleges. Some of this is attributable to the concentration of industries and population in community college areas. Some is due to the number of programs that are for credit as opposed to not for credit. I believe the implementation of LB180 will increase participation across the board. I am also aware that Senator Bolz, who

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sponsored LB519 and LB180, is planning to introduce legislation to extend the program to Nebraska Indian Community College and Little Priest Tribal College in January, which should also increase utilization. Right now, those-- those colleges, as they are not defined as community colleges, do not participate, but they do offer in-demand workforce programs that-- where students could benefit. While the GAP program has yet to reach its full potential, it is a vital addition to the state's postsecondary affordability arsenal. Nebraska was a fairly early adopter of GAP-type funding and it's caught in other states as they work to match worker skills with available jobs. The importance of this type of funding is now recognized at the national level as well, with various bills introduced to reauthorize the Higher Education Act, including provisions to extend Pell to short-term training. However, given the divergent reauthorization bills in the House and the Senate, that possibility seems remote for now. I don't know if it'll ever happen. There is support in both chambers, but I don't know if the bill will happen. So the GAP program will remain relevant and necessary for the foreseeable future, filling a gap that we have in our financial aid programs. And I would be happy to--

**GROENE:** Any questions? Senator Walz.

**WALZ:** Thank you, Chairman Groene. I just have a quick question, page-- do you have this? It's OK.

**MIKE BAUMGARTNER:** Yeah, I do.

**WALZ:** OK, so it says total allocation under the community colleges or-- and then it says remaining balance, and you may have said what that means, but what is the remaining balance?

**MIKE BAUMGARTNER:** The remaining balance is the amount that has not been spent by the colleges yet.

**WALZ:** By the colleges, OK. I just wanted to make sure.

**GROENE:** Any other questions? Senator Pansing Brooks.

**PANSING BROOKS:** Thank you, Chairman Groene. Thank you for these excellent summaries. These are really wonderful and will be helpful. So I guess you-- I skim through because I'm trying to find the place where you're talking about how the money is going-- like you said, a bunch of it goes to teaching; a bunch of it goes to healthcare; a bunch of it goes to the trades.

**MIKE BAUMGARTNER:** Yeah.

**PANSING BROOKS:** Where is that?

**MIKE BAUMGARTNER:** That is not in this report yet. That is--

**PANSING BROOKS:** OK.

**MIKE BAUMGARTNER:** We just have-- that is going to show up on the one-page thing that we do.

**PANSING BROOKS:** OK, so--

**MIKE BAUMGARTNER:** But it's-- wasn't part of that report [INAUDIBLE]

**PANSING BROOKS:** --makes sense that I didn't find it.

**MIKE BAUMGARTNER:** Yeah. Yes.

**PANSING BROOKS:** But you will get it to us?

**MIKE BAUMGARTNER:** I will. I will send that out, yes.

**PANSING BROOKS:** Thank you.

**MIKE BAUMGARTNER:** Yes, we will send that to you all.

**GROENE:** Senator Linehan.

**LINEHAN:** Thank you, Chairman Groene. So on the pie chart, the NOG pie chart, recipients by sector, I just want to make sure I understand. So independent would be Hastings College, Wesleyan.

**MIKE BAUMGARTNER:** Yes.

**LINEHAN:** OK. And then University of Nebraska is all three campuses.

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**MIKE BAUMGARTNER:** Yes.

**LINEHAN:** That's the whole system.

**MIKE BAUMGARTNER:** Well, actually, all five campuses, because the Med Center--

**LINEHAN:** Five, I'm sorry, UM--

**MIKE BAUMGARTNER:** --and NCTA.

**LINEHAN:** Yeah. OK. State colleges are the three.

**MIKE BAUMGARTNER:** Yes.

**LINEHAN:** Community colleges are the six.

**MIKE BAUMGARTNER:** Yes.

**LINEHAN:** Private career, is that like-- what is that?

**MIKE BAUMGARTNER:** If you look right above that on page 2, you can see that's a Capitol School of Hairstyling, College of Hair Design, Creative Center--

**LINEHAN:** Oh, I'm sorry. OK, you have it all there.

**MIKE BAUMGARTNER:** Yeah. It's-- that-- that list was considerably longer. We have lost Vatterott College, Wright Career College-- which are the other ones?

\_\_\_\_\_ : ITT.

**MIKE BAUMGARTNER:** --ITT and another one.

**LINEHAN:** That's OK. I just wanted-- and then I just want to clarify-- I remember having-- maybe I'm just asking you to repeat. So I think what you said at the beginning of your statement is we're-- we punch-- Nebraska taxpayers punch way above their weight when it comes to what we fund for the institutions, but we're dropping the ball when it comes to-- to--

**MIKE BAUMGARTNER:** Well, I would say that Nebraska, not just on funding, but just the-- the way that the system is constructed, the quality of the system, I think in terms of other states of similar size, West Virginia, Maine, Idaho, and then you think University of Nebraska System, community college, state college, we-- we do a tremendous job. We've got a great system here. But we don't fund our financial aid programs at the level that other states do, and that-- that shows up in our-- some of our affordability figures.

**LINEHAN:** And it also shows up in losing kids who get free rides elsewhere outside the state, right? Or at least, that's what we've been-- that's--

**MIKE BAUMGARTNER:** Well, there are-- there are some of those.

**LINEHAN:** Yeah.



**MIKE BAUMGARTNER:** There are many low-income students who were not going to college at all.

**LINEHAN:** Because they can't-- because they can't get [INAUDIBLE]

**MIKE BAUMGARTNER:** Because they can't afford it, yeah.

**LINEHAN:** OK. All right. Thank you. This is all very, very helpful.

**GROENE:** Other questions? To follow up on Senator Linehan, we are very affordable tuitionwise, right? I think Nebraska is last in the Big-- the lowest tuition in the--

**MIKE BAUMGARTNER:** Yeah.

**GROENE:** --Big Ten.

**MIKE BAUMGARTNER:** Yes, but keep-- yes.

**GROENE:** All right, and that's--

**MIKE BAUMGARTNER:** Relative-- yes.

**GROENE:** --the same with our state colleges.

**MIKE BAUMGARTNER:** Relative-- yes, relative. I mean, you got to keep in what-- what parents and students can afford, as well as how we compare to other institutions.

**GROENE:** But our-- our standard--

**MIKE BAUMGARTNER:** Our state tuition and fees are-- are better than--

**GROENE:** Our cost of living--

**MIKE BAUMGARTNER:** Yes.

**GROENE:** --and then state income levels in this state are pretty comparable.

**MIKE BAUMGARTNER:** Yeah, yeah.

**GROENE:** But then when you compared how much we assist low income, did you compare that to a dollar amount or a percentage of the tuition?

**MIKE BAUMGARTNER:** There are two measures that I use. The one on institutions is looking at-- that looks at the first-time, full-time undergraduates who receive aid by any different type. It breaks it out by federal Pell, by state and local grants, who received loans, who received it from-- from private sources. And that looks at the-- both the percentage of students and the amount of money they get. We have fewer students proportionately than our peer institutions who are getting state grants and they are getting lower amounts of dollars. When I'm looking, comparing at the national level, looking at the amount of money that is appropriated for need-based grant programs divided by undergraduate FTEs. So if you have-- if you're in Illinois and you have \$400 million in a grant program, in a need-based grant program, and you have-- they might have 4-- 400,000, 350,000

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undergraduate FTEs, so it would-- it would be making that comparison on the amount of need-based grant aid that's available--

**GROENE:** So--

**MIKE BAUMGARTNER:** --on a per-student basis.

**GROENE:** So Illinois is a good example. They-- I've at least ran into four-- when I go out and about in restaurants and coffee shops, I ask-- because I'm Ed Chair, I ask the-- if they're going to University of Nebraska. I ran into four kids who came here from Illinois because of the disaster of their state funding and the cost of their education, so that's not a real good comparison. But my point is Michigan is \$50,000 to go to the University of Michigan. If they give \$3,000 or \$4,000 dollars in low-income assistance, you can't compare \$4,000 to our \$1,600.

**MIKE BAUMGARTNER:** That's--

**GROENE:** --because you've got to compare the percentage of the-- of the tuition that we aid them with, not dollar for dollar.

**MIKE BAUMGARTNER:** Well, that's why I include both the national measure and at the campus level, because at the campus level, when you look at the-- at the peer institutions, you will see that our students get fewer state grants and at a lower amount than in other places. Does that make--

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**GROENE:** But if you're playing a lot more tuition in Michigan, they need a better help, more help.

**MIKE BAUMGARTNER:** Yeah. We also in that report look at-- at net cost of attendance. And-- and I didn't bring that report. I'd be happy to go over it with you. We are-- we are a relatively affordable place. Part of what brings down our net cost of attendance at the institutions here, we'll put more into financial aid than they will at a state that has more in state aid. So if the state put in state aid--

**GROENE:** We're also third or fourth in the nation in per-capita support of our higher education.

**MIKE BAUMGARTNER:** We are strong supporters of higher education.

**GROENE:** With our tax dollars.

**MIKE BAUMGARTNER:** Yeah.

**GROENE:** The other one is on the-- on the GAP assistance. Nicole did wonderful work here. Of the three years in existence, \$3 million, about 700-- \$3,700,000 of it sitting in your balance, ending balance, or the college-- individual college's ending balance. That's 68 percent of the total amount collected over those three years.

**MIKE BAUMGARTNER:** Yeah.

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**GROENE:** Were we too ambitious? I'm not saying the program is-- I supported it fully when I was--

**MIKE BAUMGARTNER:** Yeah.

**GROENE:** --a member of the Education Committee under Sullivan. But have we been too aggressive by throwing more money at it than we need to, we should have stepped this in a little bit, because you've got enough sitting there now--

**MIKE BAUMGARTNER:** Yeah.

**GROENE:** --to fund it at the rate you were funding in the past for the next two years minimum, without throwing one more dollar at it.

**MIKE BAUMGARTNER:** I think that it will continue to grow, but I think that the adjusting that percentage may-- may be necessary. It's-- it's hard with the expansion of the program. No, I think that it will grow.

**GROENE:** Yeah.

**MIKE BAUMGARTNER:** It's grown every year. There is a lot of money sitting there and that might be someplace where you--

**GROENE:** Good program, too aggressive--

**MIKE BAUMGARTNER:** Yeah.

**GROENE:** --the funding. Thank you. Senator Linehan.

**LINEHAN:** I'm going to ask you a question. It's not right-- I don't expect you to have an answer, but hopefully you can get back to us. So we've all been exposed to-- hopefully over the summer the workforce-- is that-- we don't have enough people, right? I want-- how can we get more people to come to Nebraska? Do you have-- do you have numbers for-- I know somebody from Chadron once told me that they get a lot of kids from Wyoming and South Dakota and they stay in Nebraska. You at the Coordinating Commission keep track of how many kids, students come from out-state of Nebraska, go to college here and stay here?

**MIKE BAUMGARTNER:** We don't have information on how many stay here.

We--

**LINEHAN:** OK.

**MIKE BAUMGARTNER:** --have it on the number-- the way that the federal government collects that, we are able to do first-year students to see what state they came from to these institutions. So among those first-year students, we can look at net migration to state and institution. We don't have the information to see if they stayed here. That would have through longitudinal data system to match whether they were working here or whether they were in college here after they graduated, so I don't know that.

**LINEHAN:** I'd be interested in just seeing the-- and I know it's not part of this today, but interested in just seeing the freshmen data,

like how-- which schools are pulling kids from other states, because we know generally if you come-- if you go to college in a state, chances are you might stay in that state.

**MIKE BAUMGARTNER:** I have one copy of--

**LINEHAN:** You are very prepared.

**MIKE BAUMGARTNER:** --of that-- well--

**LINEHAN:** So-- we have copy machines here.

**MIKE BAUMGARTNER:** I carry-- I carry one-pagers on the most important things with me wherever I go.

**LINEHAN:** OK. I will share this--

**MIKE BAUMGARTNER:** And--

**LINEHAN:** --if anybody wants it.

**MIKE BAUMGARTNER:** Yeah, we can break that down further by institution. You just have the top ten institutions, but that shows the states where people come from and where they go.

**LINEHAN:** OK, I'll-- we can get copies, right?

\_\_\_\_\_: Yes.

**LINEHAN:** Thank you very much.

**GROENE:** Senator Pansing Brooks.

**PANSING BROOKS:** I would like to then follow up and try to see-- I mean, I don't believe that necessarily if they come from out of state, that they are going to stay here, so I'm not sure that that is-- that that is actually a true statement in every case, so I don't know. I mean, it just-- that worries me to make the presumption that these people are going to stay here.

**LINEHAN:** I--

**PANSING BROOKS:** I-- well, that's just my-- my understanding.

**LINEHAN:** I know, but that's not a question. All right, but whatever.

**PANSING BROOKS:** Yeah. Well, my question is, though, is there any way to follow up? I thought-- I thought the university was following--

**GROENE:** They--

**PANSING BROOKS:** --along who is staying and who is not.

**GROENE:** It's not a high percentage. [INAUDIBLE]

**PANSING BROOKS:** Pardon me?

**MIKE BAUMGARTNER:** I'm not-- I can't speak for the university. I know that-- I know that each institution has been-- has been working on doing that. I don't know exactly where they are in the process. I



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mean, I believe they did a report to the Regents earlier this year,  
but I-- I [INAUDIBLE]

**PANSING BROOKS:** And I believe there's a difference in privates versus public and what happens in all of that as well. Certainly, nationally, that's true.

**MIKE BAUMGARTNER:** There are ways to follow those students. Finding that out about private institutions, the state would have to ask each one of the private institutions because they wouldn't have that information for private student enrollments.

**PANSING BROOKS:** Wesleyan and--

**MIKE BAUMGARTNER:** Yeah, you'd have to-- you would have to ask Wesleyan for that sort of information, because if-- if they're not participating in the state's longitudinal data system that's being built, you're not going to have the enrollment for those students, so you're not going to be able to follow up on that anywhere either. But eventually it will be there for the public institutions.

**PANSING BROOKS:** OK. Thank you.

**GROENE:** Senator Linehan.

**LINEHAN:** I guess this is a statement, too, so I'm going to-- but all those schools-- I have four grown children that went to four different

colleges and they've moved all over the country and those schools find them because they want their alumni.

**MIKE BAUMGARTNER:** Yeah.

**PANSING BROOKS:** [INAUDIBLE]

**LINEHAN:** So those schools could provide where they were.

**MIKE BAUMGARTNER:** Yes, they could.

**LINEHAN:** Yeah. OK.

**PANSING BROOKS:** Yeah.

**LINEHAN:** Thank you.

**WALZ:** Can I ask one more question?

**GROENE:** Senator Walz.

**WALZ:** Thank you, Senator Groene. I-- I understand what Senator Groene was saying about being maybe a little bit too aggressive with the funding that we have money left over. So my question is, would it be beneficial for us to look at expanding the eligibility requirements? Especially considering the workforce issue that we have, would that be something that we could look at?

**PANSING BROOKS:** For non or [INAUDIBLE]

**WALZ:** Yeah.

**MIKE BAUMGARTNER:** Yeah, there are-- there are other states-- Iowa, for instance, and Missouri, Indiana-- who have new workforce grant programs for adults, most specifically, who may have used up Pell Grant eligibility or who are just looking for a specific workforce certification that is-- that is for-- for credit. I have examples, maybe not here with me on that either but--

**WALZ:** OK.

**MIKE BAUMGARTNER:** But, yeah, Iowa has two new programs from their Future Ready Iowa program. They just did two that are kind of extensions of this that are looking at students who are going directly into-- into workforce-based programs. You don't want to duplicate what the Pell Grant program would pay for, probably, if-- if you're constrained on resources and a student is eligible for Pell. You got to try to put your programs together so you're maximizing-- maximizing what the students can have and minimizing duplication of state resources and federal resources. But, yeah, there are things to do there.

**WALZ:** Thank you.

**GROENE:** But to clarify, NOG is for a four-year institution or a certified degree at a community college that you qualify for Pell Grants, and that's already 62 percent of the funds. The GAP--

**MIKE BAUMGARTNER:** Right.

**GROENE:** --was to pick up those high-demand trades--

**MIKE BAUMGARTNER:** Yes.

**GROENE:** --the workforce is demanding, the welder, the nurse--

**MIKE BAUMGARTNER:** Yes.

**GROENE:** --the two-- the--

**MIKE BAUMGARTNER:** Yeah.

**GROENE:** --nurse's assistant, the truck driver.

**WALZ:** OK.

**MIKE BAUMGARTNER:** Yes.

**GROENE:** And--

**MIKE BAUMGARTNER:** That's correct.

**GROENE:** And we might have been a little aggressive on that funds, but that doesn't mean we take the money and give it to NOG. We need that back here for when those new innovative things do happen. But NOG, do

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they-- do they proportion that or what do-- let's say UNL has-- I guess we could wait until she comes up here, but 5,000 students every-- that request it, do they prorate that per child or do they just pick the first 2,000 that show up?

**MIKE BAUMGARTNER:** They try to package the aid most effectively for the student. So if a student comes in and has a Pell Grant, maybe has something from a local foundation, maybe has some institutional money because they have a skill or academic achievement, they try to spread that out to help the most students. That's-- that's one of the--

**GROENE:** You make a good point.

**MIKE BAUMGARTNER:** --best things about the flexibility. They--

**GROENE:** There's millions of dollars, billions of dollars out there if somebody was successful and gave money to a school for-- for nursing or education, and-- and they try to place those students to get that money. And then the last resort is the NOG.

**MIKE BAUMGARTNER:** Yeah, they-- they will try to-- try to-- try to maximize the affordability for the greatest number of students.

**GROENE:** So when we hear statistics that 20,000 kids applied and only 5,000 got it, that's not necessarily that those-- that child didn't get something else--

**MIKE BAUMGARTNER:** That's-- yeah, that's right.

**GROENE:** --and had basically everything paid for.

**MIKE BAUMGARTNER:** Well, they probably didn't have everything paid for.

But if they were NOG eligible, they would have usually gotten a Pell Grant unless they were in that 10 percent where we go up [INAUDIBLE]

**GROENE:** But if a good college admissions officer would try to pinpoint those kids to a private grant for somebody who-- who donated money to that college to give scholarships for nursing or education or engineering--

**MIKE BAUMGARTNER:** Well, yeah, they will always do their best to make sure to utilize that.

**GROENE:** We always seem to forget free enterprise and-- and-- and those individuals who do help education also. Thank you. Senator Pansing Brooks.

**PANSING BROOKS:** Thank you, Chairman Groene. So again, you-- you said we don't leave the pack on the education grants and we're basically 35th in need-based aid. And so I'm just trying to figure out who that includes. What-- does that include-- I mean, you're-- are you-- you're talking about NOG partly, right?

**MIKE BAUMGARTNER:** Yes, that is.

**PANSING BROOKS:** And Senator Groene is saying, no, we-- we're already doing too much on NOG, we're not doing enough in some of the trade area, so I thought some of the trade areas were included in--

**MIKE BAUMGARTNER:** They can be, if they are for a degree. NOG is only for--

**PANSING BROOKS:** Or a-- or a community college, right?

**MIKE BAUMGARTNER:** Yes, yeah, a certificate or a degree or a diploma. It has to be-- NOG has to be a certificate degree.

**PANSING BROOKS:** So what is left, just taking a few courses?

**MIKE BAUMGARTNER:** There are programs that are short term because-- and-- and if you look at the back of the-- of the GAP report, you will see all the programs. There are a lot of programs that are done by the community colleges that are-- that are part of training programs that have a cost to the student but lead to degrees. So if you need a-- if you need 100 hours of a basic welding to get a job, to get-- to get your welding certificate, or if you need a CNA to get a job--

**PANSING BROOKS:** But those are certificated.

**MIKE BAUMGARTNER:** Yes, but those are not Pell eligible because they are too short term. So GAP is oriented toward programs that are too short term to be Pell or are not for credit.

**PANSING BROOKS:** So if you're saying that we don't lead and we're 35th, if we expand to include those groups, would we rise in our ranking?

**MIKE BAUMGARTNER:** No, because you're talking about--

**PANSING BROOKS:** It's not Pell eligible.

**MIKE BAUMGARTNER:** --\$1.5 million more on top of the amount of money.

So that ranking is looking at the amount of dollars we have for need-based assistance. Right now, the-- the NOG program this year is about \$19 million. And if you throw on the GAP program, that would get us up to \$20 million. That will make almost no difference in the amount per FTE compared to a state that-- that's doing \$300 million or \$200 million or even, you know, \$50 million. When I say that we would need to triple the amount of the NOG program to \$60 million to get to the national average-- you know, GAP is a good program. I think it should continue. It doesn't move any needle on-- on what our ranking is in terms of-- of other states. It's-- it's just way too small. But it does meet a need. It meets a clear need that we have in the state for--

**PANSING BROOKS:** So are-- are the other states funding it through general dollars or is there-- could-- do you see any kind of consistency across the states that are different than what we're doing?



**MIKE BAUMGARTNER:** Lottery dollars and general fund dollars are--

**PANSING BROOKS:** The main--

**MIKE BAUMGARTNER:** --about it. Yeah, that's-- that is pretty-- pretty common. I mean, there might be some with a permanent fund, but not-- Texas or Alaska maybe, but I-- general fund and lottery are the-- are the two big sources [INAUDIBLE]

**PANSING BROOKS:** So I'm sorry if I'm still confused, but so is the amount tied just to Pell? Is that what NOG-- NOG is tied to Pell, the amount, or the-- or-- not the amount, the-- the-- the people that are-- of the-- yeah, the eligibility is just tied to Pell?

**MIKE BAUMGARTNER:** It's basically the same, yeah, the same-- the same qualifications. A Pell grant is for somebody--

**PANSING BROOKS:** Is only for certificated and/or-- and/or a four-year, whatever--

**MIKE BAUMGARTNER:** It is for degree and certificate program, for-credit programs, so it has to be at least a year long.

**PANSING BROOKS:** So we could not expand NOG to include more of the trade, 100 hours that you said of welding--

**MIKE BAUMGARTNER:** Well, I mean, we could have. We could have, but you'd have to change law to do it.

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**PANSING BROOKS:** OK.

**MIKE BAUMGARTNER:** Yeah, sure. You-- you could-- you could make it cover--

**PANSING BROOKS:** That's what I was-- that's what I was trying--

**MIKE BAUMGARTNER:** Yeah, you can make it cover whatever you wanted, but this was--

**PANSING BROOKS:** Well, I just didn't know if for some reason if there was some legal reason that we-- it was tied to Pell.

**MIKE BAUMGARTNER:** No, it's--

**PANSING BROOKS:** OK, sorry, just-- that's what I wanted to know.

**MIKE BAUMGARTNER:** Yeah.

**PANSING BROOKS:** Thank you very much.

**GROENE:** Any other questions? Thank you, sir.

**MIKE BAUMGARTNER:** Thank you.

**GROENE:** Dr. Susan Fritz, interim president of the University of Nebraska, to discuss the Nebraska Opportunities Grant, who they are part of the program that Mr. Baumgartner oversees.

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**SUSAN FRITZ:** Oh, my, very low. Good morning, Chairman Groene and members of the committee. With your permission, before I give my testimony, could I address the question that was asked?

**GROENE:** Which question?

**SUSAN FRITZ:** About the university and the number of nonresident students who graduate and stay in the state.

**GROENE:** Oh, yes. Yes, you may.

**SUSAN FRITZ:** So with the assistance and partnership of the Department of Labor, we were able to match graduate outcome information for students who are five, six, and seven years out. We did this just this last spring and we were-- we were able to determine that of those students in those cohorts, five, six, or seven years later, 30 percent of them were employed in Nebraska. Similarly, because I think this is a natural follow up, we also learned that 70 percent of our residents students were still employed in Nebraska. And the reason that we were doing that is that study is twofold. Of course we wanted to answer those questions, but secondarily, we were testing our capability to match data as part of our-- our intention to move forward with the longitudinal data system.

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**GROENE:** Quick clarification on that: But the 70 and the 30 don't equal 100 percent because 70 percent of 100,000 kids versus 30 percent of 10,000 out of state, we still have a net out-migration of graduates.

**SUSAN FRITZ:** Technically, that-- we-- I would want to look at those numbers before I agree completely with that. But the 70 and 30, of course, we're talking about two different buckets, certainly.

**GROENE:** Two different subsets of people. Thank you.

**SUSAN FRITZ:** And if there are no follow-ups, I'll go ahead with my testimony.

**GROENE:** You already spelled your name?

**SUSAN FRITZ:** No, I did not. I am Susan Fritz, S-u-s-a-n F-r-i-t-z, and I am interim president of the University of Nebraska. I'm pleased to be here today to talk about the critical importance of financial aid for our 51,000 students. And I thank you for your attention on this topic. The Nebraska Opportunity Grant Program, part of the Education Improvement Fund, is the state of Nebraska's only need-based financial aid program for postsecondary education. Nebraska Opportunity Grant provided almost \$19 million this year to low-income Nebraska students attending colleges and universities in our state. A little over \$10 million of that went to students at the University of Nebraska. These dollars are crucial in removing barriers and making higher education more affordable and accessible for Nebraska's students. We are

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grateful that state policymakers have recognized the needs of our students and have invested accordingly. Your foresight in directing lottery funds to the Nebraska Opportunity Grant Program has helped us put together a college degree within-- put a college degree within reach of thousands of Nebraska students. It is more important now than ever for us to fulfill our commitment to access for the people of Nebraska. Accessibility has always been core to the university's mission, and we have been able to deliver on that promise, thanks in part to your partnership. Looking ahead, keeping the doors of higher education open for our young people will be critical as we work together to address urgent workforce-- workforce challenges facing our state. We are mindful that the financial needs of our students exceed the limited dollars available. In 2017-18, 13,000 of 35,000 eligible Nebraskans received Nebraska Opportunity Grant funding. About 4,500 of 12,000 eligible University of Nebraska students received funding, about 37.5 percent. Overall, Nebraska is in the bottom ten nationally in state-supported grant aid per student. The average award for a NOG recipient at the university is about \$2,000. Our students would tell you unequivocally that a grant of that size makes an enormous difference. Most of our Nebraska Opportunity Grant recipients have family incomes of less than \$40,000, so financial aid matters. Of course, when it comes to accessibility, colleges and universities have a responsibility to do our part by keeping costs down for students and families. We are proud that our tuition and fees are well below the

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peer averages. We also have a number of efforts underway to expand access, including collaborative partnerships with our colleagues in higher education, government, and business to grow our retention rates, improve time to degree completion, limit student debt, and enrich the overall student experience. I would welcome the opportunity to talk more about those if you have questions. And we have and certainly will continue to leverage a mix of campus, federal, and private sources to reduce costs of our students to the greatest extent possible. More than a quarter of our students receive a federal Pell Grant, which for many is the foundation of financial aid.

Additionally, we benefit greatly from the generosity of our donors, who, through the University of Nebraska Foundation, provide some \$25 million in financial aid to our students each year. But the state's aid grant-- or, excuse me, aid program is a crucial component. Your investment sends a message to our young people that the state of Nebraska cares about their success, that it is invested in their upward mobility, and that it wants to help them become engaged and productive citizens who contribute to our communities and economy. Furthermore, the state's partnership is one significant reason that we're able to produce 11,000 graduates each year who add a collective \$2.4 billion to Nebraska's economy. The Nebraska Opportunity Grant program represents a critical commitment by the state to our future. It helps keep college within reach for our young people. It creates opportunities for students in need. And it advances the state of

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Nebraska's goals for economic growth and well-being. The University of Nebraska is grateful for your support of access and success of our students. I would be happy to answer any of your questions.

**GROENE:** Questions? Senator Linehan.

**LINEHAN:** Thank you, Chairman Groene. Thank you for being here, President Fritz. Do our lower tuition rates at the university-- does it-- and I-- this isn't on the university. This is on the student and parents taking out the loan. But I'm just wondering, do the lowered tuition rates reflect a lower loan debt? And I wouldn't expect you know that but if-- because it's pretty down in the weeds. But if we're lower in tuition than you would think, maybe what I'd fear is maybe it's not because-- I don't know how-- it's been a long time since I've looked into any of it, so I don't know how that all works. But if it's a set amount they get regardless of what tuition and--

**SUSAN FRITZ:** Percentage.

**LINEHAN:** Yeah. So it would be interesting if the lower tuitions reflect a lower debt level. Then the other thing, out of the 11,000 grads each year-- well, let me go-- wrong direction. In our-- what do I want to call them-- your professional degrees, medical, nurses, law, dentist, do we-- the percentage of those kids in grad school-- or students-- I shouldn't-- they're adults by then-- students, is-- is that percentage-- do we do better with out-of-state people there or is

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it mostly Nebraskans? Could you get a breakdown of what our professional schools-- like, who goes to UNMC and becomes a doctor?

**SUSAN FRITZ:** Certainly.

**LINEHAN:** Mental health, we don't have. Obviously, I know that they've got groups working on it there. But how many professional medical people are graduating from UNMC that are Nebraskans?

**SUSAN FRITZ:** Senator, I'll be happy to get that for you. We have, I believe, 15 years of data, in a fact book on our Web site.

**LINEHAN:** OK.

**SUSAN FRITZ:** But we will send that to you, that link--

**LINEHAN:** OK.

**SUSAN FRITZ:** --for certain.

**LINEHAN:** All right. Thank you very much, President Fritz.

**SUSAN FRITZ:** Absolutely.

**GROENE:** Anybody else? Senator Pansing Brooks.

**PANSING BROOKS:** I just wanted to just take two-- two seconds to say thank you, President Fritz, for your leadership. I know it's-- your time is about to end and I appreciate and I know many of us appreciate the-- the role you've played with-- with grace and professionalism.



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And you have been a mentor to many young women who see you as-- as someone to emulate and somebody who-- who-- to whom they can aspire to be. So I appreciate the work that you've done and I know many of us do and thank you for your leadership and your vision. And you have not played a quiet role where you just sat back in your office. We really appreciate you. Thank you.

**SUSAN FRITZ:** Thank you so much. I'm very humbled by your comments. It's been a tremendous opportunity.

**PANSING BROOKS:** Thank you.

**SUSAN FRITZ:** Thank you.

**GROENE:** I have a question. Thank you for not being controversial in any way. We had a peaceful time with the university here lately.

**SUSAN FRITZ:** I can take little-- I can take little responsibility for that, Chairman Groene, but you're welcome.

**GROENE:** I'm going to give you credit for it. We don't have kids in poverty driving from Illinois and enrolling at the University of Nebraska. They pretty much stay locally because of cost, right? So--

**SUSAN FRITZ:** I would say that that-- excuse me, Chairman, but I would agree with that as a conclusion that that's-- nationally that would not be a trend that we see.

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**GROENE:** Yeah, they have to live at home to even to be able to go to the school. But Pell Grants, higher education, the master's degrees, you're not-- you can't get Pell Grants anymore, can you? Isn't it just four years?

**SUSAN FRITZ:** I'm not aware that that's possible. It's-- it's been-- Pell Grants, in my knowledge, have been focused at the undergraduate level.

**GROENE:** So then how do you determine-- I asked the Coordination Commission, you have that answer. If you're getting a proportion of the money-- you said \$10 million-- and you get those-- I've got the number, but you had quite a few applicants.

**SUSAN FRITZ:** Yes.

**GROENE:** How do you prorate that? How do you decide?

**SUSAN FRITZ:** Well, so it's important-- when I went to college, there was a-- there was an admission date and then financial packages were assembled and institutions have gone-- gone to rolling admissions. And they also start to build those financial packages as students are admitted throughout that year. And so the money essentially gets used up in putting those packages together. And so that's one of the reasons why it's so important our-- for our students that have tremendous financial need, that they need to be encouraged to apply as

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soon as possible, to be on the front end to participate in that money.

We-- it just simply runs out.

**GROENE:** So you decide, with the money you get, how much you're going to give for each grant, and then that's how many students-- you know the number of students you're going to give it to in advance.

**SUSAN FRITZ:** Actually, what happens is they build financial packages within financial aid offices. And so it-- looking at--

**GROENE:** It varies.

**SUSAN FRITZ:** Right. And so looking to try to cover as much need as possible--

**GROENE:** Yeah.

**SUSAN FRITZ:** --with pulling every lever--

**GROENE:** Yeah.

**SUSAN FRITZ:** --available to them for that individual student.

**GROENE:** It's not a set amount per student.

**SUSAN FRITZ:** No.

**GROENE:** You-- as by need.

**SUSAN FRITZ:** Right.

**GROENE:** All right. That's--

**SUSAN FRITZ:** Right.

**GROENE:** Thank you.

**SUSAN FRITZ:** Certainly.

**GROENE:** Appreciate it. Any other questions from the committee?

**GROENE:** Thank you.

**SUSAN FRITZ:** Thank you very much.

**GROENE:** Who's next? Now we have Dr. Jodi Kupper with the vice chancellor of academic affairs, Nebraska State College Systems, also talking about the Excellence in Teaching portion of the lottery money. Go ahead.

**JODI KUPPER:** All right. Good morning, Chair Groene and members of the Education Committee. My name is Jodi Kupper, J-o-d-i K-u-p-p-e-r. As Chair Groene said, I'm vice chancellor for academic planning and partnerships, and I'm here today stepping in for Chancellor Turman, who is still up in Wayne as part of our board activities and was unable to be with you today. He did submit written-- written testimony that has a good number of facts that I will be discussing today on how the continued use of lottery funding for the Nebraska Opportunity Grant and the excellence-- teaching excellence programs positively

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impact students who attend the state colleges. In terms of the Nebraska Opportunity Grant, it's critically important to the students who come to the-- to the three state colleges. During the 2018-2019 academic year, just under 1,200 students, 1,198 Nebraska State college students were awarded almost \$1.4 million in NOG support. It comes down to about one in five of our undergraduate students who receive some sort of NOG funding. It's critical to addressing the amount of unmet financial need, and I've heard that discussed a little bit with Dr. Baumgartner's testimony. Basically, what each of our colleges does is it looks at the number of students who are Pell eligible at each of the colleges. It computes the cost of attendance for those students, what it will cost for them to complete that year of academic tuition, fees, and books. And then it subtracts all the Pell Grant financial aid loans that that student has received. Once you take one amount from the other, \$7.2 million of unmet financial need occurs at the state colleges. And the most interesting thing I found was that in the past two years it's gone up over \$2 million. We were just over \$5 million two years ago and in two years we are at \$7.2 for the number of students we support. So with that, that's the one part that I wanted to talk about for the NOG funding. We strongly support the continuation. It has a clear and meaningful impact to the students who come to the state colleges in terms of their ability to choose to come to college and continue to complete their degrees. We also receive funding. Our students receive funding for both the Attracting

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Excellence and the Enhancing Excellence to Teaching Programs that are funded through the Nebraska Department of Education. Over the past decade, a significant number of state college teacher candidates have been financially supported through these programs. And as you probably know, the scholarships do come with the loan forgiveness that incentivizes these students to remain in Nebraska and take a teaching position in one of the Nebraska schools. What we have found is over the past three years, the average total annual allocation of Attracting and Enhancing Excellence Program funding to our state-- to all Nebraska institutions was just under \$1.5 million. Of those funds, students majoring in teacher education at one of the three state colleges received an average of 21.6 percent of that funding, or \$113,483 for Attracting Excellence and about 18.4 percent of the total awards for enhancing Excellence scholarships, which were \$170,945. So this is an annual funding of around \$285,000 per year for students in both undergraduate and graduate programs in teacher education across the three state colleges. For over a decade, those programs then have successfully placed teachers across the state following graduation. Recent data that I was able to look at from the Department of Education reflects that 81 percent of Nebraska state college students who received the Attracting Excellence award successfully met the requirements for loan forgiveness by teaching in a Nebraska school, and 84 percent of state college students who received the Enhancing Excellence Award successfully met the requirements for loan

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forgiveness by teaching in a Nebraska school. So I think that strongly supports the idea that this sort of funding does incentivize individuals to remain in the state and take a job in one of our school districts. That's all I have to say. Thank you for the opportunity to share some of this information. And if you have any questions, I'd be happy to try to address them.

**GROENE:** Questions? Senator Linehan.

**LINEHAN:** Thank you, Chairman Groene. Are these the-- so in the-- you just said the teacher education-- Attracting Excellence scholarship and Enhancing Excellence, are those both bachelor's degree programs?

**JODI KUPPER:** No. Attracting Excellence is undergraduate that's specifically focused on high-need endorsement areas. Enhancing Excellence usually supports those teachers who are going for an advanced degree, could be curriculum instruction, ed admin, but programs that continue to enhance their success as a teacher.

**LINEHAN:** So does it cover 100 percent if they're going for advanced degree? Is the loan forgiveness 100 percent?

**JODI KUPPER:** Per year. What happens is there's an allocated amount and for each year that a student receives a scholarship, it is forgiven by one year of teaching in a Nebraska school or two-- or two years of a loan will be forgiven if you teach in a high-needs school for one

year. But it's one year of scholarship is forgiven by one year of teaching, if that makes sense.

**LINEHAN:** So what's the high needs? I mean, I have my definition, but there clearly must be a definition you use.

**JODI KUPPER:** Yeah. It's Nebraska Department of Education high needs.

**LINEHAN:** OK.

**JODI KUPPER:** So it only takes into account the data of that school district--

**LINEHAN:** OK.

**JODI KUPPER:** --in terms of how it meets the high-needs definition of the state.

**LINEHAN:** OK. So if you're getting a graduate degree with this program and you stayed in Nebraska, you basically-- your graduate degree, you don't have to pay any tuition? I mean, in the long run, it's free?

**JODI KUPPER:** The scholarship is-- does not fully cover the tuition, but it contributes to it. I'm trying to remember if I had the amount. I could get back to that. But if you look at \$285,000 across 150 students-- I could try to quick do the math-- it's--

**LINEHAN:** Well, I can do that.



**JODI KUPPER:** --it's somewhere around probably--

**LINEHAN:** I have my phone, so I can do that.

**JODI KUPPER:** --\$1,300, \$1,400.

**LINEHAN:** So it's 150 students. Is that what you said?

**JODI KUPPER:** One hundred and fifty students average--

**LINEHAN:** OK.

**JODI KUPPER:** --are-- are provided funding of around \$285,000.

**LINEHAN:** OK, that's very helpful. Thank you very much.

**JODI KUPPER:** You can do the per-student average.

**LINEHAN:** Thanks.

**GROENE:** Of the-- you're just talking to the-- about the state colleges  
but--

**JODI KUPPER:** Yes.

**GROENE:** --\$1.4 million was when the Excellence in Teaching Cash Fund  
was distributed over the last three years. How much of that percentage  
would you-- or in your experience, goes to attracting the low-income  
person to go into teaching versus the teacher already making \$50,000,  
\$60,000 getting their master's degree? What's the split?

**JODI KUPPER:** That would be a good question for Matt. It's like a 40/60 and I want to say the 40 percent is Enhancing and 60 is Attracting, so undergraduate-- I don't remember.

**GROENE:** Sixty Attracting and 40 for the master's degree?

**JODI KUPPER:** I think so, but I'm not certain. I'm not certain.

\_\_\_\_\_ : We'll find out [INAUDIBLE]

**JODI KUPPER:** OK.

**GROENE:** We'll find out because it looks-- it looks the reverse as to what-- anyway, we'll find out.

**JODI KUPPER:** OK. But it is in the language of the-- of the-- the bill.

**GROENE:** So we hear NOG is underfunded. Do you need more applicants? What about this program? Are you turning applicants away or are you out hunting for them?

**JODI KUPPER:** The state colleges fill their allocated slots. They are-- that is decided by the number of teacher education completers that each institution submits for certification each year to Nebraska Department of Education. And then that bases the percentage of funding that goes to each postsecondary institution that has a teacher education program.

**GROENE:** What I'm asking is, do you have applicants that-- that apply for this--

**JODI KUPPER:** That--

**GROENE:** --but are turned away?

**JODI KUPPER:** There are more applicants than slots, if that's what you're asking.

**GROENE:** In the state colleges?

**JODI KUPPER:** Yes.

**GROENE:** And it's--

**JODI KUPPER:** Actually, we benefit sometimes because once an institution does not fully fill their slots, they are then reopened and the State College System has been notorious for being-- benefiting from those unused slots at other institutions.

**GROENE:** [INAUDIBLE] we used to call them teacher's college [INAUDIBLE]

**JODI KUPPER:** Yep.

**GROENE:** --the purpose was and they were--

**JODI KUPPER:** Yep, so it's not surprising that--

**GROENE:** It's not surprising. OK. Thank you. Anybody else?

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**JODI KUPPER:** Thank you for your time this morning.

**GROENE:** Now we have Greg Adams, executive director in Nebraska Community College Association, talking about GAP assistance and-- from the college viewpoint.

**GREG ADAMS:** Good morning, Senator and committee members. My name is Greg Adams, G-r-e-g A-d-a-m-s, executive director of the Nebraska Community College Association. In light of the time and what you already heard from Mike Baumgartner about the GAP program, I'm going to deviate from what I thought I would talk about and maybe try to fill in some of-- some of the questions that you may have had. Nicole had asked me to speak about the GAP program, and that's fully what I intend to do and try to answer any questions that you have. It-- it is exactly what it's described to be. It's to fill in a gap. If you're a Pell-eligible student and you're looking to get an associate degree at a community college, you're not gap eligible. You're just not. When I knew that I was going to testify. I contacted all of the colleges and I said, give me some insight; what kinds of students are using the GAP program money? And I got pages of things. But in light of what I've heard, let me just pull out a few examples, for instance, at Northeast. At Northeast, they've had a number of students-- the ones that they gave me, most of them are nontraditional students, 25, 28, 30 years of age, already with family obligations, already working full-time, that wanted to up-skill themselves with a CDL license.

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Another one needed help preparing for a new-- newly mandated test from the state for a pharmaceutical-- pharmaceutical tech position that she already had; single mother needed help financially just to prepare for the test. At Southeast Community College, a young man from York, as a matter of fact, took an introduction to manufacturing class. He was low-income and is now employed at Collins Aerospace. And he's working on a degree, he has decided, so as a result, he's Pell eligible, not GAP eligible. But better yet, Collins is paying for all of his education going forward, as long as he stays working there. And you may also remember an example that during the hearing on LB180 this last legislative session, but the gal, 76 years old, whose husband passed away from cancer. She was was a nurse but had let that go. And when he passed away, she had a lot of medical bills and at that age, needed to go back to being a nurse. She needed to take a refresher course. GAP money was used by Southeast Community College. She wasn't looking to get a new degree in anything or a new certification, pass a refresher course so she could be recertified as a nurse. And one other example I thought was good from Central Community College that was forwarded to me, I didn't know, I had never heard of it, but the Western Alternative Corrections program, there's one in Omaha and there's one in Hastings, but several parolees and folks on probation took a class in concrete flatwork offered by Central Community College and the GAP funding was used to help them pay for the cost of-- of that training. I hope in those examples you begin to see that for the

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colleges, we're dealing with a wide-- wide array of folks with all of our programs, but-- but certainly with this one, from a high school student in York, Nebraska, to a 76-year-old gal who wanted to take a refresher course in nursing in order to pay bills, and-- and everything in between. And that's what GAP is designed to do. Now, in all candor, and Senator Groene brought it up, were we a little heavy on it in the beginning? Probably so, when you look at the balances. But I think, and-- and we can collect the data and find out, with the passage of LB180, what happened was you further gave our colleges more flexibility and now a for-credit class, CNA, CDL classes for credit will now qualify for the GAP-- GAP funding, and I think you will see more usage. Otherwise, right now, looking at the balance, Senator Groene, you're right. But I think when you add credit to it, like you did in LB180, you're going to see a-- a real difference in the usage. With that, I would-- I would conclude and try to answer questions that you have.

**GROENE:** Senator Linehan.

**LINEHAN:** Thank you, Chairman Groene. So are the-- the limits on who qualifies for GAP, even though it's now just for a refresher course, are they still the same as Pell?

**GREG ADAMS:** Well, you have an income requirement, yes. Yes, it's virtually the same as Pell.

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**LINEHAN:** So-- but it still has to be-- still has to be people who need the money.

**GREG ADAMS:** Yeah, it's-- it's really-- the-- the big distinction between Pell and GAP is the-- the eligibility is still there.

**LINEHAN:** OK.

**GREG ADAMS:** The difference is the kind of programming and the length of time of your programming. That's the big difference.

**LINEHAN:** I just want to get ahead of something that somebody will-- and I might even think this. It won't-- it's not a situation-- and now we've opened that door that you can basically offer those courses for free to anybody that comes. They still have to be qualified financially.

**GREG ADAMS:** Oh, yeah. Yeah--

**LINEHAN:** OK.

**GREG ADAMS:** --have to be qualified for Pell just like-- yes, yes.

**LINEHAN:** Right. OK. Thank you very much.

**GROENE:** But they don't qualify for Pell because they're not a certify--

**GREG ADAMS:** Because of the programming, you're right.

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**GROENE:** And if you took that money and stuck it in NOG, now you're competing-- the little community colleges with less enrollment is-- is going to have to split that with the University of Nebraska, that \$1.4 million dollars, because it's proportionally by student, and the community colleges would be left in the dust again. Is that right?

**GREG ADAMS:** Well, you know, you-- we could say it that way, or what I'd really like to say is--

**GROENE:** That's the way I talk.

**GREG ADAMS:** --we've got some students--

**GROENE:** Yeah.

**GREG ADAMS:** --like I just described before you were able to come in, Senator Groene, who wouldn't-- they're not-- they're not going to qualify for NOG because that isn't what they want. They want short-term training in something to up-skill so that they can improve their plot in life.

**GROENE:** And they can't afford a tank of gas to drive to Lincoln, Nebraska, and go to school.

**GREG ADAMS:** And they can't afford it. Many of them-- many of them are already working.

**GROENE:** Yeah.



**GREG ADAMS:** They're working full-time. They have family obligations.

**GROENE:** Single mothers.

**GREG ADAMS:** This helps them. That's right.

**GROENE:** Education opportunities closer to home.

**GREG ADAMS:** Um-hum. And they stay at home, about 90 percent of our students.

**GROENE:** And otherwise, if we dump this in the NOG a kid at Wesleyan would be in the same boat applying for this money as-- as some kid who just wants to be a welder. Thank you.

**GREG ADAMS:** Anyone else?

**GROENE:** Which we need welders. Thank you.

**WALZ:** I--

**GROENE:** Senator Walz.

**WALZ:** Thank you, Chairman Groene. I just have a really quick question. Does it count for on-line classes, if you were taking a class on-line? I suppose I could look and see but--

**GREG ADAMS:** I'd have to turn around and look at President Gotschall to make that determination, but I really--

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**MATT GOTTSCHALL:** I'm sure it could

**GREG ADAMS:** OK.

**MATT GOTTSCHALL:** [INAUDIBLE]

**WALZ:** It could. OK. Thank you.

**GREG ADAMS:** Depends on the programming.

**WALZ:** Sure. All right.

**GREG ADAMS:** If it's flatwork and concrete--

**WALZ:** Right. Yeah, I understand that. But, I mean, if there was a--

**GREG ADAMS:** Yeah.

**WALZ:** --because people are working full-time and--

**GREG ADAMS:** Yes. Yes. Exactly.

**WALZ:** --need to have some flexibility and if that helps--

**GREG ADAMS:** Um-hum.

**GROENE:** Thank you, sir.

**GREG ADAMS:** Thank you, Senator.

**GROENE:** Colby Coash, associate executive director, Nebraska  
Association of School Boards.

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**COLBY COASH:** Thank you, Chairman Groene. Members of the Education Committee, for the record, I'm Colby Coash, C-o-l-b-y C-o-a-s-h. I'm the associate executive for the Nebraska Association of School Boards and here to comment on-- appreciate the opportunity to comment on the future of these lottery funds. And I'll keep my testimony focused on the funds that are going to the K-12 portion of-- of the education spectrum. And in my testimony I handed out, I've kind of broken down each program and as to where our members feel the value is for each one of them. And I'll start by discussing a little bit the Attracting Excellence in Teachers [SIC] program and Enhancing Teachers [SIC]. These are pretty important to our members, this-- this program is, because one of the most challenging things for school board members is to keep-- keep the workforce in their community. And this is one of the only tools in their toolbox to be able to do that, because this program hits-- one of the requirements for this program is sparsity. And if a student is going into teaching and wants to teach in an area that is determined sparse by NDE, this can provide some long-- loan forgiveness for them. But also, in some of those high need areas, special ed is a good example of a certification that is difficult to fill for a lot of school districts. And this is across the board because something they require, it's not only sparsity but also high-- areas of high poverty as well. So it does hit both urban and rural. And of course, filling these positions is a challenge across the state, so we really encourage the continued funding of that program.

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Likewise, the Expanded Learning Opportunities Grant program has been a success in large measure because it's a-- it's a collaboration that we've seen successful outcomes for our students. They truly have a statewide reach. And I know Nicole has provided you with where these grants have been allocated and they've been in places like Lincoln and clear out into Garden County, as an example of where these Expanded Learning Opportunity Grants have been utilized. The innovation grants, a couple of comments on those. As I listened to Mr. Blomstedt about the-- the need to kind of expand those and to work with those grants to get more of a network, we would agree with him on that. We recommend that the more flexibility you can-- you can provide within them and help them scale to districts makes-- makes a lot of sense. We would also agree with NDE that the portion that's being removed for the statewide ACT testing, we do you think that ought to be part of the mainline budget. I mean, if it's-- if it's an important initiative that every 11th grader be tested in an ACT, we ought to fund that through General Funds. And I would encourage the state and-- and this committee to continue to articulate a policy purpose for-- for that statewide testing so we know to what end that testing is supposed to guide us. Finally, I'll-- I'll mentioned that the reallocation of these funds does present an opportunity for the Legislature through this committee to address some issues that educators and administrators and school boards have all identified, namely training of classroom educators in mental health needs of students and crisis

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intervention techniques for educators. And I was going to point out that there are two bills that you've already heard this in 2019 that have tried to address that, one of them specifically through lottery funds, LB568, which was brought by Senator Morfeld to provide for some mental health first training-- first-aid training, and also LB351, which originally was a bonding authority bill to provide for some violence-prevention initiatives for schools and also for some cybersecurity remediation. Understandably, more bonding authority isn't palatable at the time, but the-- those two concepts could easily be rolled into lottery funds. And so if you want to go back and look at two-- two initiatives that the Education Committee have-- have spoken about, those are two that I would encourage you to take a look at. And finally, I'd be remiss if-- as kind of one of the only K-12 representatives invited to testify today, that when the lottery funds were initially allocated, there was a more equitable balance between K-12 and higher ed. That balance has shifted a little bit and repurposing these funds for the next five years does give the-- the Education Committee the opportunity to-- to take a look at that balance between K-12 and higher ed as you present that to the full Legislature. I thank you for the opportunity to testify.

**GROENE:** Thank you. Any questions? So what we see, which is that 28 percent of the funds basically go to K-12, and the other 72 go to higher education.

**COLBY COASH:** Yeah, and--

**GROENE:** Constitution just uses the word "education," doesn't it?

**COLBY COASH:** Yeah, that's right. And prior to the change in 2015, it was closer to a 50/50 split, and the change in 2015 really balanced it more heavily on the postsecondary side.

**GROENE:** And you have needs.

**COLBY COASH:** Yes, sir.

**GROENE:** Thank you. Any other questions?

**COLBY COASH:** Thank you.

**GROENE:** Thank you. That ends the hearing on lottery funding. And we have a lot of work to do over the next month and a half to-- and we'll-- I'm sure we'll be talking to a lot of the parties involved. Thank you.