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Transcriber's Office

Education Committee  
May 01, 2007

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[CONFIRMATION]

The Committee on Education met at 8:30 a.m. on May 1, 2007, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing regarding gubernatorial appointments. Senators present: Ron Raikes, Chairperson; Gail Kopplin, Vice Chairperson; Greg Adams; Bill Avery; Carroll Burling; Gwen Howard; and Joel Johnson. Senators absent: Brad Ashford.

SENATOR RAIKES: (Recorder malfunction) ...to this hearing of the Education Committee of the Nebraska Legislature. We're gathered here this morning to deal with three items. The first would be a confirmation hearing for the Coordinating Commission for Postsecondary Education. We also have a hearing on revisions to the comprehensive statewide plan. And also a report of progress by the Coordinating Commission on attainment of higher education priorities. With the committee's permission, there has been a request to change the order a little bit. Well, change the order of the last two compared to what is posted outside. We'll first have the confirmation hearing, then we'll move to hearing on revisions to the comprehensive statewide plan, and then finally we'll deal with the higher education progress report. So hearing no objections, that's the way we'll proceed. Very quickly, our committee is Senator Brad Ashford; Senator Gwen Howard; Senator Carroll Burling; Tammy Barry, our legal counsel; Ron Raikes; Senator Gail Kopplin; Senator Greg Adams; Senator Joel Johnson; Senator Bill Avery; and Kris Valentin, the committee clerk. So we'll begin, and what we'll first do is hear from Ron Hunter, who has been appointed to the Coordinating Commission for Postsecondary Education by the Governor. Ron, if you'd come forward. Thank you for being here, Ron. Would you please tell us a little bit about yourself and about your interest in this position? [CONFIRMATION]

RON HUNTER: (Exhibit 1) Yes, thank you. Well, as I was introduced as Ron Hunter. I come from the northwest corner of the state, up in Sheridan County. I have spent 26 years in the military. Graduated from the University of Nebraska with a D.D.S. degree in 1970, and decided to change occupations when I retired from the military in '92 and bought a ranch in northwest Nebraska and returned to where I grew up. I was somewhat familiar with the Coordinating Commission because a very good friend was a commissioner, and quite frankly, she's the one that approached me about applying for this position. I've had a strong interest in education for a long time. I was the first member of my family to get a college degree and did it in a way that probably not very many people do it anymore. Worked my way through college and then joined the military. And it showed me that there is a lot of things that can be done with a degree and you can pretty much make your way and do whatever you want to do. I think that there is a great need for education, especially coming from my area where I live now and where I grew up. I'm amazed, I think, at the number of young people that choose not to go on to a college level study, and I'm not sure why that is. A lot of them leave, they don't stay, and I think there's a very good opportunity for people to stay if they go

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and continue in education. I would welcome any questions that you would...  
[CONFIRMATION]

SENATOR RAIKES: Okay, thank you, Ron. Questions for Ron? You mentioned...well, first, you're from the northwest part of the state. Comment, if you will, on the higher education offerings in your area. Are they adequate? Appropriate? [CONFIRMATION]

RON HUNTER: I think that...well, of course we have Chadron State College. I live 30 miles outside of Chadron. Chadron State...I was completely unfamiliar with Chadron State. Of course, it was the old Normal School and then the Teachers College, and then it became Chadron State. At the time that I was going to school, I didn't consider Chadron State because I was trying to leave the area, not stay. It was kind of the rebellious '60s. But Chadron State does a very good job, I think. And they're heavily involved with distance learning. They fill a need out there that's...well, there's a tremendous need out there for that school. They draw from South Dakota. They draw from Wyoming. They draw from western Nebraska. I've worked the last...well, very a lot the last two years. They're working on a project with the Mari Sandoz Heritage Center and we're opening another portion of that in the basement to complete the heritage of the area. And I worked very closely with the faculty and the administration of the college there, and I think they're doing great. I think they offer what needs to be offered there. They're expanding all the time. I have not been involved tremendously with their curriculum and that sort of thing, but I'm always amazed that we get the departments involved in our project and you ask questions, well, do they have a specialist in textiles or do they have...and they do have. So I think they're doing a great job, quite frankly.  
[CONFIRMATION]

SENATOR RAIKES: What about Western Community College and how that ties in, in that area? [CONFIRMATION]

RON HUNTER: Well, the community college...now I'm not as familiar with the community college as I am with Chadron State. They have campuses or off-campus sites. I know there's a site at Chadron and some of these, but I really can't answer too much about...it's located down...it's a whole 100 miles away. I don't...I'm not terribly familiar with it, although I do know some of the folks that teach down there.  
[CONFIRMATION]

SENATOR RAIKES: Okay. Senator Adams. [CONFIRMATION]

SENATOR ADAMS: Mr. Hunter, this is the Postsecondary Coordinating Commission, so let me ask you, do you have any vision as to what needs so be most coordinated about postsecondary education in Nebraska? [CONFIRMATION]

RON HUNTER: I'm not sure that I really have a vision. Quite frankly, the first thing I

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asked Marshall is just exactly what do you do? [CONFIRMATION]

SENATOR ADAMS: Reasonable. [CONFIRMATION]

RON HUNTER: Because I had been asked, when the word got out that I had been nominated for this position and people said well, what exactly is that? And I had read through all the material they had sent me and I wasn't quite sure that I could answer the question. Now I'm not sure that I can really give you a good answer on that at this point. [CONFIRMATION]

SENATOR ADAMS: Okay. [CONFIRMATION]

SENATOR RAIKES: Are there...Senator Avery has a question. [CONFIRMATION]

SENATOR AVERY: I have heard it said by people who actually played a role in creating this commission that--in fact, I believe the late Jerry Warner was the primary sponsor of this--that it was the worst mistake we have made in higher education governance. (Laughter) Am I going too far here, Mr. Chair? [CONFIRMATION]

SENATOR RAIKES: Yeah, but you always do. [CONFIRMATION]

SENATOR JOHNSON: He seems like a nice guy, too. [CONFIRMATION]

SENATOR AVERY: And that it has added a layer in the governance structure that was really not necessary. Do you have any thoughts on that? [CONFIRMATION]

RON HUNTER: Well, I really didn't have any thoughts on it until you brought it up. (Laughter) Personally, I wouldn't necessarily agree with that, I don't think, because it's pretty obvious to me that your sessions here are relatively short. I would think that anything that was put into the system to provide information to an Education Committee of government would be very useful. So I, you know...past that, I'm not that familiar with the operations of the commission. [CONFIRMATION]

SENATOR AVERY: I have one more question. [CONFIRMATION]

SENATOR RAIKES: Sure. [CONFIRMATION]

SENATOR AVERY: I'm looking at your financial statement, and I see that you, of course, have military retirement pay from the DFAS. You also report civilian civil service retirement annuity, but I didn't see anything on your resume that indicated you had civil service background. [CONFIRMATION]

RON HUNTER: My wife died in 1987 and she was civil service, and that's an annuity

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that was established on her retirement. [CONFIRMATION]

SENATOR AVERY: I see. Okay. Thank you. [CONFIRMATION]

SENATOR RAIKES: Any other questions? I don't see any. Thank you for making the trek down. I assume that this was a little bit out of your way for the day's travels. So we much appreciate that and we certainly appreciate your willingness to serve in this capacity. So again, thank you. [CONFIRMATION]

RON HUNTER: Thank you very much. [CONFIRMATION]

SENATOR RAIKES: So we'll move to proponent testimony. Opponent testimony? Okay, that will close the confirmation hearing for Ronald Hunter, and we will move now to the hearing on revisions to the comprehensive statewide plan for postsecondary education. Dr. Hill. [CONFIRMATION]

MARSHALL HILL: (Exhibit 2 and 3) Good morning, Senator Raikes and senators. I'm pleased to be here. My name is Marshall Hill. I'm executive director of the Coordinating Commission. And I cannot resist the opportunity to respond to Senator Avery's comments...(Laughter) []

SENATOR AVERY: I figured you would. []

MARSHALL HILL: ...and some of those of Senator Adams as well. I've been in Nebraska just a little more than two years now, so I didn't have the privilege to know Senator Warner. One of the things I found in my office when I arrived was a letter from Senator Warner to my predecessor, David Powers. And the thoughts about the Coordinating Commission that he expressed in that letter were considerably different than those that you said this morning, Senator, and so when I get back to the office I'll see if I can't locate that... []

SENATOR AVERY: It was all hearsay. []

MARSHALL HILL: Pardon me? []

SENATOR AVERY: I said it was hearsay. I don't (inaudible) talk to him about it myself. []

MARSHALL HILL: I will locate that and send it along to you, but it does beg the question of why have a Coordinating Commission? And it's a fair question. We do have an operating budget, which the state provides, and we ought to be able to say why we deserve to have it and what good the state gets for it. It might be helpful to give you just a little bit of background on coordinating commissions in general. This is not a peculiarly Nebraskan contrivance here. Virtually every state has something like a statewide

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coordinating or governing board. Michigan is the only state that doesn't, frankly. Most of them were begun in the mid-'60s to deal with people like me--early stage baby boomers. State government looked around in the mid-'60s, realized that they were going to face very significant increases in college enrollments and expenditures, and felt they needed to ensure efficiency as much as possible. Avoid things like duplication of programs unnecessarily. Have someone take a state level point of view to what institutions proposed, be that for the construction of facilities or the creation of degree programs. Nebraska's Coordinating Commission is fairly typical. We have a fairly typical role of reviewing academic programs that are approved by institutional governing boards before they can be implemented. We also review construction projects that have been approved by governing boards that would call on the use of state funds. And that is the first item that you have in front of you today from us. The statutes call for us to appear before the Education Committee whenever we make a modification to a document called the Stateside Comprehensive Plan. You have in a three-ring binder in front of you, the latest version of that Statewide Comprehensive Plan. Almost all coordinating agencies around the country are responsible for doing some sort of planning function, and this is the mechanism that the Coordinating Commission carries out. One of the things about the Coordinating Commission that's a bit unusual around the country is that we're not only statutorily authorized, but the Coordinating Commission is part of the state's constitution. So we are a constitutional agency voted on for inclusion in the state constitution by the people of Nebraska about 15 years ago. This past year, the commission did make a modification to the Statewide Comprehensive Plan. That plan has been developed over a period of many years. It's done in consultation with the institutions, and it deals with a number of various issues--provision of services, expectations of quality, and so forth. And I mentioned that one of the roles of the commission is to approve facilities that are to be constructed with funds provided by the state. And over the years, as you'd expect, there are some differences of opinion which have arisen between the commission and institutions as to what is the appropriate way to do that. And this document that we have in front of you, "Guidelines for Commission Review," is a document that was in development for a period of several years. One of my initial charges from the commissioners when they hired me two years ago was to get this done. I felt, at one point, like I had been sent to mediate the Israeli-Palestinian conflict, but we did get it through. []

SENATOR RAIKES: You're lucky. You didn't have to do the Omaha Metro schools.  
(Laughter) []

MARSHALL HILL: No, I didn't. I didn't. And I would take either of those tasks any day rather than that. What this document does is it sets forth the commission's expectations about principles. And I think the principles are really fairly straightforward. First, the expectation that when institutions and their governing boards are considering the construction of new facilities or renovation or purchase, that they do so as much as possible through an open process, that they maintain transparency so that the public

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can understand what is being proposed, and that they adhere to professional codes of ethics. Then that they seek good value on the expectation that they are spending tax dollars, get good value. And to get good value, we propose several processes. One, consider alternatives. Look at better practices, best ways to accomplish goals, determine how much to be paid through competitive bidding processes and so forth. The same when one would consider building a new building or purchasing, and renew all of existing facilities. And then the last portion of this, I've jokingly, but actually somewhat seriously, called this the "how to look a gift horse in the mouth" provision. We are in the happy state of having many donors in the state of Nebraska providing significant and large sums of money to institutions to build buildings. That's wonderful. We could not meet our needs without that. But many times those buildings are provided to the state, but then the state must pay for the ongoing operation and maintenance of those buildings. So given that the acceptance of the gift of a building carries with it the obligation of the state to continue its operation and maintenance, which can be really quite expensive, we've laid out here some points that we hope that governing boards will consider when they're making their decisions, and we've let them know that those are points that the commission will consider in making theirs. These guidelines have been in effect now for about a year, I believe? Yes, about a year. The world has not come to an end. Our process has continued with no real change. I think that's mainly indicative of we had worked through the basic issues of this for quite some time. You are not charged to approve these changes, but merely to hear about them and given the opportunity to ask us some questions if you care to. []

SENATOR RAIKES: Okay, thank you, Dr. Hill. Questions of Dr. Hill? So I think it's the third one here...there might be an occasion where it's appropriate for a public institution to tell a donor who wants to build a new building for the institution, no, thank you? []

MARSHALL HILL: Yes, I think there might very well be. Donors have various ideas that they want to advance and the vast majority of them, blessedly, are consistent with goals of Nebraska higher education, but if the provision of a gift...let me give you a hypothetical. In the state of Nevada, the University of Nevada operates a center for the study of gaming. If someone were to propose to provide a facility for the study of gaming and a Nebraska institution would pay for it, I think it would be a reasonable question as to whether or not that's an appropriate use of state tax funds to support its operation and maintenance of the future. So that's an extreme, but probably all sorts of gradations of issues ought to be considered. That's the gift horse that one should look in the mouth. []

SENATOR RAIKES: Let's take maybe a more realistic example where you've got a list of building projects that are desired, maybe at the university or at another public institution. And you've got them clearly one, two, three, four, and suppose the donor comes along and says, well, I'm really not interested in one through four, but I will provide some money for five. Should five then go on top of one? []

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MARSHALL HILL: The rank order is determined by a series of questions that the commission has developed in consultation with the institutions over a period of time. And what the rank order sort of determines the appropriateness of meeting state needs. And what happens is that when funding is made available for those facilities in order by the Legislature or others, they do indeed move up. So if a donor were to come in and provide the additional funds to focus on something that's further down the line, that would give the Legislature the opportunity, because the Legislature ultimately makes the decision as to which one of those they wish to fund. It would then change the Legislature's view about how much needed to be provided from the state to accomplish the goal for the building, but it wouldn't necessarily change the position of that project on the rank order. []

SENATOR RAIKES: Okay. Senator Johnson, then Senator Adams. []

SENATOR JOHNSON: I was just looking at the peer list for institutions and things like that. Is it better or worse to be--and you can reframe the question--to have a list of, you know, top-quality peers that you're included with, or are you better off being the best one of the peer list? []

MARSHALL HILL: That question always comes up. Let me first clarify my perspective. I've been doing this kind of state-level work for about 15 years, two here and prior to that in Texas. And then I was a university faculty member for 20 years prior to that. Every faculty member, every institution would like to have multiple sets of peers. If they're talking about faculty salaries, they would like their peers to be institutions which pay much better than they do so that they can make the case. When we're talking about research productivity, they would like their peers to be institutions who are far less productive than they are. From our statewide perspective, we think it's important for institutions to really be honestly compared against institutions which are somewhat like themselves in many ways in terms of program mix, relative size, general support from the state, those kinds of things. For their own purposes, I think it's very important for institutions to have what are generally called aspirational peers. The University of Nebraska-Lincoln and the Medical Center just as two examples, really ought to be comparing themselves in two ways. One, against realistic peers, and others against aspirational peers. We want institutions to try to be the best that they can be of their type and to shoot for that. But when we present information to you to compare the performance of institutions, we think it's most fair to compare them against institutions which are most like themselves. So that is what we do. We have a set of institutional peers identified for each of the institutions that was determined in consultation with them some time ago. I've reviewed that fairly recently and think it's pretty good. But it is high time, frankly, to renew that, and that is one of the projects we're going to be carrying out within the next two years is to review the set of institutional peers. The institutions have, for themselves, sets of peers that they have identified. The University of Nebraska has

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identified of peers, the Board of Regents, for each of its institutions. They're largely similar to what the ones that the commission has identified. But in the material we provide you, we report institutional performance against the Coordinating Commission's identified peer group. []

SENATOR AVERY: Good answer. []

MARSHALL HILL: Thank you. []

SENATOR RAIKES: Senator Adams. []

SENATOR ADAMS: Going back for a moment to Senator Raikes's question about someone comes along and they have X number of dollars and they would like to build a building at Institution A. As the Coordinating Commission is evaluating the criteria for that, how much does curriculum and programming fit into that? So the donor says, I want to build this building and I want it to be for undergraduate and graduate level courses under this category. And, gee, we have graduate courses like that in three other institutions or four. How does that figure into the mix? []

MARSHALL HILL: One of the criteria in the evaluative protocol looks at the relationship between what is to be housed in the building and what are the curricular offerings of the institution. So if someone were to come, for example, and offer to build a building at one of our institutions in which would be housed all sorts of new programs that the institution doesn't have but would duplicate ones that exist elsewhere, the commission would be highly unlikely to approve that. We have not had that. Nebraska is a frugal state I have learned over the last two years and we really don't have much program duplication. The institutions have realized they do not have money to waste on program duplication. But that is one of the prime criteria that we do assess. []

SENATOR RAIKES: Senator Avery, do you have... []

SENATOR AVERY: Yes, I'd like to follow up on the building projects and try to get a better idea of what role the commission plays in building. Sometimes donors put conditions on--and you talked about that--on what they want done with their money. How much input do you have as a commission in saying these are unreasonable conditions or these are reasonable and you're going too far? I remember a case at UNL where a lot of money was being donated to build a new building, and the donors insisted that two buildings be torn down--one was fairly significant in terms of its historic value--in order to have a panoramic view of this new building with their name on it. I was appalled at that. So I don't know if you guys have any role to play in that or not. []

MARSHALL HILL: Well, Senator, what we've tried to do...well, first, no one comes to us to give us money to build anything. So we're aware that we don't have our own dog in

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that fight, so to speak, but we are aware that institutions are sometimes put in that very awkward position, particularly if it's a donor who might in the future provide other funds for other purposes, and you want to be careful about turning off opportunities. However, we think it's been important--the commissioners have felt it's important--to provide some background support for institutions in that case. One of the phrases in this kind of...we're occasionally willing to wear the black hat. And we're occasionally willing to be the agency so that institutions can say, well, I'm sorry, Mr. Donor, our state Coordinating Commission will not allow us to do that because of such and such. We've not gotten directly involved in those kinds of negotiations, but my interpretation of it would be that by providing reasonable points that institutions and their governing boards ought to take into account, we provide them another layer of good answers that they can provide to that donor to perhaps influence his or her choices. And this is the vehicle through which we have attempted to do that. []

SENATOR AVERY: Thank you. []

SENATOR RAIKES: Dr. Hill, one other question. Does the Statewide Comprehensive Plan deal specifically with need-based aid, our program for need-based aid in Nebraska? []

MARSHALL HILL: There is a section in there which refers to need-based aid. It does so in generalities. It talks about the need to provide access to higher education for all students across Nebraska and that recognizes that a number of those students do require access to need-based financial aid. []

SENATOR RAIKES: Do you see a need to do examination of our procedures that we have in place now? I mean, your agency is the primary mover in terms of distributing need-based aid. []

MARSHALL HILL: Yes, sir, I do. And we talked about that with your committee earlier this year. The state reorganized its mechanisms of providing need-based financial aid about three years ago, and, basically, the decision was to let the dollars follow the students, irrespective of the institution they attended, so long as that institution was approved by the Coordinating Commission to participate in the aid program. What we have seen happen over the past three years is a very significant increase in those need-based financial aid dollars following students into for-profit higher education institutions. And I don't think that was an expected outcome, and it has some differential impacts across ethnicities. Just for example, student African-American populations in our colleges and universities average about 3 percent, but the African-American populations in our nondegree-granting for-profit schools are about 20 percent. Now one can have two different points of view about that. One can say these are institutions that are really looking at minority populations and doing what they can do to make them successful. Degree programs are shorter and so forth and so on. Or one could, at the

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other extreme, consider that there might be some predation going on that. I do think we need to look into that. The Coordinating Commission would be pleased to do some work on that prior to the next session. []

SENATOR RAIKES: Okay. I don't see any other questions, so thank you for that report. I guess we won't do the proponent, opponent... []

MARSHALL HILL: I don't think you have to. []

SENATOR RAIKES: ...type of thing. We'll just... []

MARSHALL HILL: Except for this young woman, we're all in-house folks here today. []

SENATOR RAIKES: Oh, there's no diversity of thought allowed here. []

MARSHALL HILL: No diversity of thought. []

SENATOR RAIKES: Okay. All right. (Laughter) []

MARSHALL HILL: We're those pointy-headed bureaucrats who stay down at the Haymarket and come up with all this stuff. []

SENATOR JOHNSON: If we had known that, we'd have asked tougher questions. (Laughter) []

MARSHALL HILL: Actually, we have quite a lot of contact with our constituents. We are an agency that all of the institutions are careful to watch. They're concerned about what we might do to them, but right now our relationships with all the sectors are actually very good. And all the material we're providing you today, they have seen for months and months, and they've had their opportunities to comment to us if there's something they'd like changed. []

SENATOR RAIKES: If you're getting along with all those folks, it makes me suspicious. (Laughter) []

MARSHALL HILL: I know. I know. Something will come up, Senator. []

SENATOR RAIKES: Okay. Well, let's I guess end the hearing then on the revisions of the Comprehensive Statewide Plan and move to the report of progress on the attainment of higher education priorities. Dr. Hill. []

MARSHALL HILL: (Exhibit 4) Thank you. You have some PowerPoint slide handouts here and I'd propose to just walk you through these. First, why are we doing this? Why

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are you obligated to listen? This is the current project of what began in 2003 as the LR174 Higher Education Task Force. That task force was chaired by Senator Raikes and Senator Don Pederson, who at the time was chair of the Appropriations Committee. And last legislative session, the requirement to produce this kind of study was put into statute in 2006, and the statutory obligation to the Coordinating Commission is to continue to report on the attainment of some statewide goals and to every year have a hearing in front of the Education Committee and share that information. So we're here because this is required by statute. You're not required to approve this, but merely to listen and receive and ask any questions. In putting this together, we've relied on the latest available data from whatever the source. We provide this report to the Governor, to the Legislature, and to the institutions. We put all of our reports on the Web. We produce reports like this in multiple stages, and we circulate information to the institutions to ensure that we're not providing inaccurate data. We give them the opportunity for comments and certainly to correct any mistakes. The Higher Education Task Force in 2003 focused on three key priorities to make higher education of most benefit to the state and people of Nebraska. And those three priorities determined by the task force were: 1) to increase enrollments in higher education, 2) to increase the number of college graduates, and 3) to keep well-educated people in Nebraska. It's somewhat argumentative what kind of effect that higher education can and does have about keeping people in Nebraska, but we were nevertheless asked to report on that. So, first issue, how are we doing in terms of increasing enrollments in higher education? We'd like to first draw your attention to our broad pipeline issue. High school graduate production is relatively stagnant. As you see, it's actually declined a little bit over the past several years, over the years since the baseline year of 2003. So the numbers are remaining essentially level or slightly decline across the state as a whole, but as I'm sure you know, that's not uniform across the state. Some areas are seeing much greater decline than others. Basically, our urban areas are growing and our rural areas are not. If you look at the chart on the next page, we take a look at the composition of the high school graduating classes in terms of ethnicity. In 2002-2003, the baseline year, white non-Hispanic high school graduates made up 89.5 percent of the high school graduates and the other ethnic groups as indicated. And if you look at the other pie chart, you see what the projection is for ten years from now: a very significant increase in the number of Hispanic students graduating. Now I wanted to stress that these projections are based on just straight line trends. This is if we keep doing what we are doing and keep getting what we are getting, the projection will be somewhat like the bottom of page 4. We took another look at this data. What if we were able to move our minority groups to having the same level of high school graduation as our white majority? And that's what shows up on the next page. An even greater preponderance of graduates would be Hispanic, and ultimately, the bottom line here is, if we were to do this, we would increase our number of high school graduates by 14 percent. So clearly there is work to be done there. So once those students graduate from high school, how do they go on into college? Nebraska is unusual in that regard. The ethnic mix in our high school graduation class and the ethnic mix in our statewide college freshman class

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is about the same. I mentioned several times that I came here from Texas. That was not at all the case in Texas. We lost a huge percentage of Hispanic students between high school graduation and college attendance. That is not Nebraska's problem. We lose our minority students by not getting them out of high school. Once they are in college, and they enter college at about the same rates that they graduate, they tend to move on as you would expect. Once again, minority students do not persist and do not graduate at the same rates as majorities, but as you'll see from this chart on page 6, everybody is improving just a little bit. Everybody is improving just a little bit. The next chart, graduation rates for our higher education institutions by sector, compared to the baseline, this looks at how well each sector is doing compared to 2002-2003, and you'll see that the majority of sectors have improved their graduation rates, except for the community college. Let me take just a moment to tell you about the shortcomings of this data. This data is based on a perpetuating fallacy that is characteristic of American higher education. Graduation rates are published on the basis of data which comes from the federal Department of Education system. And what that system looks at is the enrollment of first-time full-time students, and only first-time full-time students. So students who start part-time are not captured. Graduation rates are calculated and reported as students who start at an institution full-time, straight out of high school or for the first time, persist at that institution and then graduate. That no longer reflects reality. People move back and forth. People take courses at multiple institutions. But this at least gives you, with all of those fallacies, this gives you a way to compare whether we're moving forward or we're moving backward. The next chart looks at the actual number of graduates, postsecondary education institutions by sector, and you see we graduate about 14,000-15,000 students per year. Now I'd like to come back to that fallacy with the data. And two years ago, the Appropriations Committee asked the commission to see if there was not a better way to get a picture of what happened to students who start at one institution and move to another or students who start at one institution, drop out, and two years later, start. And there is a better way, and we have, with a great deal of effort on both our staff's part and people at the institutions, we have carried out a project with National Student Clearinghouse. It is a national database which captures about 85-90 percent of students in all higher education institutions in the country. And by using that, we're able to track students from starting at University of Nebraska-Lincoln to wherever they went. And basically what we have done is looked for students that did not start full-time or transferred or graduated from somewhere else. If someone starts at the University of Nebraska-Kearney, does two years, transfers to Lincoln, and then graduates from Lincoln, that's not a failure for Kearney in our view. That's not a failure, but frankly that's what it counts in the national system. If a student starts at Bellevue and then transfers to UNMC and graduates, that's not a failure for Bellevue. It's a success for the state. So we have, in essence, found 10-20 percent of additional students who have started at one institution and graduated from another. In addition, we found about another 10-20 percent who, despite taking a long, long time, have not yet graduated, but are still taking courses and still persisting. We don't propose to go through this effort for at least several more years, but at least provides some

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perspective to this false reality that's conveyed by graduation rates. The one point I'd like to make to you about some of this study that we've done is we found that the students who start part-time are far less likely to complete a degree than students who start full-time. The chart on page 10 shows what happens in Nebraska with that, and this is consistent with national data. And the relevance, I think, for the Legislature here is one of the principal reasons why students start part-time rather than full-time is cost--high tuition rates, the availability of financial aid and so forth. Federal financial aid used to years ago allow a student to attend full-time, get federal financial aid, work part-time, and attend college. That's really no longer the case for many, many of our students. The federal Pell Grant has remained unchanged for four years, I believe, and 15 years ago it accounted for something like 70 percent of cost of attendance. And now it accounts for 20-25 percent of cost of attendance. So if we look back and think why can't today's students do what many of us probably did, like our new Commissioner Hunter, it's not as easy today. So winding onto the last point, keep well-educated people in Nebraska. We have two charts for you. The one that's on page 11 shows the dismal picture that was based on data we had available from the 2000 census. What that showed is that any time someone got any kind of upper-level higher education on a net basis, we were losing them out of the state. We had a net loss of well-educated Nebraskans and a net gain of less than high school-educated Nebraskans. We still have that, but it is not as bad as it was on the 2000 data. The last chart shows estimated net migration, basically, of our workforce by level of education, and you see that we're starting to retain some more baccalaureate-educated people and people with some level of college. This is not at all what we would like to see in Nebraska, but at least it appears, based on the level that we have. that we are starting to turn that around. So that concludes my presentation and I'd be pleased to respond to any questions that you might have. []

SENATOR RAIKES: Thank you, Doctor. Senator Burling has a question. []

SENATOR BURLING: Thank you. In relation to this, I didn't hear you speak about older college students, people in the forties, fifties, and sixties. Is that percentage increasing? []

MARSHALL HILL: It is. []

SENATOR BURLING: And what are the challenges there? []

MARSHALL HILL: The challenges are principally providing flexibility of time, of access to those courses. And Nebraska institutions are significantly increasing their availability of distance learning courses, of courses delivered at off-campus centers, of courses delivered in the evenings. And then basically we have no areas of financial support as most states do. Most states don't have any financial support for less than full-time study and for support of adults. Most of that support, if there is any available other than what

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they can afford to pay themselves, comes from employers. But that's, in my view, that is clearly what Nebraska needs to do. We need to be reaching out to reeducate, retrain, provide additional opportunities for Nebraskans to adjust to changes in the workforce. []

SENATOR RAIKES: The third priority, keeping well-educated people in Nebraska, and your charts show clearly that more highly educated people are more likely to leave. Is that the job of the postsecondary education institutions? Is that a failure of theirs? []

MARSHALL HILL: I don't believe it is, but I believe there are some things that higher education and all of us can do to moderate this. []

SENATOR RAIKES: Well, let me just suggest one. We could discourage anyone from getting more than a bachelor's degree, because they're likely to leave if we do that. (Laughter) []

MARSHALL HILL: Right. Right. []

SENATOR AVERY: Scholarship trust fund would help. []

MARSHALL HILL: Yes. There are supplier states and there are importer states. Our neighbor to the west, Colorado, spends less on higher education per capita than any state in the nation. They do not educate many at all of their higher-educated people. They import their doctors. They import their nurses. They import their lawyers. They import their engineers. And clearly from a state dollar perspective, that's a brilliant strategy of theirs. They don't bear any of the expense and they get all of the benefits. As a nation, we cannot all afford to do that, and as a state, clearly we cannot afford to do that. So we need to have our institutions work very cooperatively with businesses to provide the kind of support needed. We need job training funds. We need research funds for the university and the medical center to create new knowledge, which results in new business. We do need to have our business community be willing and able to pay salaries which will retain highly educated people. We're all familiar with the notion that a better education gives you a better paycheck. If you look at the national data as to the difference in earned salaries for people who are educated with a baccalaureate degree, and compare that to people who have only a high school diploma, and look at that differential, in every state it's higher for a college graduate. But we are about sixth or eighth or tenth from the bottom in that. And two years ago, we were sixth on the bottom. Well, what that means is that the economic payback, the economic dollars in the salary payback to Nebraska students for getting a college education and remaining in the state are about the eighth or ninth lowest in the nation. So clearly we have to do something, I think, about that. People choose to live in Nebraska because it's a wonderful place to live and raise a family, but sometimes they do so at fairly significant initial dollar costs. []

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SENATOR RAIKES: Senator Kopplin. []

SENATOR KOPPLIN: I'm not quite sure where this goes. I bring it often, but when you dig through all the data from the high school dropouts on, we really see college graduates about 25 percent of the students. Wouldn't you say? Somewhere in there. Thirty...of Nebraska students? []

MARSHALL HILL: Of all students that eventually continue on to achieve some sort of postsecondary education diploma, it's higher than that. We have about 63 percent who continue past high school onto something or other at the postsecondary education level, and about half of those or better achieve something. []

SENATOR KOPPLIN: But actually getting a degree is much smaller than that. []

MARSHALL HILL: It's much smaller. []

SENATOR KOPPLIN: And yet we focus everything on, you've got to have that college degree, and that isn't really what Nebraskans are doing. Is that correct? []

MARSHALL HILL: Nebraskans are not going onto college at the level that I personally think...and now obviously I come from a perspective that maybe not everyone else will share. But there's been a great deal of national data to look at fastest growing occupations nationally, and about 90 percent of all of those occupations which have been identified by the U.S. Department of Labor as our fastest growing occupations require some level of postsecondary education. Does that mean they all require a baccalaureate degree? No. But 90 percent of the fastest growing occupations require some level of education past high school, so I think it's important that we reflect that. []

SENATOR KOPPLIN: Yeah, I don't disagree with you. I'm just looking at the data and saying that's... []

MARSHALL HILL: Yes. There's room for improvement. And maybe it's harder to improve when you're pretty good, frankly. Nebraska has a very admirable education system. We do quite well in measures of student learning. Our students, in taking ACT tests, are well above the national average, and they're slipping slightly, but we're not seeing the kinds of improvements that a number of states are, and frankly, that a number of foreign countries are. []

SENATOR KOPPLIN: Well, we get caught in this though, because to require the college degree and keep them in Nebraska you have to have jobs, and a business saying, well, we can't put the jobs there until you have the number of people. So what do we do? []

MARSHALL HILL: That's exactly the point. I don't think there's an either/or about it. I

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mean, and I don't think there's a sequence that one can follow. A company clearly cannot make a decision to locate a facility in Nebraska and not have access to the workforce they need, and we can't really afford to produce a workforce unless we've got that. So there has to be some give and take on both sides, and I think we have to work aggressively on both of those fronts at the same time. And we frankly are. The commission is focused on postsecondary education, but we have very close working relationships with our colleagues at the Department of Education. That's not completely typical around the country. We actually work well and like one another. I sit on the Nebraska Workforce Investment Board, so we bring these issues to the Nebraska Workforce Investment Board and bring information from that back to the commission. And then our agency is one of the sponsors of Future Force Nebraska, which is trying to put these pieces together for workforce development education at whatever the appropriate level. And we develop what are called career pathways in a number of disciplines--transportation, finance, public nursing, and so forth. So the work is going on, but there are no easy answers and we're all going to have to continue to do that. []

SENATOR RAIKES: Any other questions? Senator Avery. []

SENATOR AVERY: I'm comparing the tables on 11 and 12, and it's really interesting to note that we are retaining fewer high school and less than high school educated people. And we seem to be doing much better in the college area, some college. With the exception of the associate degrees, we're doing very much better. What do you think accounts for that? What are we doing right? []

MARSHALL HILL: I think that we are making headway with creating some new jobs in Nebraska that are competitive. Competitive in terms of the future that they offer and not just the salary that they pay, and the excitement that they can provide. I'm far more confident of the data, unfortunately, on page 11 than I am on page 12, but I do hope that we can verify the page 12 data when the next census information comes out. But there are a lot of interesting things going on, many that the university and the medical center and Creighton have promoted. The development of new industries that are enticing people to stay. I think Omaha is a underappreciated resource to the state. People don't quite understand. And we do entice people to come to Nebraska to attend our institutions, and more of them are staying. So I think some good things are happening. We clearly need to do more of them. I guess the final thing I'd refer you to is the last iteration of this report had a second volume where the institutions outlined steps--all of the institutions--that they were taking to address these outreach needs and workforce development needs, and we'd be glad to provide you a copy of that. There are a lot of good practices in there that you'd find interesting. []

SENATOR RAIKES: Senator Johnson. []

SENATOR JOHNSON: Just a quick one. Is UNMC doing the best of importing talent of

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any school in the state? []

MARSHALL HILL: I can't answer that for you. I would have to look at that. They're a growing institution. They've been adding a number of degree programs lately. Their newest degree program is an organization unit is developing a college of public health. I was in Omaha last week talking to the new dean of that school, and they have signed contracts for three new faculty members to come join that new college and they come from absolutely top-rated schools with developing research programs, and there are great opportunities for research funding for public health projects right now. I do think the Medical Center does a very, very good job at self-examination. Their institutional analysis, their report of their own strengths and items that need attention is, in my view, the most thorough produced by any institution in the state, and I applaud them for that. []

SENATOR RAIKES: Senator Adams. []

SENATOR ADAMS: Gwen can go. []

SENATOR HOWARD: Oh, thank you. Thank you. []

SENATOR RAIKES: Senator Howard and then Senator Adams. []

SENATOR HOWARD: You know, as a parent I have to reflect back on when my youngest child was graduating from high school, and my experience was that, especially the East Coast colleges do a real good job of picking off our brightest and best. And when she was looking at college, she got a much better package from Smith than she did from the university in Lincoln. And once she was out there, she got real acclimated to that part of the country, and now she's in--she graduated from Smith--and now she's in law school in Chicago, because again, she was offered a much better package than she was from UNL, and I think that's a part of why we lose some of these people that would be such an asset in the long run. And I doubt if she'll come back here, because there's a different reference once they're out there. []

MARSHALL HILL: Yes, it takes effort, time, commitment... []

SENATOR HOWARD: Commitment. []

MARSHALL HILL: ...and a good bit of funding to attract students. And institutions like Smith have a long history of doing that and they have a great deal of money to devote to that process--frankly, far greater than any of our institutions here in the state do. Every state will always lose some students to Yale, Harvard, Stanford, Smith, Wellesley, so forth, and that's appropriate. The question is, to me, are we losing high school students to places that we shouldn't? And we did an analysis of that two years ago to

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look at where out of state do Nebraska students go. We weren't very surprised by that, and we lose them mostly to neighboring states--Kansas, Missouri, Colorado. []

SENATOR HOWARD: One thing that I noticed in my personal situation was that...and when I asked the faculty at Smith why they were so interested in her, they said Nebraska produces kids with good work ethic. They're committed to succeeding. And I think we really should take advantage of that. They see it. We should use it ourselves. []

MARSHALL HILL: So do I. And I think in my personal view, I've seen far greater attention or activity by the University of Nebraska-Lincoln in outreach efforts and recruiting efforts than apparently they were doing previously. A couple of years ago, the entering freshman class dropped precipitously to I think the lowest level in something like 30 years, and that certainly got the attention of the institution. And they made a concerted effort to turn that around, and have to some degree. Now whether they're doing that with students like your daughter who were enticed by Smith, or not, I'm not so sure, but it is a challenging marketplace for the top 10 percent of students. We hear a lot about students like your daughter. Really, they are about the top 10 percent. The vast majority of students don't have nearly the choices that the top 10 percent do, either choices by virtue of where they can be accepted or where they can afford to go. But it's important to do both things. []

SENATOR HOWARD: Well, I couldn't afford Smith. Let me make that real clear. []

MARSHALL HILL: I understand that. []

SENATOR HOWARD: They gave her a... []

MARSHALL HILL: Right... []

SENATOR RAIKES: Senator Adams. []

SENATOR ADAMS: A little bit ago you said you get along well with the Department of Education. Obviously that's a good thing, but now let me ask you a very pointed question. Is our 9-12 curriculum adequate? I mean, if we're not getting kids into postsecondary education of some kind, I suppose there's a lot of variables out there, but I'm asking specifically about our 9-12 curriculum in Nebraska. Is it adequate to encourage kids to go on to college? Is it adequate to ensure some degree of success once they get there so they don't back down? []

MARSHALL HILL: I will provide my answer. This is my personal answer. I believe we need to improve the rigor of our high school curriculum for all students, not just the students who are preparing to go to higher education. The world of work is more complicated now than it used to be. And Nebraska has a hallowed tradition of local

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control, and I've not been a part of that. Again, only been here two years. We get obvious benefits from that local control of our school districts. But at least from my perspective, we pay some high costs for it, as well, in that some districts are not requiring the level of math and science skills and foreign languages as others. Part of that is because of the difficulty of providing the faculty to teach it. So it's similar to the kind of issue that Senator Kopplin brought up. I believe it's true nationwide. There's been a reexamination of the 9-12 curricula nationwide, and the general consensus is that American high schools are not sufficiently challenging to high school students for the work that we need them to be doing as they go on through their lives. A number of states have elevated the statewide high school curricular requirements. I know that's anathema to Nebraska, but clearly that is what a number of states have been doing. They've been phasing them in and so forth. And the idea is not that everyone needs to go to college, but the idea is that life is far more complicated. Working in the garage is far more complicated than it used to be. A modern Lexus is a whole lot different than a '56 Chevy that I used to work with. Interpreting the data, it's just far different. So my personal belief, Senator Adams, is that we need to increase the rigor. The Coordinating Commission, in partnership with the Department of Education, applied for and received a \$300,000 grant from the U.S. Department of Education to promote exactly that. We call it the State Scholars Initiative. And we are working with four independent school districts to get their attention to that issue, and we hope to find money to expand that to others as well. []

SENATOR RAIKES: Senator Avery. []

SENATOR AVERY: I'm glad you mentioned that or I'm glad that question was asked about K-12, because the university--at least the Lincoln campus--a few years ago, increased the entrance requirements. Prior to that, we were required to take any high school graduate from an accredited high school in the state. Automatic admission. And then the task of weeding those students that really were not qualified for college out was our responsibility, the faculty, and it was a tough thing to do. When they tightened up on the requirements on what students had to have in terms of preparation before they were admitted, that's what precipitated the drop in admissions and we had enrollments that reached that 30-year low you're talking about. But what happened in the classroom was very, very dramatic in terms of the quality of the students and the preparation. Now the university, and this is something they ought to be working with you and the K-12 people, as well, the university has an excellent honors program. And so the Howards, you know, the students like your daughter, now have an option of staying here and getting that high-quality honors program that we did not have before. I have a son who is an honor student at Southeast, and he and all of his friends are honor students, and they are all talking about going to UNL. And it's just amazing that...and they'll have other options, but it gives me a great deal of hope that maybe the future might turn some of this around. []

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MARSHALL HILL: I'm glad to hear that. We believe that there are very many, very good options for students in Nebraska. We can always get better. []

SENATOR AVERY: If the Legislature does the proper job of funding it. (Laughter) []

MARSHALL HILL: If we all do the proper job. It's not just the Legislature. But any funds that you would care to provide I'm sure the institutions would be pleased to receive. []

SENATOR RAIKES: Any other questions for Dr. Hill? I don't see any. Thank you for that report. []

MARSHALL HILL: Thank you very much. []

SENATOR RAIKES: Is there anyone else wishing to comment on, I guess, either of these reports? I don't see anyone, so that will close our hearing on the postsecondary education report and our hearings for today. And I would just mention that given the committee's reputation for rapid decision-making, that we should have a result for you within a year or so. (Laughter) Thank you. []

MARSHALL HILL: I've been asked to remind you, we have sent your offices a full copy of the report for someone who would like to go through it. We're proud of the effort. There's an enormous amount of work in there and a lot more information than you would ever want to know. But just it should be in your offices. Thank you very much. []

SENATOR RAIKES: Okay. Thank you again. []

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Chairperson

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Committee Clerk