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Education Committee
February 06, 2012

[LB954 LB1034 LB1079 LB1104 CONFIRMATION]

The Committee on Education met at 1:30 p.m. on Monday, February 6, 2012, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purposes of conducting a public hearing on LB1079, LB1034, LB954, and LB1104 and gubernatorial appointments. Senators present: Greg Adams, Chairperson; Gwen Howard, Vice Chairperson; Bill Avery; Brenda Council; Ken Haar; Kate Sullivan; and Ken Seiler. Senators absent: Abbie Cornett.

SENATOR ADAMS: I want to welcome everyone who's here. And the agenda for today, we're going to begin with...am I causing that, Chuck? (Feedback from microphone)

CHUCK HUBKA: (Inaudible) [CONFIRMATION]

SENATOR ADAMS: I've been known to.

CHUCK HUBKA: Sounds like you're next to a train. [CONFIRMATION]

SENATOR SEILER: I've heard a railroad in operation. That's ridiculous. (Laughter)
[CONFIRMATION]

SENATOR ADAMS: This could be it, this could be it. We're going to begin the hearing today with three confirmation hearings that we have, and then we will proceed on, and we have four bills to be heard before the committee today. So with that, let me outline the instructions for the committee today, this hearing. First of all, to my far right is Becki Collins, and Becki is the committee clerk. And if any of you wish to testify, be sure that you have first of all filled out the testifier's form that can be found by the door at each corner of the room, and you can bring it forward with you when you come up to testify and hand that to Becki. In addition to that, when you do testify, if you would begin your testimony with a statement of your name and spell your name for the record so that Becki can hear it and the transcriber will be able to hear it. As always, we'll take proponent, then opponent and neutral testimony. We will use the lights and we'll go for three minutes today for all testimony. To Becki's...next to Becki is our newest member of the committee, Senator Seiler from Hastings. Next to him, Senator Council from Omaha. Senator Cornett will be here in a few minutes. Next to me is Kris Valentin, the research analyst for the committee. I'm Greg Adams, representing District 24. The Vice Chair of the committee, Senator Howard from Omaha. Next to her, Senator Sullivan from Cedar Rapids; and next to her, Senator Avery from Lincoln. And soon to arrive will be Senator Haar, also from the Lincoln area, from Malcolm. The bills we will hear today, LB1079, LB1034, LB954, and LB1104, all dealing in some way typically with higher ed today. I would ask that if you have your iPads or your cell phones on that you turn them off and not use them, and if you need to do any text messaging or e-mailing, if you would step outside. It's just really that simple, with the exception of credentialed press

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who are allowed to have their computers with them. So with that, we will begin today with hearings. We, first of all, have the confirmation hearing for Carol Zink to the Coordinating Commission for Postsecondary Education and I believe...Carol, do we have you on-line right now?

CAROL ZINK: Yes, you do, Senator.

SENATOR ADAMS: Well, thank you for your patience in getting through all that introductory material. Carol, thank you for being with us today, even if it is by phone; we appreciate that. The process will be, Carol, if you would just take a moment or two...we have some bio material in front of us, but if you could take just a moment or two and tell the committee about yourself and your involvement with the commission and then answer any questions the committee might have. [CONFIRMATION]

CAROL ZINK: (Exhibit 1) That sounds fine. Thank you, Senator. First of all, I want to thank you for letting me testify via my cell phone. I am here with a grandchild in Disney World, so his grandfather is keeping him occupied with some popcorn and soda so that I could do this, so thank you all very much. And a little biographical information: I have my undergraduate's degree--it's from Youngstown State University--and a master's from the University of Nebraska-Lincoln. I have recently retired. I taught a year in Ohio, and then 40 years I taught in the Lincoln Public Schools. Half of that time I was in the classroom, and the other half of the time I worked with the Gifted and Talented Program. I am involved in the community. I'm currently, as you know, on the Coordinating Commission and on the Midwest Higher Education Commission. I also serve on the Nebraska Literary Heritage Association Board. And I am also on the Friends of the Lied Board as well and am on various other organizations in my church. My husband, Walt, and I have three children. Our oldest son, Walt, is an M.D., Ph.D. He is M.D., as in interventional neuroradiology, and his Ph.D. is in neuroscience. And he and his wife, Chrissy (phonetic), who is an emergency room physician, live in San Antonio, Texas, and their child is the one that is with us. . And then I have a second son, Rob, who is a trial attorney with the U.S. Department of Justice. And he and his wife, Alison, who works for the Securities and Exchange Commission, live in Washington, D.C. And then we have a daughter, Carmen (phonetic). She lives in Long Island and she is a third grade and (inaudible) in New York, and she's also working towards her Ph.D. at St. Johns. And her husband is the assistant athletic director of Stony Brook University. I think as far as biographical information, that's all I've got to share, unless you have any questions of me. [CONFIRMATION]

SENATOR ADAMS: Thank you, Carol. [CONFIRMATION]

CAROL ZINK: You're welcome. [CONFIRMATION]

SENATOR ADAMS: Now if you would be able to entertain some questions, we'll see if

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there are any from the committee. Committee members? [CONFIRMATION]

CAROL ZINK: Okay, and I... [CONFIRMATION]

SENATOR ADAMS: Senator Sullivan has a question. [CONFIRMATION]

CAROL ZINK: Okay. [CONFIRMATION]

SENATOR SULLIVAN: Thank you, Carol. Just one quick question: Why would you like to continue your involvement with the Postsecondary Commission? [CONFIRMATION]

CAROL ZINK: Oh, that's a very easy question, Senator. First of all, I believe so strongly in postsecondary education, both with my own children and my husband and myself. And those students that are in our state, we would surely like to keep them there; those students that are in need of some financial assistance, of course we would like to help them. Currently I serve on the academic program which is (inaudible) and I just feel very strongly that that is the future of not only our state but our nation, this education. [CONFIRMATION]

SENATOR SULLIVAN: Thank you very much. [CONFIRMATION]

SENATOR ADAMS: Thank you, Carol. Are there other questions? Senator Avery has a question. [CONFIRMATION]

SENATOR AVERY: This is not a question, Carol. I just want to say welcome to District 28. I think you were brought in with redistricting. [CONFIRMATION]

CAROL ZINK: Yes. [CONFIRMATION]

SENATOR AVERY: And my regards to Walt. [CONFIRMATION]

CAROL ZINK: Oh, thank you so much. He'll appreciate that, Senator. I'll tell him when he's finished baby-sitting here. (Laughter) [CONFIRMATION]

SENATOR ADAMS: Senator Council has a question. [CONFIRMATION]

CAROL ZINK: Okay. [CONFIRMATION]

SENATOR COUNCIL: Thank you, Senator Adams. Good afternoon, Ms. Zink. I just have a...you're currently a member of the commission, correct? [CONFIRMATION]

CAROL ZINK: That's correct, Senator. [CONFIRMATION]

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SENATOR COUNCIL: And is...are you completing your first term? [CONFIRMATION]

CAROL ZINK: That's correct. [CONFIRMATION]

SENATOR COUNCIL: Okay, thank you. [CONFIRMATION]

SENATOR ADAMS: Are there other questions for Carol? Well, Carol, seeing none. Thank you for taking time out of your day for this, and I want to know if you actually have a grandchild with you or if that's just a cover for you and your husband wanting to go to Disney World. [CONFIRMATION]

CAROL ZINK: You know, we do have one, but, you know... [CONFIRMATION]

SENATOR ADAMS: All right, all right. Well, we'll take you at your word. You are at a hearing, after all. [CONFIRMATION]

CAROL ZINK: All right. That's right. [CONFIRMATION]

SENATOR ADAMS: And thank you for your service to the state too. We appreciate it. [CONFIRMATION]

CAROL ZINK: Thank you, Senator. [CONFIRMATION]

SENATOR ADAMS: All right. With that, we'll move on to our next hearing appointee and that would be Riko Bishop. Is Riko present? [CONFIRMATION]

RIKO BISHOP: I am. [CONFIRMATION]

SENATOR ADAMS: Thank you for being here today, Riko. And you had an opportunity to see what we did with Carol and so...that didn't sound right. [CONFIRMATION]

RIKO BISHOP: And I'm still here. [CONFIRMATION]

SENATOR ADAMS: That didn't sound right, did it? But anyway, if you could also give us a little of your background--and we do have some bio information in front of us--and then take some questions from the committee. [CONFIRMATION]

RIKO BISHOP: (Exhibit 2) Absolutely. Good afternoon, Chairman Adams and members of the Education Committee. It's my pleasure to be here today for the second time for this process. I was appointed and confirmed back in December of 2007. I was asked to fill in the remaining term from that point on until now, and it's been a great pleasure. My background is that I'm a graduate of Bellevue High School, and it truly was just one high school back in 1974. And that was where I would say we settled down here in Nebraska

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and have been ever since. I'm a military kid. My dad was in the Air Force. We moved all over the country, and so Nebraska's been home since about 1969. After my dad just got back from the Vietnam war, we had to leave Hawaii, our beautiful paradise location for that time frame, to come to Nebraska and I...you know, at that time, going from a piece of land surrounded by ocean to a landlocked state was a little disconcerting to, you know, a junior high school-aged kid. But I have to say it's been a wonderful place to call home and a great place to say this is where my roots are and always will be. I, after Bellevue, went to Kearney State College--and it was that, at that time--and I earned a degree in education and went into teaching for about seven years. Took a break from that because of getting married and moved to Wisconsin and worked for a private business for about four years. Worked as an office manager/executive assistant for an advertising agency for a company of over 150 people, so that was a real interesting experience. Then came back to Nebraska and went to law school and graduated from the College of Law in Lincoln in 1992 and have been practicing now for 20 years. It's been a really unique opportunity, having been a teacher and having then joined a law firm that does a lot of work in education law. We represent a number of school districts across the state. I've done a lot of my time in that area doing teacher termination hearings and doing student discipline hearings, so I...they call me in when people are in trouble and, you know, I...maybe some of that is because of my sensitivity to the issues, having been in the teaching arena, and the kind of, I guess, compassion that I can bring to those hearings because I...you know, it's a tough issue. You're taking away someone's livelihood, so being part of the K-12 area was a great experience. And now being part of this commission and having the opportunity to work with postsecondary issues has just been tremendous. And probably, in anticipation of your question, Senator Sullivan...why do I want to continue? You know, what have I really appreciated about this commission? It's the staff and the work that they produce. Under the direction of Dr. Marshall Hill, the staff is so focused, so intelligent, and generates...collects data and generates reports that are of tremendous value to this Legislature--to the state--in looking at: What are some of the issues that we're confronted with? How can we address them? How can we make our education process better in Nebraska with the resources that we have? As...one example of an amazing report that I've had the opportunity to review, prior to it being published, is the 2011 Nebraska Higher Education Progress Report, which I'm sure all of you have seen. I think this was the seventh year that that report was generated. The data contained in that document is invaluable. One piece of information that maybe caused you some consternation as you looked at it is seeing that in the 75 percent of Nebraska high school students that did go on to take the ACT or SAT exams, only 29 percent of those who took the ACT actually were prepared--or determined to be prepared--to succeed in all of the four entry-level college work areas that that test examines--algebra, biology, English, and social science. Only 29 percent met the benchmark for all those four. Some met it for a couple, some met it for one, but for all four of those core curriculum areas, only 29 percent of our high school students were measured to be successful in those areas. And the benchmark means that...I think it's 50 percent have a chance of earning a B; 75 percent have a

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chance of earning a C. So if they aren't even meeting that benchmark, then they're not going to succeed at all, so that's a little disturbing. And on a personal note, you know, I have a tenth-grader at home. I have a 31-year-old who is a Navy pilot, but I have a tenth-grader at home who is struggling in biology. And he's pretty much a straight-A student, but he's struggling in biology, so it causes me to question, you know. And we'll probably talk with the teacher about what are they doing and how are you teaching. But is there a need for more biology sooner than that sophomore year? You know, are we missing some opportunities to educate in these key areas earlier in their education process? This is the first year--as a sophomore--that he's getting biology and he's struggling. And I look at the data on the ACT, and it says only 35 percent met or exceeded the science benchmark, which is focused in college-level biology. So it's that kind of information that this commission researches, it analyzes, it collects and it analyzes and puts together into a report that the rest of us can look at and examine and try to determine where are there places that we can make some improvements in education. In addition to all the other tasks they do--the financial aid oversight that they have and the monitoring of academic programs and the monitoring of out-of-state programs--I think that the research they're doing to look at college readiness, college retention, migration, the race and ethnicity factors in all of those areas, I think that's critical to our state continuing to be better in its higher education progress, so.
[CONFIRMATION]

SENATOR ADAMS: Thank you, Riko. [CONFIRMATION]

RIKO BISHOP: Um-hum. [CONFIRMATION]

SENATOR ADAMS: Now are there questions from the committee? [CONFIRMATION]

SENATOR COUNCIL: Me. [CONFIRMATION]

SENATOR ADAMS: Yes, Senator Council. [CONFIRMATION]

SENATOR COUNCIL: Thank you, Ms. Bishop, and as...I must state that I was very impressed with the resume. I saw your interest from the legal end and the educational side, and we had a brief conversation about the similarities there. But in terms of, for example, retention rates at our postsecondary institutions, has the commission been focusing any research or particular policy initiative towards identifying what the factors are that lead to either high retention or low retention? And I was particularly interested in seeing that you have participated in the minority access to the legal profession committee of the bar association. So I was wondering, do you have anything on the table right now at the commission to deal with retention? [CONFIRMATION]

RIKO BISHOP: Well, I know that the... [CONFIRMATION]

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SENATOR ADAMS: Joyce? [CONFIRMATION]

JOYCE SIMMONS: Yes? [CONFIRMATION]

SENATOR ADAMS: Excuse me for a moment, if you will. [CONFIRMATION]

RIKO BISHOP: Excuse me. Um-hum. [CONFIRMATION]

SENATOR ADAMS: Joyce, we're right in the middle of... [CONFIRMATION]

JOYCE SIMMONS: I can hang on. [CONFIRMATION]

SENATOR ADAMS: Yeah, that's what I wanted. Thank you. I'm sorry.
[CONFIRMATION]

RIKO BISHOP: That's all right. In the same report that I was referring to earlier, there's quite a number of pages dedicated to retention rates and actually breaking down into race, ethnicity, gender percentages in that regard. I don't know if there's enough data--and I would have to defer to the staff to provide more information on this, Senator--but I don't know if there's enough data yet or available to determine the specific reasons why there may be difficulty in some of those demographic groups in retention. I think it's definitely something that needs to be explored. And I think to the extent that information can be shared maybe more generously amongst various institutions with the Coordinating Commission, that you would have that kind of information available to you. [CONFIRMATION]

SENATOR COUNCIL: Thank you. And I see Dr. Marshall--Dr. Marshall Hill--is doing his job with the commission in terms of the continuity of the discussion around those issues and the consistency. And I appreciate it, Ms. Bishop, and I appreciate your service.
[CONFIRMATION]

RIKO BISHOP: Yeah, it is an important issue. And as you mentioned, you know, my work on the Minority Justice Committee--over a decade of work on that committee--seeing a lot of similar types of issues, you know, in the legal system with minority populations, and in education is no exception. And so, as I said, to the extent we can work cooperatively with the Department of Education, with the various institutions around the state and get the data, I know that this is a group that is an expert at analyzing and putting together reports that would be helpful for us.
[CONFIRMATION]

SENATOR COUNCIL: Thank you. [CONFIRMATION]

SENATOR ADAMS: Are there other questions from the committee? I guess not. Thank

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you for your time this afternoon and your service. We appreciate that.
[CONFIRMATION]

RIKO BISHOP: All right. Thank you, thank you. [CONFIRMATION]

SENATOR ADAMS: The next--and the last--appointment that we have is Joyce Simmons, also to the Coordinating Commission for Postsecondary Education, and I think we all know Joyce is on the line. Good afternoon, Joyce, and thank you for joining us. [CONFIRMATION]

JOYCE SIMMONS: (Exhibit 3) Well, thank you. I appreciate the opportunity.
[CONFIRMATION]

SENATOR ADAMS: Joyce... [CONFIRMATION]

JOYCE SIMMONS: I'm sorry I couldn't be there in person, but we'll do it by telephone.
[CONFIRMATION]

SENATOR ADAMS: Yeah, this will work. Thank you very much. Joyce, what we have done...the format with the prior two appointees is if you would just take a moment or two and tell the committee about yourself a bit and then answer a few questions from the committee, and we'll be done for today. [CONFIRMATION]

JOYCE SIMMONS: Well, I'm a product of the postsecondary education system in Nebraska. I attended University of Nebraska, Chadron State, and then went to the medical center and finished a postdoctoral and am now an orthodontist and have been in Valentine since 1988. I was appointed to the first term six years ago. That one is finished and the Governor has been kind enough to nominate me to be reappointed. I've served in all the committees. There are three standing committees, an executive committee, and I've also served two terms as chair...a lot of issues that are important in the world of postsecondary education. We know--I think the Governor more than anybody--how important it is that our students be prepared for the coming years and the coming world, not just competition here in the U.S. but also from all the emerging economies--China, India, Brazil, you know, around the world--and we need to be able to hold our own, keep our students here in Nebraska. But what can we talk about specifically? [CONFIRMATION]

SENATOR ADAMS: All right, thank you. And I'm now going to open it up to questions from the committee. Senator Sullivan? [CONFIRMATION]

SENATOR SULLIVAN: Thank you very much, Dr. Simmons. In all of these issues that are being faced by higher education and the job of the commission, what would you think is probably one of the most critical topics that the commission still needs to deal

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with that perhaps they haven't to date? [CONFIRMATION]

JOYCE SIMMONS: You know, of all the things, I think the one area where I feel we have difficulty doing our best mission is the data. I did hear a little bit of how Commissioner Bishop was talking about data collection. What I find over and over as a topic is that the information probably is somewhere, but that it's not getting to the statisticians at the Coordinating Commission. I know often we have to go to national statistics to try to work backwards to get things like graduation from college and students who are transferring from one institution to another, that that data is just hard to track. And I know in high school, we're concerned about that transition from high school to college. I know the State Department of Education probably has that information, but it just doesn't seem to be readily available to the Coordinating Commission. [CONFIRMATION]

SENATOR SULLIVAN: Thank you. [CONFIRMATION]

SENATOR ADAMS: Other questions? Senator Avery. [CONFIRMATION]

SENATOR AVERY: Thank you, Chairman Adams. Dr. Simmons, you talked about the data collection activities of the commission and I, too, admire the work that's done in that area. But the coordinating function is something that I've always looked at with a great deal of interest. Can you tell me what can be done to improve the coordinating function and activities of the commission beyond, of course, data collection? [CONFIRMATION]

JOYCE SIMMONS: Well, I'm going to stray off into an area that hasn't probably been given much attention, but I find that it's a little bit frustrating for me personally--I'm not speaking for staff here--that the community colleges are little independent entities of their own. I feel that could be coordinated so much better. But the fact that part of their revenue comes from property tax base in their service area means that there's a board that has control of that without regard to what their neighboring community college might be offering, so what their...there seems to be a lot of duplication in that area. I think it's unfortunate that the community colleges are not funded as all postsecondary...as the rest of the postsecondary are, through state funds, so that there could be more coordination. I don't really see a solution to that problem, and I know that that's one aspect of the community college difficulties that your committee has been dealing with. But I certainly feel there could be better coordination among the community colleges. [CONFIRMATION]

SENATOR AVERY: I appreciate your answer. It's thoughtful. This is an area where we need to do a lot of work, I think. Thank you. [CONFIRMATION]

SENATOR ADAMS: Are there other questions? There are no further questions, Joyce,

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from the committee. We thank you for joining us today and appreciate your service to the state. [CONFIRMATION]

JOYCE SIMMONS: Oh, thank you very much. [CONFIRMATION]

SENATOR ADAMS: (Exhibit 4) Before we proceed on to our first bill today, I do have a letter here from the Governor's office. We were to have scheduled a fourth appointment today of Karen Davis. I'm going to read the letter into the record. "Dear Mr. President, Speaker Flood and Senators: This letter is to inform you that the request for confirmation of the appointment of Karen Davis as a member of the Coordinating Commission for Postsecondary Education is respectfully withdrawn. Sincerely, Dave Heineman, Governor of the state of Nebraska." So with that into the record, we will end the confirmation hearings and we will move on to the first bill for the day, which is LB1079, provide grants for educational bridge programs for low-income adults. And I think Senator Mello...oh, there you are. All right, you're welcome to open. [CONFIRMATION]

SENATOR MELLO: (Exhibit 6) Thank you. Good afternoon, Chairman Adams and members of the Education Committee. My name is Heath Mello, H-e-a-t-h M-e-l-l-o, and I represent the 5th Legislative District in south Omaha. LB1079 is the product of an interim study by this committee and the Appropriations Committee that looked at possible funding streams for what are known as bridge programs. Speaking generally, bridge programs are educational partnerships that assist students in obtaining academic employability and technical skills needed to enter and succeed in postsecondary education and training in the labor market. Typically, these partnerships are between nonprofit social service agencies and community or technical colleges. While the state of Nebraska has not faced the same economic hardship as our sister states during the great recession, we are clearly facing a skills gap. By 2018, 64 percent of the jobs in our state will require postsecondary education, yet only 35 percent of Nebraskans currently hold such a credential. In order to fill this gap and continue to grow our economy, our state must find new strategies to train Nebraskans for the jobs of the future. Investing in bridge programs, which have been established nationwide with great success, can help keep our economy strong and create new opportunities for working families. In simple terms, establishing and supporting bridge programs can be a smart strategy to not only increase our work force but also get improved outcomes from our current investments in adult educational programs. During the LR206 interim study hearing, this committee heard testimony from two existing bridge programs in Nebraska--the Pathways Out of Poverty program through the Center for People in Need in Lincoln and the Customer Connect program through Goodwill--which were funded through the American Recovery and Reinvestment Act of 2009. Since that hearing, funding for both the Pathways Out of Poverty program has run out, and the Customer Connect program faces a very similar fate if a potential funding source cannot be found soon. LB1079 proposes to utilize lottery dollars from the Education Innovation Fund to provide such a potential funding

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source. As you may have noticed, the green copy of the bill intentionally did not specify the amount of money to be taken from the Education Innovation Fund, given the committee's work during the LR542 process in which several programs that had been funded through General Funds were temporarily transferred to the Education Innovation Fund. The committee should have received a copy of AM1877, which makes several technical clarifications and also specifies the amount of funding to provide, which is essentially a three-year pilot program. With the amendment, LB1079 would appropriate \$500,000 from the Education Innovation Fund in each of the next three fiscal years for a competitive grant process to establish bridge programs. Those bridge programs which were able to leverage additional local philanthropic or federal funds would be given priority under the competitive grant process, and the bill also contains the provision requiring the Department of Health and Human Services to assist bridge program applicants in drawing down additional federal funds. My office did receive a copy of a letter of opposition from the State Board of Education, and I'd like to take this opportunity to correct an assumption about LB1079 in that letter. Nothing in the language of either LB1079 or the amendment, AM1877, limits a bridge program participation...individuals who did not graduate from high school. In fact, bridge programs are designed to assist both high school graduates and GED recipients. With that, I thank you for your time and will be happy to answer any questions you may have. [LB1079]

SENATOR ADAMS: All right. Thank you, Senator. Are there questions for Senator Mello? Yes, Senator. [LB1079]

SENATOR COUNCIL: Yes, thank you, Senator Adams. Thank you, Senator Mello. You and I have had a number of conversations about bridge programs and a couple of them that exist in various forms in Omaha. But in terms of the grant process, it would be administered through the Nebraska Department of Education? [LB1079]

SENATOR MELLO: It would, yes. [LB1079]

SENATOR COUNCIL: And the grant applicants would be the partnerships, I assume, between the GED or adult education program. But what if we are dealing with high school graduates? So is it just the postsecondary institution that would be the applicant? And in that case they would, what, present data showing the lack of the basic skills or the deficiency areas experienced by their applicants? Is that how you envision it working? [LB1079]

SENATOR MELLO: The intent and the way I envision it working is that the applicant...once again, we wanted to make sure that it wasn't targeted to just one kind of applicant, so to speak. I mean, the underlying aspect of a bridge program is built in a partnership model between a nonprofit social service agency and usually some kind of educational provider, adult education provider, which in most programs revolves around

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community colleges or technical colleges. So the way I envision a bridge program grant process would work is the department, more than likely, would be weighing as we give...we also lay out...give priority to applications that leverage additional local philanthropic or federal funds, which when you involve an adult education provider, they naturally will be leveraging funds--usually in-kind funds for the education aspects. So the underlying assumption that I think the State Board of Education made is that this program only helps a small segment of the population. Where I know this committee has heard it, and Senator Adams knows this from conversations amongst some of our colleagues and others in the education community, is that we have a significant number of high school graduates who are graduating now who are not college ready, who are not ready to take college-ready classes, so to speak, and must enter some kind of developmental education before they can even take college courses. Bridge programs, I think, help solve some of that problem. It's not an end-all, be-all solution for that segment of the population, but they are eligible for a program like this. And I think hearing more from the Customer Connect program out of Omaha or the Pathways Out of Poverty program out of Lincoln, you'll see that some of their participants are high school graduates, some of their participants...now granted, the program is geared toward helping people get their GED first and moving them towards that career pathway of getting the GED, then further credentials and getting them ultimately towards some kind of work force or associate's or bachelor's degree process to get towards a career. But there are those who have a high school diploma who just aren't able to be successful in the work force and don't have the necessary skills to be able to just jump automatically to an associate's degree or a bachelor's degree, and they would qualify for a program in this nature just the same. [LB1079]

SENATOR COUNCIL: A point and then another question. Ms. Bishop, during her confirmation hearing, just made note of the fact that only 29 percent of our high school students who take the SAT or ACT are considered to be at the level that would indicate success. But number two, the other issue raised in the Department of Education's letter of opposition is use of the Education Innovation Fund. I know...I have dabbled at times in that fund. As a member of the Appropriations Committee, Senator Mello, what would we be looking at in terms of if \$500,000, over a three-year period, is taken from the Innovation Fund? Currently, what would that do to that fund and the balances that are projected in that fund over the three years? [LB1079]

SENATOR MELLO: That's a great question. And as...I'll try to get them off the top of my head the best I can while my aide provides me the sheet that we received from the Fiscal Office. The first point--or first question--you mentioned, I think, is an underlying issue that I know this committee has wrestled with over the last couple of years in regards to the usage of that Education Innovation Fund. And from an Appropriations Committee perspective, as I mentioned to Senator Adams the other day, it's not lost on me that we used \$10 million from the Education Innovation Fund as a direct General Fund transfer, essentially, to the University of Nebraska for general operations. And so

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while I wholeheartedly respect the State Board of Education and their authority and leadership of wanting to try to protect, I think, what they envision the integrity of what those funds are used for, this Legislature, myself included, voted to take \$10 million out of that fund as a General Fund appropriation to the university to help deal with what we felt was a financial crisis we were facing as a state. And this is a fund that funds education, and granted, the university does provide a significant number of innovative programs. But that, I think, really opened the door, I think, for us to be able to...it doesn't give...I would say it takes, I think, some of the credibility away from that argument that the State Board would utilize in the sense that this fund shouldn't be used for certain purposes where we as the Legislature and the Governor...at the Governor's direction, actually, as well, moved to do that. So I usually...while I respect their opinion and respect their position, I think it doesn't hold much weight in regards to what we're looking to do with LB1079 or what the Legislature has done, in my time in the Legislature, regarding the fund. The underlying issue and part of the reason we left the original green copy bill with no specific dollar amount appropriated towards this pilot project was that we wanted to make sure that we didn't harm, I think, the integrity of the Education Innovation Fund, knowing that there are programs that are currently being funded out of this fund for the next couple of years, through the next biennial budget. And the projection that we received from the Legislative Fiscal Office is dated 12-21-2011--and my office can get a copy of this to Senator Adams and the committee for your usage as well--is that it's estimated that as we move into the next biennial budget process, that with no changes at all, no further withdrawals from the Education Innovation Fund as well as the removal or, I would say, the General Fund pickup, if I'm not mistaken, or a majority of the General Fund pickup of the early childhood grants that we moved from General Funds to the Education Innovation Fund for two years, that moves back to the General Fund, so to speak. What we see right now is a \$4 million and \$4.5 million end-of-the-year estimate on...regards to where that fund currently is. Now that ultimately, to some extent, leaves the belief that depending upon what the Legislature does next biennial budget, in regards to that \$3 million pickup that is part of our Legislative Fiscal Office general status report, that it's fully intended that the General Fund appropriation in the Department of Education would pick up those costs again, that we would have this surplus in the Education Innovation Fund. Now that would take a change in statute, so to speak, if we wanted to appropriate money out of this fund for those early childhood grants in the future. That's a conversation that obviously, I think, the Legislature may or may not have as we move towards the next biennial budget and the budgeting process. But currently...right now it shows that with all things considered, we see a \$4.5 million surplus right now in the fund, which leads me to believe that's why we wanted to wait until we got these numbers and solidified these numbers. I think \$500,000 a year for a pilot project provides ample opportunity to establish multiple pilot projects around the state in trying to accomplish what we ultimately want to accomplish, which is utilizing these dollars, primarily these Education Innovation dollars, to be able to draw down additional federal funds through Department of Health and Human Services, through their Supplemental Nutrition Assistant Program, training program,

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work for education and training program, which right now the state is eligible for tens of millions of dollars of federal funds, which we just simply have to provide a matching fund. This half a million dollars that we could utilize provides automatically a matching fund for us to draw down additional federal funds to be utilized for bridge programs, so I think it's an untapped opportunity that's been brought up. And that's one of the reasons why we wanted to move forward with this concept this year, realizing that not only does the Education Innovation Fund appear to have the funding available, but we ultimately double the amount of money we put towards this program because we utilize it for that matching fund out of the Department of Health and Human Services' SNAP and Employment and Training Program. [LB1079]

SENATOR COUNCIL: Okay. Just real quick, Senator Adams. So when you talk about the Department of Health and Human Services' SNAP program, does that also entail the bill that the body heard, of Senator Harms's, to allow...enable TANF recipients to use the time they spend obtaining a GED or a high school diploma...is that part of the link in or is it just the SNAP link in? [LB1079]

SENATOR MELLO: It's...the real link in is more the SNAP Employment and Training funds. The state of Nebraska, we've been eligible for these funds for a number of years, but...yet because the state does not appropriate any money towards drawing down those funds, we essentially do not utilize that dollar-for-dollar match. And the unique thing is, as we've come to research that fund...and granted, that falls within another committee's jurisdiction, but the reality is we can utilize not only state dollars as a match but local government aid, philanthropic aid. Anyone who wants to put money towards drawing down those funds, we can do. And unfortunately, I think it's a...hindsight is 20/20 and we're only starting to realize now that private foundations, local government entities, other nonprofit entities, even businesses, if they'd like to put money towards a program of this nature, only expands that pool that we can draw down federal funds for a dollar-for-dollar match. [LB1079]

SENATOR COUNCIL: Okay, but there has to first be a state match before... [LB1079]

SENATOR MELLO: Actually, there doesn't even need to be a state match, as we've come to find out. It...still, the reality, though, is that there needs to be some movement or effort, so to speak, to collect that matching aid or matching in-kind funds to draw down those SNAP funds. We've only...we've determined, though, the best way to do it is by providing what we think is a very reasonable \$500,000 as a starting point with the expectation that these programs will come and apply to the Department of Ed with significant more amounts of money that also count as that draw down. So you might be a 500...you might see an entity apply for, let's say, a \$150,000 grant, if LB1079 would become law, from the Department of Ed. But really they would be bringing \$500,000 to \$600,000 of additional contributions or aid to the table, which would then draw down \$600,000 or so from the Department of Health and Human Services, from that SNAP

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Employment and Training fund out of the federal Department of Health and Human Services, thus leveraging \$150,000 possibly into \$1.2 million. [LB1079]

SENATOR COUNCIL: Okay, thank you. [LB1079]

SENATOR ADAMS: Senator Sullivan. [LB1079]

SENATOR SULLIVAN: Thank you, Senator Adams. Thank you, Senator Mello. First of all, did you indicate that the Pathways Out of Poverty program receives stimulus funds? [LB1079]

SENATOR MELLO: Both the bridge program out of Lincoln and Omaha, both receive stimulus funding. [LB1079]

SENATOR SULLIVAN: For how long and how much? [LB1079]

SENATOR MELLO: I do not have that information in front of me. Both entities are here to testify today, so you may be able to ask them more details, again in regards to their federal funding that they receive for that program. [LB1079]

SENATOR SULLIVAN: Okay. And I know you mentioned that there were other states that have bridge programs. How are they funded? Do you have any idea? Can you give a little, brief... [LB1079]

SENATOR MELLO: Anecdotally, they're funded very similar to what is in LB1079--general fund appropriations, philanthropic funds, local aid, and partnership aid from various nonprofit entities and other governmental subdivisions. Usually, successful bridge programs that have been documented all across the country are all done in a very partnership-driven model. No one entity is expected to do more or serve or provide a service that they don't currently provide. So an education provider provides the education component; a nonprofit entity or work force entity provides those work force skills or career skills needed, as well as those wraparound social services needed to ensure that participants are successful in the program, moving towards a credential of some sort and employability. [LB1079]

SENATOR SULLIVAN: And that's been...as I've tried to figure out what an effective bridge program is, that's always been what I thought was maybe sort of one of the weaknesses or maybe a missing link, and you can respond to this. But okay, you've got the educational institution; you've got the nonprofit. But if it in fact leads to employment, where and why not...and what you've articulated so far is there's not business involvement, and you mentioned that as a possibility just a little bit ago. And secondly, it's almost like, for those individuals who are either lacking a GED or high school diploma or not ready to go on to that next level, it's almost like they fit into a different

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category than the ones that are ready to get into this bridge program. [LB1079]

SENATOR MELLO: I think the Goodwill Industries can provide, I think, a much more detailed explanation of their relationship with businesses in the business community in regards to their customer service bridge program that's being operated out of Omaha right now. They do have businesses that are ultimately participants of hiring those who finish the bridge program. I believe First National is one of them and I believe maybe Mutual of Omaha is another one. I don't want to take too much away from their testimony because they will be able to provide that detailed information. The underlying, I guess...your other question or concern is obviously very valid and raises, I think, the need for what we put forth in LB1079 is that you have Nebraskans now who don't have the basic developmental education or work force skills to be successful in a job. And while that step...can go a step further of saying we even have high school graduates who have an actual diploma who still don't have the necessary work force skills to be successful in a job, that they need further training or education to prepare them and get them in a pathway towards employment. And the program that...you can hear from Center for People in Need as well as Goodwill Industries, that provides that pathway more than anything else. That provides that...not just the classroom education that we know is going to be necessary to be successful but that other life skills, that career coaching, that professional development that's needed for them to be successful in the workplace. So yes, it seems that we know that there is a segment of the population that is in probably greater need of some more of the developmental aspects right off the bat, who don't have a high school diploma or don't have a GED. But we understand that there are some now who continue to get a GED or high school diploma who still aren't...still don't have the skills necessary to be successful in the workplace, and this kind of program helps get them towards that path. I hope that answers your question. I mean, I think the reality is this is a very all-encompassing program or concept that other states have utilized to help provide that training education to segments of the population that we know need it the most and provides them a more comprehensive approach to do it instead of a simple enroll in a class, enroll in a program, and we wish you luck, we wish you the best of luck. Good luck in trying to finish. And if you do, we might be able to provide you some assistance, when you're done with the program, to try to get employed. This actually gets people towards not only the first couple steps towards employability but really helps them follow a real career path towards, as you'll hear, a career in customer service, so to speak...and the program based out of Omaha, which is one of our best examples. [LB1079]

SENATOR SULLIVAN: Thank you. [LB1079]

SENATOR ADAMS: Are there other questions? Senator, I have just a couple. One deals with the fiscal implication. I know that a year ago when this committee was working on the LR542 and, as you well know, moving a lot of General Fund obligation over to lottery dollars, one of the things we were concerned about is maintaining an

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appropriate balance in that account. You talked about \$4 million. I guess the question I would have for you...and you can answer it or the Fiscal Office, whoever. So what's the balance number that we need to maintain in there to make sure that we meet our obligation in the lottery? [LB1079]

SENATOR MELLO: I think, you know, to some extent, Senator Adams...I mean, I think the reality is that always will be, I think, a moving target, depending upon the actions of this committee and the actions of the Appropriations Committee. I think the way it's laid out now from the Fiscal Office shows that most of the LB333 that was passed, most of those programs are continually funded out of the Education Innovation Fund, with the exception of the Early Childhood Education grants. You remove that out statutorily--which it's in statute that we will pick that up as a General Fund obligation again--all the rest of those programs remain in this entity, which shows we have a \$4 million-plus surplus every year, as we move forward until the fund essentially sunsets in fiscal year 2015-16. So I'd say that the dollar amount that's necessary to keep, I guess, the fund sustainable. The fund, right now, is sustainable according to statute and according to the programs they're funding. It shows that unless any dramatic changes occur in the next...as we move into the next couple biennial budgets, we have a \$4 million surplus. So that means every year we have \$4 million left over that we are not spending out of this fund. And so I think...you know, I know my friend and colleague Senator Nordquist had a bill in front of you that also looks to appropriate a pilot project fund, so to speak, for a period of time, which is smaller than the amount I'm asking. But I think the reality is he's probably looked at the same fiscal sheet that I got from the Fiscal Office that showed we have the money available to spend. We have the ability to do innovative projects such as, I would say, as in LB1079 that leverage additional funds for education and training for Nebraskans. And ultimately, this committee will probably wrestle with, I would say...in the next four years of what we're going to do, if anything, with this additional funding that we're going to be receiving. So I think that obviously I'm here to advocate for my legislation, LB1079. Other senators have brought forward legislation as well to look at pilot projects out of this fund. I believe we have the funding available to do it. I think the Fiscal Office projection shows that we have the funding available to do that, as well as other projects that this committee so chooses to move forward in the future of doing those kind of projects. [LB1079]

SENATOR ADAMS: One more question. And the community college bill, LB946, that is on Select File and moving to Final Reading before long, you're familiar with the Program 99 that is a new part of that calculation. Are you familiar enough with it? Do you see a connection between what you're trying to do and that Program 99 money, so that maybe these two things could be worked out together? Just a thought. [LB1079]

SENATOR MELLO: I think with kind of the pilot project nature still of bridge programs in Nebraska, I see somewhere down the road that Program 99 funding being an available resource to do these kind of initiatives at various community colleges throughout the

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state as we move forward. The unique thing, though, is bridge programs really are driven more by the social service agency than it is by the community college because the social service agency--or whoever is the outside entity--that's helping with the employment and the employability aspects as well as some of those professional development skills, they're the ones who are tying to the business community or to the employer. And the community college serves as kind of that intermediary between there, where you have, you know, for an example, a Goodwill Industries who ultimately is the one who's recruiting the participants, who's finding the eligibility for the participants, who's providing a lot of that wraparound service and activity for the participants, and partnering with the community colleges to help, whether it's develop the educational curriculum to ensure that the curriculum at the community college or technical school is meeting the needs for the program...and that's how, kind of, the relationship develops. So I think as community colleges become partners, obviously, in future bridge programs as these develop around the state, no doubt they will probably be looking for either their internal funds or internal budgets or looking for additional funds on their end to help provide that education. But they also are eligible to draw down federal funds and look at other resources as well to pay for it. And the program then you mentioned provides, I think, a unique opportunity for them to be able to go in and find other funds to help cover the costs, the educational classroom costs associated with a bridge program like this. [LB1079]

SENATOR ADAMS: All right, thank you. Are there other questions from the committee? Seeing none, thank you, Senator. [LB1079]

SENATOR MELLO: Thank you. [LB1079]

SENATOR ADAMS: We will move to proponent testimony, and we'll move to the light for three minutes. First proponent. Proponents, please. Good afternoon. [LB1079]

VIRGINIA POWELL: (Exhibit 7) Thank you. Good afternoon, Senators. I am Virginia Powell, V-i-r-g-i-n-i-a P-o-w-e-l-l. I am with Goodwill Industries. I am the manager of the Customer Connect program that Senator Mello was just speaking of. We've already heard a little bit about what bridge programs do, and I'll put that a little bit into the context of what our bridge program does. Customer Connect provides services to individuals who are unemployed or underemployed in the greater Omaha area. We assist these individuals in getting into college. We help pay for all of their needs while they are in college--their classes, their books, their supplies--and then we assist them in finding jobs once they complete the program. What I think is one of the benefits of a bridge program like this is that it does offer those social supports that Senator Mello was mentioning that is not found at the college level. This is the case manager who is there to talk about, so your lights are getting shut off, so you need help finding clothes, let's find out who can help you with that. It's not to provide those needs, but it's to help make that bridge not just between the individual and college but that individual and success.

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We do serve individuals who have high school diplomas or GEDs. And out of the individuals that we've served, so far 144 have been served in our program, and over 70 of those would have required some level of developmental education or had just completed a developmental class before coming into our program. I think that shows the need of the additional support for so many of our students when they are entering that college level. Without our program, many of them would have had to have taken six months of class before even coming into the college level. Many individuals who are living in poverty, who are unemployed, cannot see the benefit of going to school for six months in classes that do not count toward any kind of higher education in order to start higher education so that years down the road they may be able to move forward in college and get a good job. Programs like this break down the education into obtainable levels. They receive the customer service specialist diploma when they complete our program that can then be built upon to receive a certificate from the community college and then an associate's degree and then a bachelor's degree. And it breaks it down from an overwhelming four years, how can I possibly do that, I barely got out of high school or I had to get my GED, I've never been to college, my family has never been to college, into something...six months, I can do that, I can hang on for six months and then six more months. And now I'm in a steady job where I have a livable, sustainable wage instead of a minimum wage job. Now I can see how I can continue school, how I can continue going on and have my children go to school. I think this is an opportunity that is not just about the students that we're seeing right now but carrying forward to make college a reality for many individuals that don't see it today. [LB1079]

SENATOR ADAMS: All right. Thank you. Are there questions? Senator. [LB1079]

SENATOR COUNCIL: Yes, thank you. And thank you, Ms. Powell. Could this...correct my understanding that Customer Connect kind of grew out of the customer service training pilot program of the work force development task force of the North Omaha Economic Development Project. [LB1079]

VIRGINIA POWELL: Yes, that is correct. [LB1079]

SENATOR COUNCIL: Okay, and that wasn't a difficult...part of that is to get those participants to see, you know, that investing this six months of time could result in receiving this certification, and, I guess, the greater reward was a position in an area that had career opportunities, not just a job. [LB1079]

VIRGINIA POWELL: Correct. [LB1079]

SENATOR COUNCIL: And I think when the project was being developed, that was one of the concerns that was being expressed, is that, you know, we don't want to move people into just jobs. We want to move them into positions where if they continue to grow, if they continue to build their skill base, there are career opportunities. And I'm

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glad to see because when the pilot started, it was just Mutual of Omaha and Blue Cross Blue Shield. Now you have First National Bank and Aflac. And I'm sure it's going to continue to grow. I know there was some discussion about an ophthalmology program. [LB1079]

VIRGINIA POWELL: I know that the chamber did work with an ophthalmologist, and that was a one-time class. I think that that is something that a bridge program that is more locally funded at the state level has more flexibility to it than...our program right now is funded at the federal level. We had very specific things that we said we were going to do and we have to do those very specific things. So if an opportunity comes and we see that a different hot job hits Omaha, our program cannot serve those. We cannot do anything about that because we are locked into what we have right now, whereas a different form of funding could allow for we see an opportunity, let's add a plumbing class, let's add a biotech class, let's add other opportunities because we...we have a very good model, we think. We have a good relationship with Metropolitan Community College. We have a good relationship with businesses, and we feel like this model has the opportunity to expand or be flexible, based on the needs of the businesses, so that we can be training people where there are jobs, not just training people in what's fast or what's quick or what's easy, but what's going to actually lead to that living wage. [LB1079]

SENATOR COUNCIL: Virginia, since receipt of the ARRA funds, how many participants have been involved in Customer Connect and how many have completed, if you have that data? [LB1079]

VIRGINIA POWELL: Yes. If you look at the second page there, the little blue and green chart there that will show where our current numbers are at, these are up to date. We've had 144 individuals served in our program. Right now, about 50 of them are still in class. We have classes that are going on right now. So we have had 71 individuals who have completed the program; they've gone through all the classes until the end. We have had 64 who have actually received their customer service specialist diploma. Introduction to business is apparently an extremely challenging class, and we've had some people who were not as successful in it even with the supports that we offer. So far, 48 of those 71 have found employment, 43 of them in the customer service field. I think one of the things that I am most pleased with, where we have really exceeded our projections, is that as Department of Labor measures retention of employment and how many students maintain at least two quarters after exit of employment, we are at 93 percent right now, which I think is a pretty impressive statistic for individuals that usually have a lot of other things going on in their life and maybe had a history of not being very successful in jobs. They've found the right fit, they've invested in this because they spent six months. You know, they really invested in this future and they're sticking with it. [LB1079]

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SENATOR COUNCIL: Okay, and the ARRA funds end next year. [LB1079]

VIRGINIA POWELL: February of 2013 is when our grant ends. [LB1079]

SENATOR COUNCIL: Thank you. [LB1079]

SENATOR ADAMS: Other questions? Yes, Senator Howard. [LB1079]

SENATOR HOWARD: Thank you, Senator Adams. I notice that your highest number of people fall into the 45 to 54 age range. [LB1079]

VIRGINIA POWELL: That's correct. [LB1079]

SENATOR HOWARD: And I guess I didn't expect that. I mean, when we talk about people not getting their GEDs or not completing high school, you think these are younger people that have realized they need to have that to go on and get a job. What do you kind of attribute this number to? [LB1079]

VIRGINIA POWELL: Many of our students and many of our most successful students are middle-aged women. You can also see... [LB1079]

SENATOR HOWARD: Well, I'm not surprised to hear that. (Laughter) [LB1079]

VIRGINIA POWELL: ...that predominately women do attend this particular bridge program. And I think that this is a...this is just my opinion. I think this is a group of...a demographic that has looked around and said, I need to do something different. My kids are grown, now it's time to do something for myself, now I have the time and the opportunity. I can't get a job, so now maybe it's time to actually focus on my education. It didn't seem as important and I didn't see how I could take the time. But now it's become very apparent it's very important in our economy to have that education, and I have nothing but time because I can't find work. [LB1079]

SENATOR HOWARD: Do you do any kind of a questionnaire with people to see what is their motivation for coming into the program? That would be really interesting. [LB1079]

VIRGINIA POWELL: We do and it's a different answer for every single person. [LB1079]

SENATOR HOWARD: So you can't really chart a... [LB1079]

VIRGINIA POWELL: It has been all over the board for why people come, but... [LB1079]

SENATOR HOWARD: How do most of them find out about your program? [LB1079]

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VIRGINIA POWELL: I would say we do advertise on the radio, and that's kind of one of the biggest referral sources. But we also work pretty heavily with the Employment First program. We get a lot of our candidates from there and from the WIA program as well. [LB1079]

SENATOR HOWARD: So these are people that really need to be in a program in order to continue receiving their benefits? [LB1079]

VIRGINIA POWELL: No, I mean, the Employment First people could do other things. Our program does certainly count for that, but... [LB1079]

SENATOR HOWARD: But it's a qualifying program. [LB1079]

VIRGINIA POWELL: But it is a qualifying program for Employment First, yes. [LB1079]

SENATOR HOWARD: Okay. All right, thank you. [LB1079]

SENATOR ADAMS: Other questions? Thank you, ma'am. Oh, I'm sorry. Senator Haar. [LB1079]

SENATOR HAAR: I, too,...even 55 or older people are saying it's time for a job, huh? [LB1079]

VIRGINIA POWELL: Yes. We've actually...this has been our big surprise and we're not sure what to do with this. We've had several people recently call who were in their seventies or eighties wanting to be in our program and who have degrees and see that they are not surviving. So that's an interesting...it's been a big surprise for us. That was not a demographic that we expected to hit. The 45 to 55 we were pretty sure we'd be getting a lot of people from, but the 55 and over was a little bit of a surprise, to be seeing a lot of people wanting to do career changes or come out of retirement and go back to school. [LB1079]

SENATOR HAAR: Now I'm sorry, I missed Senator Mello's introduction. I had another bill that I introduced in another committee. But would LB1079 simply add another grant to your program or would it be the program? [LB1079]

VIRGINIA POWELL: It would be the program. Our program does end in February of 2013. At this time, our last class will start this September. [LB1079]

SENATOR HAAR: Okay. That's it, thank you. [LB1079]

SENATOR ADAMS: Okay. Any other questions? Thank you, ma'am. [LB1079]

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VIRGINIA POWELL: Thank you. [LB1079]

SENATOR ADAMS: Next proponent. Any other proponents? How many proponents? Okay. Jump quicker when I ask for proponents. (Laughter) [LB1079]

KARRIE JIMENEZ: I am Karrie Jimenez, K-a-r-r-i-e J-i-m-e-n-e-z. I'm a current student with the Customer Connect program. I did graduate from high school and I decided that I wanted to continue my education. I know that if it wasn't for this program, I wouldn't be in college. I would have to be...spend more money to take classes due to my COMPASS test not being so high as it should be. I know that I would be working dead-end jobs, wishing I would go back to school and, like I say, I would have to pay extra classes to continue my education. It really has changed my life because it's a goal of mine to continue my education going through college. But since I have a family, I tend to put myself last. I think that this customer program is very beneficial for anybody that wants to go back to school, no matter the age or the education background. Right now I'm taking classes in the Customer Connect program which are three: business office communications through Metro; the Customer Connect class which is through Goodwill; and the Customer Service class through Omaha. I'm passing all of my classes right now with all A's, and I'm looking forward to graduating in May and joining the working class. [LB1079]

SENATOR ADAMS: All right. Well, congratulations on how well you're doing. Are there questions for this testifier? Senator Sullivan. [LB1079]

SENATOR SULLIVAN: Thank you, Senator Adams. And thank you so much for your testimony. So looking forward to joining the business community in what area? [LB1079]

KARRIE JIMENEZ: In customer services. [LB1079]

SENATOR SULLIVAN: Okay. So you will be applying for jobs soon, I would presume. [LB1079]

KARRIE JIMENEZ: Yes. [LB1079]

SENATOR SULLIVAN: Do you get any direction or guidance through this program in helping you do that? [LB1079]

KARRIE JIMENEZ: Yes. We have...I guess I don't know if you would call it a tour, but somebody that will speak with you about setting goals, what you want to do during class and what your goals are after graduating from the program, so. [LB1079]

SENATOR SULLIVAN: And then do they actually link you up with any potential employers? [LB1079]

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KARRIE JIMENEZ: Yes, they'll help us set up resumes and they'll know what companies to apply for. [LB1079]

SENATOR SULLIVAN: Okay, thank you. [LB1079]

SENATOR ADAMS: Senator Haar. [LB1079]

SENATOR HAAR: Could you tell us, how did you find out about the program? [LB1079]

KARRIE JIMENEZ: Actually, I was reading the World-Herald and seen it, so I called and just found out what it was about. I was working as a para in Bellevue and making \$9 an hour, so I wanted to do something different. [LB1079]

SENATOR HAAR: Good for you. Congratulations... [LB1079]

KARRIE JIMENEZ: Thank you. [LB1079]

SENATOR HAAR: ...on your good coursework too. [LB1079]

SENATOR ADAMS: Senator Howard. [LB1079]

SENATOR HOWARD: Thank you, Senator Adams. You did really well today. You should go back to school and tell them how well you did to get some extra credit for coming down here to us. (Laughter) Good job. [LB1079]

KARRIE JIMENEZ: Thank you. [LB1079]

SENATOR ADAMS: Anyone else have a question? Thank you. [LB1079]

KARRIE JIMENEZ: Thank you. [LB1079]

SENATOR ADAMS: Next proponent. [LB1079]

KATE BOLZ: (Exhibit 8) Good afternoon. My name is Kate with a K, Bolz, B-o-l-z, and I am here today representing the Nebraska Appleseed Center for Law in the Public Interest. We're a nonprofit, nonpartisan public interest law firm and advocacy organization, and we fully support LB1079. We agree that we must engage our current work force and accelerate their degree completion in order to compete in a global economy. Bridge programs are training programs that lead adults into high demand jobs such as nurses and diesel mechanic technicians. These partnerships involve human service agencies, adult education programs, and postsecondary institutions. They really allow folks to accelerate their learning and engage in the work force much more quickly.

I want to share just one small statistic that I think will be helpful in thinking through bridge programs, and that is the most recent statistics from our adult education programs show that only 3 percent of adult learners transfer to postsecondary education. And I think that illustrates the challenge that folks who are lower skilled face in trying to really earn a credential that has meaning in our economy. And these programs, through contextualized learning or learning where folks are both attaining basic skills and job-related skills such as basic nursing or basic construction, really help particularly nontraditional students achieve their goals. Nebraska also ranks quite low in our investment in adult education programs specifically. We rank among the bottom five in the nation for our state level investment in adult education. So using Nebraska's state Innovation Fund really will help us innovate in that program in an area where resources are not as strong as they might be. A variety of other states, ranging from Arkansas to Wisconsin, have seen significant success with bridge programs. A nationwide survey of such programs found numerous positive outcomes, including attainment of credentials, increased likelihood to continue to higher education, and increased earning potential. The question was raised: Why credentials not jobs? And at the risk of sounding like a Sartor Hamann Jewelry commercial, a job may be fleeting, but a credential is forever. Those earning capabilities that are proven through the attainment of a credential really have meaning in the work force. I want to spend just a moment addressing some of the collaborative nature of the bridge program bill. First, I wanted to mention that there is a preference for programs that serve public benefits recipients. We think that's positive and smart leveraging of our programs and will help us maximize the dollars invested. I also wanted to mention just briefly that bridge programs nationwide are funded by major foundations, including the Joyce Foundation and the Gates Foundation, the College Access Challenge Grant. And Temporary Assistance to Needy Families rainy day funds are all funding streams in other states that could be leveraged towards these goals in Nebraska. Thank you. [LB1079]

SENATOR ADAMS: Okay, thank you. Senator Haar. [LB1079]

SENATOR HAAR: Go back to that first statistic--so only 3 percent. Say that again for me. [LB1079]

KATE BOLZ: Only 3 percent of our adult education participants go on to engage in a postsecondary degree. And I have nothing but respect for adult education providers. I think they're doing a lot of good work. But those extra supports that are built into the bridge program bill, particularly for those nontraditional students, whether that's career coaching or transportation assistance, can really move the dial in seeing success for that population. [LB1079]

SENATOR HAAR: Thank you. [LB1079]

SENATOR ADAMS: Other questions? Thank you. [LB1079]

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KATE BOLZ: Thank you. [LB1079]

SENATOR ADAMS: Next proponent. [LB1079]

MICHAEL GRANT: Good afternoon. My name is Michael Grant, M-i-c-h-a-e-l G-r-a-n-t. I'd like to thank you for letting me speak on behalf of Goodwill Industries Customer Connect program and the students in my class at Metro Community College. Having a chance to learn a new career, after being in a job that had no personal reward, is a true blessing I will always cherish. Giving the opportunity to achieve a fulfilling career is what life is all about. Because of the current educational program I am involved with, I'm excited about my future and will always be thankful for this type of program that was offered. The classes have shown me how to better relate to people and help me better understand human nature and human tolerance. Many students in my classes are from diverse backgrounds and in most cases are excited for the first time in their lives about the future prospects after we graduate. Most of these students wouldn't have a chance to attend a college because of the financial burdens that come along with the college experience. One particular student is 20 years old and has always thought she wasn't going to go anywhere in life. During this program, she has completely changed her attitude and is, for the first time in her life, excited about what's to come in her life. To see people of all ages participate in the Goodwill program and find a reason to be excited, not giving up on this great country and its economy the way things are right now, is reason enough to keep these types of programs running. I am a direct result of what can be accomplished and how successful programs like these are. I never thought I would someday be an entrepreneur. Now I plan on becoming one and working with many companies to help this great state become better customer service driven and become friendlier one customer at a time. I am using my customer service degree to help other customer service people learn what exceptional customer service is all about. After all, aren't we all in the customer service field? Thank you for your time. And please keep these types of programs going. It will make our state a better place to live and give so many people who thought they had nothing to offer Nebraska incentive to learn and grow as good people and help Nebraska be the best state in the Union. [LB1079]

SENATOR ADAMS: Thank you, sir. [LB1079]

MICHAEL GRANT: Thank you. [LB1079]

SENATOR ADAMS: Are there questions for this testifier? Senator Sullivan. [LB1079]

SENATOR SULLIVAN: Thank you, Senator Adams. Thank you for your testimony. So are you actually a graduate of the program or in the middle of it right now? [LB1079]

MICHAEL GRANT: In three weeks I'll be graduating. [LB1079]

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SENATOR SULLIVAN: Very good. And so what are your plans? [LB1079]

MICHAEL GRANT: My long-term plan is to use the skills that I've learned here. And with the experience I've had in the past as a customer service person, I would like to take them to different stores, do a training with their customer service members, and teach them the etiquettes of how to keep loyal customers in the stores, how to manage difficult situations. These are all things we've learned in these classes. They've helped tremendously. You know, I always thought I was pretty good with people, but man, have I learned a lot within these last six months. [LB1079]

SENATOR SULLIVAN: So when you said you're going to enter the world of entrepreneurs, you're actually going to kind of form your own consulting business? [LB1079]

MICHAEL GRANT: I think so, yes. That's my goal. [LB1079]

SENATOR SULLIVAN: I see. Thank you. [LB1079]

MICHAEL GRANT: And this...before this, yeah, I didn't have that thought. But now, yes. [LB1079]

SENATOR SULLIVAN: Good. [LB1079]

SENATOR ADAMS: Senator Haar. [LB1079]

SENATOR HAAR: Yes, thanks for coming. [LB1079]

MICHAEL GRANT: Sure. [LB1079]

SENATOR HAAR: Did you take courses at Metro Tech then? Is that part of it or... [LB1079]

MICHAEL GRANT: Previously or through this course? [LB1079]

SENATOR HAAR: Through this program. [LB1079]

MICHAEL GRANT: Yes, yes. We've had six total classes. [LB1079]

SENATOR HAAR: Okay. And without the program, you would not have had the resources to do this, is that correct? [LB1079]

MICHAEL GRANT: Right. And many of my...see, I've been fortunate. I had a really good

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job. I wasn't happy there; it was just a job to me. I was there for 20 years. And like she said earlier, I'm one who my children now are in college, so I'm doing things that I want to do to make my life better. And this came up from AnyWorks. I found out about this. And, like I said, I like customer service, and it was just a perfect fit. They could help me achieve the goals I set for myself after my kids went to college. [LB1079]

SENATOR HAAR: Okay, thank you. [LB1079]

MICHAEL GRANT: It was a perfect fit. [LB1079]

SENATOR ADAMS: Other questions? Thank you, sir, for taking time today. [LB1079]

MICHAEL GRANT: Thank you. [LB1079]

SENATOR ADAMS: Next proponent. Good afternoon. [LB1079]

LARRY KRONICK: How do you do, Senator Adams, and fellow committee members. My name is Larry Kronick, as in chronic illness, spelled K-r-o-n-i-c-k. Fortunately, I'm retired. I work for Metropolitan Community College just because I like to. I was not asked to testify; I volunteered to testify because I wanted to. When I look at...well, let me step back. I come from the business world, I was in different types of management, and I was also a former nursing home administrator. I have seen so many good things happen with a number of people. I teach introduction to business. Again, Metro is my employer. I'm not friends necessarily with any of the Goodwill people. Again, I asked to come because I just think so highly of the program. I've seen so many good things happen to a number of the students. I still hear from some of them. I see confidence risen--just soft things--self-esteem, communication skills, just things that I think will carry them, just like we've heard previously, just for a long time in their lives. The people at the Goodwill, in my opinion, are very sincere. I mean, there's so much politics going on in our country, and I see so much sincerity. When you walk in the building you can just observe the coaching. I have to send weekly status reports. And they're not just pieces of paper; I can see where the Goodwill staff, they act on them. And I see just lots of good mentoring, and I'm just real pleased to be a part of it. [LB1079]

SENATOR ADAMS: All right, thank you, sir. [LB1079]

LARRY KRONICK: Thank you. [LB1079]

SENATOR ADAMS: Questions for this testifier? I guess not. Thanks for taking your time today to be here. [LB1079]

LARRY KRONICK: Okay. Yeah, my pleasure. [LB1079]

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SENATOR ADAMS: Next proponent. [LB1079]

DENNIS BAACK: Senator Adams and members of the Education Committee, for the record, my name is Dennis Baack, D-e-n-n-i-s B-a-a-c-k. I'm the executive director of the Nebraska Community College Association, here to testify in support of LB1079. I think you've heard lots of stories about how successful the couple of bridge programs that we've had going on in Lincoln and Omaha have been over the last couple of years, and I think this provides us with a real opportunity to enhance our adult education that we do in the community college system--and we do a lot of adult education. So I think that I'm just here to tell you that we are ready to pledge our support, and we will do everything we can to form partnerships and stuff with anyone who wants to partner for these kind of bridge programs in the future. [LB1079]

SENATOR ADAMS: Great, fair enough. Questions for Dennis? Senator. [LB1079]

SENATOR HAAR: Yes, thank you. In the funding for a program like this, do you just get part of the funding or do you also contribute to the program? [LB1079]

DENNIS BAACK: Oh, we would also contribute because we would have the faculty and the curriculum and all those kinds of things that we would contribute regardless of where the student comes from or what program they're in. We're going to be a participant in this. And I think, you know, we'll be able to leverage some more of the funding that they keep talking about on the federal level, so we'll be able to use some of our in-kind matching and stuff to be able to do that, so I think it's a very positive kind of partnership for both. [LB1079]

SENATOR HAAR: Are there other...do you have other partners besides Customer Connect at this point doing this? [LB1079]

DENNIS BAACK: You know, there's just the two different programs. One of them is here in Lincoln, and the other one is the customer service and stuff with Goodwill. The one in Lincoln is...dealing with green jobs is what it is dealing with in Lincoln. Now I don't know a whole lot of details about that program, but I know that Southeast Community College is very involved with that program with the Center for People in Need. [LB1079]

SENATOR HAAR: Okay, good. Thank you. [LB1079]

DENNIS BAACK: Um-hum. [LB1079]

SENATOR ADAMS: Are there other questions for Mr. Baack? Thank you, Dennis, appreciate it. [LB1079]

DENNIS BAACK: Thanks. [LB1079]

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JAY SEARS: Good afternoon, Senator Adams. I'm Jay Sears, J-a-y S-e-a-r-s, and I represent the Nebraska State Education Association, here in support of LB1079. I want to thank Senator Mello--and, last week, Senator Nordquist--for checking out where all of the Innovation Funds are and what the balance is and trying to use it as best we can in trying to form that policy to get there. I just wanted to remind you, as I did last week, that there is a number of prospective teachers who aren't taking advantage of the Innovation Funds right now because this Legislature decided to hold those funds. And there are current teachers in the Enhancing Effective Teachers program who also are not receiving funds to complete their programs to get endorsements and upgrade their skills. But that brings us to...the issue is we better be looking at how we're going to use the lottery funds and the Education Innovation project, how we prioritize that and how we do that. I think, as Senator Mello brought out, there are some surpluses in there, and we shouldn't let them be sitting. We should be funding important programs. And this bridge program, as you've seen in the two entities that are providing services, are very important parts and probably should be funded from the Innovation Fund. It's definitely an innovation project. But again, my organization would like the Legislature to take a look at that, that Innovation Fund and how we prioritize, and make sure that we use those funds every year, that they aren't sitting here and that we don't lose \$10 million out of them to fund another hole. So thank you very much for the opportunity to testify. [LB1079]

SENATOR ADAMS: Thank you, Jay. Questions? Jay, your organization understands that part of the reason that balance is maintained there...in case lottery revenues were to drop and things need to be taken care of. [LB1079]

JAY SEARS: That's correct, yes, we get that. [LB1079]

SENATOR ADAMS: Okay, thank you. [LB1079]

JAY SEARS: Thank you. [LB1079]

SENATOR ADAMS: Next proponent. One more time, proponents. The end. Okay. Opposition testimony. Anyone to testify in opposition? Neutral testimony. Senator Mello, you can close. [LB1079]

SENATOR MELLO: I usually don't like to close, as Senator Avery has noticed on some of the bills I've had in some of his committees. But I think it's safe to say, from the positive testimony you've heard today, that these are important programs. They're innovative job training and education programs. And while we put in the amendment \$500,000--I've expressed this to Senator Adams and other members--I'm more than willing to work out other compromises, so to speak, in regards to looking at...this is generally a pilot project in nature, and so I understand that if the time frame must

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change or the dollar amount must change in regards to the amendment in LB1079, I'm more than willing to work with the committee to find a compromise or number that works for the committee. So thank you. [LB1079]

SENATOR ADAMS: All right, fair enough. Any other questions for Senator Mello? Thank you, sir. [LB1079]

SENATOR MELLO: Thank you. [LB1079]

SENATOR ADAMS: We will...that will close the hearing on LB1079. (See also Exhibits 5 and 13) And we'll immediately go on to LB1034. Senator Nordquist. [LB1079]

SENATOR NORDQUIST: (Exhibit 9) All right. Thank you, Mr. Chairman and members of the Education Committee. For the record, I am Jeremy Nordquist, representing District 7, which covers downtown and south Omaha. I believe there will be a handout of some information here for you for the page. I come before you today with a bill I believe will help strengthen our postsecondary education system and help Nebraska meet our P-16 goals, specifically those related to higher education. LB1034 would create the College Choice Grant Program and is aimed at providing additional financial aid to students who attend Nebraska independent, nonprofit colleges and universities. It is critically important to the state's interest in that independent colleges and universities continue to educate many of our state's best and brightest students and that those students who have financial need have the resources to attend the college of their choice. Four of the eight of Nebraska's P-16 goals related to postsecondary are as follows: Goal 5, improve Nebraska's college-going rank; provide...number 6, provide affordable access to attend Nebraska's postsecondary institutions; Goal 7, improve time to degree completion and increase graduation rates; Goal 8, provide all students with the science, technology, and math skills needed to succeed in postsecondary education or the twenty-first century work force and increase the number and diversity of individuals who pursue careers as educators and professionals in the areas of science, technology, engineering, and math. It's my firm belief that our state cannot meet those goals without a strong system of independent colleges and universities. In 2010, Nebraska's independent colleges and universities were educating a more diverse student population than our state-funded universities and colleges. The average four-year graduation rate of the independent postsecondary institutions is significantly higher than the rate of students graduating in four years in these state-funded, specifically state-funded systems. In 2010, the independent colleges and universities awarded more teacher degrees than our state college system. In the same year, they awarded more than half of all bachelor's degrees and advance degrees in health sciences in the state including nursing, which we know we that we have a significant upcoming shortage of nursing in our state. Our independent colleges and universities are a critical component to educate our future work force and meeting our state's future economic needs. Almost 33,000 students in Nebraska attend Nebraska's independent

colleges, and those institutions award more than 40 percent of the baccalaureate and advanced degrees in Nebraska. However, those students received less than a half a percent--three-tenths of one percent--of the funds allocated for higher education in our state. Independent colleges and universities have lost ground in our state in the past 10 years. The students at Nebraska's independent colleges and universities were not well served by the elimination of the three funding programs in 2003. Other sectors of higher education have all seen the allocations increase considerably since that time. The University of Nebraska system has increased 530 percent; state colleges, 265 percent; community colleges, 284 percent; and for-profit private schools, 390 percent increase. Independent colleges and universities have received \$1.1 million less than they did from the state 10 years ago. They are...these schools offer a greater array of postsecondary education options, courses of study, professional development, to meet the diverse needs of our students and families. They do more for Nebraska residents and students with financial needs who attend these colleges and universities, so that these institutions may continue to act as partners to our state in meeting our goals for higher education, building the educated and diverse work force we need to maintain the strength of our economy in the future. In the information you've received, there's a number of specific data points. One that I think jumps off the page--if you look, it's behind Tab 3.E--and that is the college completion graduation rate. The top five in our state under both four year and five year...the order changes slightly, but it's Creighton University, Doane College, Hastings College, Nebraska Methodist College of Nursing and Allied Health, and Nebraska Wesleyan University. Those are our top five in four-year and five-year completions. These universities do a lot with little state resources and they get people to a degree and they serve the needs. A significant number of minority students in our state get their degrees from these institutions. So with that, Mr. Chair, I'd be happy to entertain any questions. [LB1034]

SENATOR ADAMS: All right, are there questions for Senator Nordquist? Yes, Senator. [LB1034]

SENATOR COUNCIL: Yes, and thank you, Chairman Adams. Thank you, Senator Nordquist. What we're looking at is...isn't it actually the reinstatement of a program that formerly existed? [LB1034]

SENATOR NORDQUIST: Yeah, it was the PEAP program, which is Postsecondary Education Awards Program--very, very similar to that program that was eliminated in 2003. [LB1034]

SENATOR COUNCIL: Okay, and my understanding that it was eliminated due to...I mean, because of funding priorities and not...it was not an issue with the institution's utilizing the money and serving the students that the money that was intended for, am I right? [LB1034]

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SENATOR NORDQUIST: I've been...you know, I've heard there were concerns along those lines of the latter, but I think largely it was the former. When the program was put in place, there was an Attorney General's Opinion written in 1991 that lays out pretty clearly that it was...there were no constitutional issues, from that Attorney General's Opinion at least. [LB1034]

SENATOR COUNCIL: Okay, and then because of some information that the committee has received... [LB1034]

SENATOR NORDQUIST: Um-hum. [LB1034]

SENATOR COUNCIL: ...from institutions that don't fall either in the state college and university or the private, independent not-for-profits, the data that you referred the committee to on three, behind tab 3.E,... [LB1034]

SENATOR NORDQUIST: Um-hum, 3.E, yeah. [LB1034]

SENATOR COUNCIL: ...is there...is this data exclusive of those or...? [LB1034]

SENATOR NORDQUIST: I'm sorry, exclusive of...? [LB1034]

SENATOR COUNCIL: The private, for-profit? [LB1034]

SENATOR NORDQUIST: I don't...actually yeah, I don't see them on the list, so that would...yeah, they were not included in this data. This came from the Education Trust, which is obviously a national organization. They were not included on that list, so they may...I'm not familiar with their graduation rates, but... [LB1034]

SENATOR COUNCIL: Okay. Okay, thank you. [LB1034]

SENATOR NORDQUIST: Yeah. [LB1034]

SENATOR ADAMS: Senator Avery? [LB1034]

SENATOR AVERY: Thank you, Chairman Adams. Thank you, Senator Nordquist. [LB1034]

SENATOR NORDQUIST: Um-hum. [LB1034]

SENATOR AVERY: I like to think of myself as having an open mind. Could you give me a convincing argument for why we ought to use state resources that are scarce to help fund private schools? [LB1034]

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SENATOR NORDQUIST: Sure. I think it's twofold. First, public institutions don't always meet the needs of everyone that we need to have in the work force with the degrees that they need, so I think the importance of these independent colleges is critical. Especially, like I said, nearly half--it's under one of the tabs--of the degrees to minorities come from these institutions, so I think they obviously serve a very significant role, meeting the needs of a diverse student population. And so we need to make sure we maintain a very robust system that meets the diversities of Nebraska's student population. The second is if...when we're looking to meet our P-16 goals of expanded degrees, we, you know...it...dollar for dollar, it's possibly more likely that we can get more people with degrees by putting...investing some dollars into the education of people going to the independents than to expand public institutions and build more capacity there. So I think if we look at a cost-benefit analysis for the dollars we invest in public versus private, I think we can find a balance that would get more people to degrees, maybe with less of an investment in the independent colleges. [LB1034]

SENATOR AVERY: That's pretty good. [LB1034]

SENATOR NORDQUIST: Thank you, thank you. [LB1034]

SENATOR ADAMS: Senator Haar? [LB1034]

SENATOR HAAR: Does your bill make a distinction between profit...for-profit and nonprofit institutions? [LB1034]

SENATOR NORDQUIST: Yeah, in the bill it specifically defines what institutions would...and the degrees...or the grants specifically go to students attending specific institutions and...I'm probably not going to be able to find that section, but it is defined specifically to meet the...it'd be for nonprofit, private institutions, and that would be...I believe it's Section 7 is the definition there. [LB1034]

SENATOR HAAR: And then do the grants go with the student or just simply to the institution? [LB1034]

SENATOR NORDQUIST: It would be administrated by the Coordinating Commission, and I would have to have someone behind me speak to the specific administration of that. But it...the bill is written so it's contingent upon the student meeting specific criteria. The administration of it, I imagine, would go through the institution. [LB1034]

SENATOR HAAR: Then this is really unique because it doesn't have a fiscal note, which is...that doesn't mean it's zero. [LB1034]

SENATOR NORDQUIST: That's right. We...it...the bill says... [LB1034]

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SENATOR HAAR: That just doesn't have a fiscal note, really, so talk about that. [LB1034]

SENATOR NORDQUIST: For those of you that didn't get to serve with a previous senator from District 11, he often said, do not put numbers in statute, as you're not to bind future legislators by putting numbers in the statutes, so we put that the Legislature shall appropriate, not a specific amount because, again, we can't bind those future legislators. So it would be up to the Appropriations Committee to appropriate an amount to that fund on a biennial budget basis. [LB1034]

SENATOR HAAR: Okay, thank you. [LB1034]

SENATOR ADAMS: Other questions? Senator? [LB1034]

SENATOR AVERY: Thank you. Why was this not referenced to the Appropriations Committee? [LB1034]

SENATOR NORDQUIST: I don't know. That would have been all right if it would have been, but it...you know, I'm not in the referencing meeting, so I don't know how that happened, but... [LB1034]

SENATOR AVERY: Well, usually, if it involves a General Fund appropriation, then it goes there. [LB1034]

SENATOR NORDQUIST: Yeah, yeah. I think if it's changing appropriate, but we're setting up kind of a new program, so I think they usually refer those most of the time to the standing committees of jurisdiction before they... [LB1034]

SENATOR AVERY: I would like to have had my Centennial Mall go the Government Committee. (Laughter) [LB1034]

SENATOR NORDQUIST: Well, you better work that Referencing Committee a little more next time. [LB1034]

SENATOR ADAMS: Other questions? Well, Senator, I would not have wanted it to go to Appropriations because it belongs here and I would have fought that battle... [LB1034]

SENATOR NORDQUIST: That's right, I...yeah. [LB1034]

SENATOR ADAMS: ...because we have dealt with this grant program. Help me reconcile this in my mind--and I'm not picking on you. [LB1034]

SENATOR NORDQUIST: Yeah. [LB1034]

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SENATOR ADAMS: I know that Tip knows where I'm at on this, as do probably everybody there in the front row. Our current program, the money is blind to institution and follows the kid, correct? [LB1034]

SENATOR NORDQUIST: That's right. [LB1034]

SENATOR ADAMS: So now with this program, you're asking that that program continue to be blind, except for one sector, and then add a little more, am I right? [LB1034]

SENATOR NORDQUIST: That would be right. [LB1034]

SENATOR ADAMS: I don't have any further questions. Anyone? [LB1034]

SENATOR NORDQUIST: Okay, I could... [LB1034]

SENATOR ADAMS: All right, thank you. [LB1034]

SENATOR NORDQUIST: Yes, okay. [LB1034]

SENATOR ADAMS: Next proponent? [LB1034]

MARYANNE STEVENS: Thank you very much for the opportunity to speak to you today. I am Maryanne Stevens, M-a-r-y-a-n-n-e S-t-e-v-e-n-s, and I am the president of College of Saint Mary in Omaha. I am testifying on behalf of the presidents of Nebraska's independent colleges and universities in support of LB1034. College of Saint Mary is a not-for-profit, privately-controlled Catholic college for women, located as I said in Omaha, Nebraska. We were founded by the Sisters of Mercy in 1923. Our college integrates a liberal arts education with professional and career preparation. We are proud of our long service to women who have barriers to educational success. For example, we have a residence hall for single mothers who are students and provide educational child care and other support services so that those mothers can escape poverty and become not only productive and taxpaying citizens but role models for their children. I applaud Senator Nordquist for his vision in reintroducing a bill that was a successful program for the state of Nebraska. I know that Senator Nordquist has been a consistent supporter of independent colleges and universities and their students. The Nebraska College Choice Grant Program will be a useful tool for our colleges in attracting financially needy students, as the PEAP program was between the years 1991 and 2002. In the 10 years between those fiscal years 2002 to 2012, our student aid from the state diminished from slightly more than \$300,000 to about \$185,000. I can guarantee that the financial need of our students did not diminish during this period. These are precarious times for colleges and universities, particularly for independent colleges and universities in states like Nebraska. As you know, one of our independent

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institutions, Dana College, closed just more than a year ago. Our endowments, modest though they are, have been ravaged by the weaknesses in the market. Parents of students who have savings have seen their own resources diminished during the same period. Our colleges are tuition driven. Prospective students and their families will need additional resources from the federal government, from the state, and from our own institutional resources if they are to enroll at our colleges. Family incomes of students in the independent sector are similar to the incomes of students in the public sector. At CSM, our median family incomes are lower than for students at the University of Nebraska campuses. Fifty percent of our first-year students in 2009 were Pell-eligible recipients. Those same students also borrow from federal loan programs. A higher percentage of our students graduate with some debt than students who graduate from the University of Nebraska campuses. Our sector awards 41 percent of bachelor's and advanced degrees in Nebraska as you heard. We award more degrees...in numbers, more degrees to African-American students than the University of Nebraska and the state college systems combined. We employ more than 4,800 citizens in Nebraska. In fields such as nursing and the health sciences, where we have a shortage of trained workers, we award a majority of the bachelor's and above degrees. It made sense for Nebraska to have a student aid program serving students from independent colleges and universities for many years. It makes good sense to reimplement such a program. Please support LB1034. [LB1034]

SENATOR ADAMS: Thank you, ma'am. Are there questions for this testifier? Thank you for your time. [LB1034]

MARYANNE STEVENS: Could I add just one answer to Senator Council's question? [LB1034]

SENATOR COUNCIL: Can I ask the question? [LB1034]

SENATOR ADAMS: You can try to answer, but not ask. [LB1034]

MARYANNE STEVENS: No, I would answer it, sorry. [LB1034]

SENATOR ADAMS: Okay. [LB1034]

MARYANNE STEVENS: And that is with regard to why we don't have the for-profit sector listed in our comparisons...is because they're very difficult to get at. For instance, Kaplan University reports out of their Davenport campus for a region rather than for the state, so we can't get at those as easily. [LB1034]

SENATOR COUNCIL: Okay, thank you very much. [LB1034]

SENATOR ADAMS: Thank you. Next proponent? [LB1034]

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TIP O'NEILL: I'll find it, Becki. [LB1034]

SENATOR ADAMS: Good afternoon too. [LB1034]

TIP O'NEILL: Senator Adams... [LB1034]

SENATOR ADAMS: No registration form? [LB1034]

TIP O'NEILL: I have one. It's...I don't know exactly where it went. I'll... [LB1034]

SENATOR ADAMS: And if I ask for your driver's license, what will you tell me?
(Laughter) [LB1034]

TIP O'NEILL: That I'd be able to vote. [LB1034]

SENATOR ADAMS: Uh-huh, all right, fire away. [LB1034]

TIP O'NEILL: Senator Adams, members of the Education Committee, I'm Tip O'Neill, that's T-i-p O-'-N-e-i-l-l. I'm the president of the Association of Independent Colleges and Universities in Nebraska, testifying today in favor of LB1034. Again, if we focus on the higher education goals of the state, I think Senator Nordquist was right. Nebraska will not be able to meet its higher education goals without the support of independent colleges and universities in this state. We award 40 percent of the bachelor's degrees. We have a huge commitment to serving underserved sectors of our society. We have a lot of degrees to minority students. We have an inordinate percentage of degrees to African-American students. We enroll a lot of first-generation college students in our colleges and universities. And so the question I think you have is whether or not it's a sector that's worthy of the state's investment. You know, we determined that it was from 1991 to 2003 when we did have a separate program. One of the reasons that we had a separate program at that time is that the public sector at the time was not necessarily supportive of student financial aid programs, and so they preferred in the public sector to get the money directly, which I understand. We do provide more in total financial aid support now to students in all sectors, but our allocation has gone down by more than \$1 million over the last 10 years. And again, I'm sure that if the other higher education sectors had received a 20 percent appropriations drop over the last 10 years, you'd be hearing a lot of noise from them. So again, I'd be happy to answer any questions you might have. I prepared the materials that Senator Nordquist handed out today, so I'm fairly familiar with them and hope you can support LB1034. I'd be happy to answer any questions. [LB1034]

SENATOR ADAMS: Thank you, Tip. Are there questions for Tip? Senator. [LB1034]

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SENATOR HAAR: Well, one thing I heard you say was that you support a higher percent of minority and poverty students, or did I get that wrong? [LB1034]

TIP O'NEILL: We award 47 percent of the degrees to minority students in the state. We award more degrees to African-American students than the university and state college systems combined. [LB1034]

SENATOR HAAR: Okay. Looking at your chart, the tuition and fees are generally higher for the private colleges and universities. So how does that work? Do you award a lot of scholarships then, or...? [LB1034]

TIP O'NEILL: We do. We support, you know, a lot of institutional aid to students who attend independent colleges and universities and that certainly distinguishes that from...distinguishes us from other private...from the private, for-profit sector is that we provide much more institutional aid than the private, for-profit sector does. Again, you know, when you're looking at the cost of education, the cost of education is similar in all sectors. I mean, faculty members' salaries are similar, books are similar, facilities are similar, that sort of thing. The pricing is different because of where a subsidy may come from. For a public institution, you have state taxpayer support that provides a lower price to students who attend those institutions. With a private nonprofit, you have perhaps endowments and gifts because of our tax-exempt status that subsidize the students' prices, so... [LB1034]

SENATOR HAAR: Um-hum, um-hum. [LB1034]

TIP O'NEILL: ...but certainly not to the extent that the subsidy that comes to public institutions from the taxpayer. [LB1034]

SENATOR HAAR: But I guess the other part of my question then: Do students tend to leave private colleges and universities with bigger debt loads? [LB1034]

TIP O'NEILL: They do, I think, nationally. In Nebraska, it varies by institution. Generally, I think you could say based on the most recent data I've seen that students who graduate from our colleges have maybe a five...\$4,000 to \$5,000 to \$6,000 more in debt than a student who graduates from a public sector institution. What I tell people, though, that if they graduate a year or a year-and-a-half earlier, that's a pretty decent investment because it gives them an additional year, a year-and-a-half either in graduate school or in the work force, so they'll be able to afford to pay that debt off quicker. [LB1034]

SENATOR HAAR: Okay. [LB1034]

SENATOR ADAMS: Other questions for Tip? Yes. [LB1034]

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SENATOR SEILER: Senator Adams, thank you. Yes, Tip, I'm just skimming through here. Is it applying to Nebraska students or just any enrollees at your colleges? [LB1034]

TIP O'NEILL: It depends on what you're...what specific area you're talking about, Senator. [LB1034]

SENATOR SEILER: The scholarship money. [LB1034]

TIP O'NEILL: The need-based grant dollars are only provided to Nebraska resident students. [LB1034]

SENATOR SEILER: So any other monies that's supplied by this program would go...could go to anybody then. [LB1034]

TIP O'NEILL: No, no. [LB1034]

SENATOR SEILER: Okay, that's what I'm trying get to. [LB1034]

TIP O'NEILL: No, no, just Nebraska residents. [LB1034]

SENATOR SEILER: Just Nebraska. [LB1034]

TIP O'NEILL: Yes. [LB1034]

SENATOR SEILER: Okay, that's what I was looking for. Thank you. [LB1034]

TIP O'NEILL: Sure. [LB1034]

SENATOR ADAMS: Senator Council? [LB1034]

SENATOR COUNCIL: Thank you, Senator Adams. Tip, one of the questions that was asked of a prior testifier was how the money is...the grant money is administered. [LB1034]

TIP O'NEILL: Um-hum. [LB1034]

SENATOR COUNCIL: Under the PEAP program, how was it administered? Did it go to the student or did it go to the institution? [LB1034]

TIP O'NEILL: It goes to the students. However, the institutions act as agents for the state in allocating the money to the students. [LB1034]

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SENATOR COUNCIL: Okay, so the Commission on Postsecondary...Coordinating Commission... [LB1034]

TIP O'NEILL: The Coordinating Commission on Postsecondary Education gets the appropriation from the Legislature. [LB1034]

SENATOR COUNCIL: Right, and then the institution submits information on the number of qualifying students... [LB1034]

TIP O'NEILL: That is correct. [LB1034]

SENATOR COUNCIL: And then the money comes...is allocated by the commission to the institution for their disbursement to the eligible students. [LB1034]

TIP O'NEILL: That is correct. [LB1034]

SENATOR ADAMS: Other questions? Senator Avery? [LB1034]

SENATOR AVERY: Thank you, Chairman Adams. I'm looking at tab 3.G. Since you prepared this data, you should be able to answer this question. [LB1034]

TIP O'NEILL: Um-hum. [LB1034]

SENATOR AVERY: You conclude in the narrative here that the number of full-time, first-time freshmen in your colleges has decreased by more than 10 percent since 2003 and you suggest that the reason for this is the reduction in student aid from the state. Could it not also be increases in the cost of education at your institutions? [LB1034]

TIP O'NEILL: It certainly could be related to the increase in net price at our institutions. However, most of the data that I've seen, at least over the last five years, would indicate that the net price in terms of inflation-adjusted dollars has actually decreased at independent institutions across the nation. I don't have specific Nebraska data...has actually decreased over the last five or six years. [LB1034]

SENATOR AVERY: Net being calculated how? [LB1034]

TIP O'NEILL: That would be the sticker price minus waivers, tuitions, scholarships, those sorts of things. Student aid...institutional financial aid, yeah. [LB1034]

SENATOR AVERY: And, of course, 2003 was the beginning of some pretty bad economic times culminating in the great recession I should say. [LB1034]

TIP O'NEILL: That is correct. [LB1034]

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SENATOR AVERY: Could that not also affect these numbers? [LB1034]

TIP O'NEILL: It could, it could. It could affect...there are a lot of factors. It would all be speculative. I mean, I think certainly... [LB1034]

SENATOR AVERY: Just as your conclusion here is speculative. [LB1034]

TIP O'NEILL: Yes, well, it is. Again, I don't think it...my conclusion specifically said that, did it? Didn't it say "may?" [LB1034]

SENATOR AVERY: Our argument is that this trend was exacerbated by the reduction in student aid from the state. [LB1034]

TIP O'NEILL: Yeah, exacerbated. That's right. It certainly didn't help it. [LB1034]

SENATOR AVERY: Um-hum. But would you agree that the trend could be exacerbated by other factors that you don't mention? [LB1034]

TIP O'NEILL: Absolutely, absolutely. [LB1034]

SENATOR AVERY: So this table, like perhaps many of the other tables in this packet--good data, by the way--could also involve arguments that are speculative and subject to counterinterpretation? [LB1034]

TIP O'NEILL: Oh, I would say, Senator Avery, that that could probably apply to a lot of witnesses that appear before the Legislature, so I don't think I would be considered to be unique in that respect. I think I'm here trying to make the best arguments I can make for the students who attend Nebraska independent colleges and universities. You may have a different perspective, and I understand that your employment... [LB1034]

SENATOR AVERY: Well, I appreciate that, yeah. I just wanted you to admit that you were putting the best spin on it that you could. [LB1034]

TIP O'NEILL: Absolutely. I do that all the time, Senator. (Laughter) [LB1034]

SENATOR SULLIVAN: It's his job. [LB1034]

SENATOR ADAMS: Always honest, Tip. Yes. [LB1034]

SENATOR HAAR: True of campaigning as well. [LB1034]

TIP O'NEILL: That's correct. [LB1034]

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SENATOR HAAR: On your chart here, on 3...under 3...tab 3.E,... [LB1034]

TIP O'NEILL: Um-hum. [LB1034]

SENATOR HAAR: ...when you talk about, for example, Creighton University, \$28,542, is that per year or the four year? [LB1034]

TIP O'NEILL: That would be... [LB1034]

SENATOR HAAR: I'm sorry. Creighton. [LB1034]

TIP O'NEILL: Where are we? Tab 3... [LB1034]

SENATOR HAAR: Tab 3.E. [LB1034]

TIP O'NEILL: ...E. Okay. [LB1034]

SENATOR HAAR: Just using the top row as an example. [LB1034]

TIP O'NEILL: Okay, that's a student-related expenditure. [LB1034]

SENATOR HAAR: Well, no. The one in the middle says... [LB1034]

TIP O'NEILL: Oh, tuition and fees? [LB1034]

SENATOR HAAR: Tuition and fees, yeah. [LB1034]

TIP O'NEILL: That would be one year. [LB1034]

SENATOR HAAR: One year, and then the student-related expenditures, what does that mean? [LB1034]

TIP O'NEILL: That would be the amount of money expended on instructional expenditures at Creighton. [LB1034]

SENATOR HAAR: In addition to...? I'm sorry, I'm not quite getting that. So, that's additional money that the student would put out? [LB1034]

TIP O'NEILL: No, that's not additional money. That's what Creighton spends on the student. [LB1034]

SENATOR HAAR: Oh, gotcha. Okay, thank you. [LB1034]

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TIP O'NEILL: Sure. [LB1034]

SENATOR ADAMS: Are there other questions for Tip? Tip, thank you. Appreciate it. [LB1034]

TIP O'NEILL: Thank you, Senator. [LB1034]

SENATOR ADAMS: Next proponent? That's what I was just about to ask you for. Tip got away without his still. [LB1034]

JAMES CAVANAUGH: I'm sure he'll be handing his homework in shortly. [LB1034]

SENATOR ADAMS: Whenever you're ready. [LB1034]

JAMES CAVANAUGH: (Exhibit 10) Senator Adams, members of the Education Committee, my name is James Cavanaugh. I'm an attorney and registered lobbyist representing Creighton University, appearing today in support of LB1034. I passed out a recently-produced Creighton At A Glance. The information in here gives you a pretty good overview of the contribution that Creighton University makes to the state of Nebraska--at virtually no cost to the state of Nebraska--in terms of educating people entering the work force. It's got, you know, a fairly comprehensive overview in terms of, you know, the size of the university and its mission, a little bit of its history. But, as I think Senator Haar just touched on, because we receive virtually no state subsidies, the brunt of the cost of that education is borne by the student and their families. Despite this and, you know, kind of bucking the overall trend that was talked about just a moment ago, since 2003, Creighton's enrollment has actually gone up. And I would submit that the reason for this, or one of the driving reasons for this, is the reason pretty much everybody seeks more education, which is...able to function better in the world, that is, get a job, provide for yourself and your family, and make a career. And one of the salient statistics in here which goes to that point and also goes to a couple other points--most notably, why for-profits should not be allowed into this scheme--is found on...I think it's about the third or fourth page, where it states, "More than 90 percent of Creighton's graduates are employed, involved in volunteer work, or attending graduate/professional school within six months of graduation. The national average is 63.7 percent." That's the bottom line. That's why we have colleges and universities, is to prepare people for their working life. There's no institution in Nebraska that does a better job of that than Creighton, and all we're asking for under LB1034 is a return to the status quo that existed here 10 years ago, when the state recognized this is an important contribution that these institutions collectively are making to the infrastructure of our state. You can't have a state without roads and sewers and electricity and you can't have a state without doctors and lawyers and dentists and pharmacists and nurses, and that's what we provide. All we're saying is, give us a little bit of help.

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Actually, give our students a little bit of help and it will return its investment many, many fold. I'd be happy to answer any questions you might have. [LB1034]

SENATOR ADAMS: Questions for this testifier? Guess not. Thank you, Jim. [LB1034]

JAMES CAVANAUGH: Thank you. [LB1034]

SENATOR ADAMS: Next proponent? Any other proponents? Opposition testimony? Any opposing testimony? Neutral? Hi, Marty. [LB1034]

MARTY MAHLER: Good afternoon, Senator Adams and members of the committee. My name is Marty Mahler, M-a-r-t-y M-a-h-l-e-r. I'm the executive director of the Nebraska P-16 Initiative. I'm appearing today in a neutral capacity on LB1034. In Section 2 of the bill, it references the P-16 goals and the education goals. The P-16, as you know, is a representation of over 30-plus businesses, organizations representing education, and so forth. All of the folks that sit on the P-16 committee are committed to those goals, and the entire committee has adopted those goals, and we will seek to continue our work in completing them. I would like to clarify, though, that P-16 has not met since the introduction of LB1034, and therefore I just wanted to make sure that P-16 takes no position on this bill at this time. [LB1034]

SENATOR ADAMS: All right. Are there questions for Marty? Thanks for your testimony, Marty. Next neutral testifier? [LB1034]

MARSHALL HILL: (Exhibit 11) Good afternoon, Senator Adams, members of the Education Committee. My name is Marshall Hill, M-a-r-s-h-a-l-l H-i-l-l. I'm executive director of the Coordinating Commission for Postsecondary Education. First thing I'd like to say is, I agree with much of what has been said thus far. The independent colleges and universities are crucial to meeting Nebraska's higher education goals. They're exemplary institutions. They provide a great service for their students and for the state. We, however, have some concerns about departing from our current practice, which is, as Senator Adams said earlier, for Nebraska funding to follow the students to the institution they choose to attend. Let me put in context for you where we sit with states around the country in terms of how much need-based financial aid we do provide. For each of the last several years, we've been about 34th, 35th, 33rd or so in need-based financial aid per full-time undergraduate student. Right now, we're 42nd. We have dropped mainly because of increasing enrollments. Our view is that to not raise that tide first, before addressing any particular additional program, is not the way to go. We have a lot of institutions in the state who serve our citizens very well and we have our money right now following the most needy of our students. The commission takes the view that we should have a student-based rather than an institutional-based approach to this. Frankly, I wish some students would make some different choices about the institutions they choose to attend, but I wish they would make different choices about lots of things,

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as I suppose we all do. Nebraska students who attend a for-profit career school have a quite high chance of graduating...a higher chance of graduating than do students at our community colleges and at their state colleges. Unfortunately, if they do graduate, they have a greater student debt load. So that's unfortunate, but at least they do. The commission does feel it's important to keep supporting our most needy students where they choose to attend. And 80 percent of the students who attend the career schools have an expected family contribution of \$5,000 or less. Our most needy students attend those institutions and others as well. If the Nebraska independent colleges and universities want to increase the amount of money that they get through the Nebraska Opportunity Grant, the way that they can do that is to enroll additional Pell Grant-eligible students. And that indeed is what has happened with them over the past several years. Their allocations dropped over a period of several years from now. The last several have been increasing and we hope that continues. [LB1034]

SENATOR ADAMS: Thank you, Marshall. Are there questions for Marshall? I guess not, Marshall. Thank you for your testimony though. Other neutral testimony? Is there any other neutral testimony? Senator Nordquist, you can close, then. [LB1034]

SENATOR NORDQUIST: Thank you, committee members, for your attention to this issue today. You know, our ultimate goal obviously is to get more kids graduated through the college and into the work force, and these institutions are doing that, they're doing it in a timely manner, they're doing it with a very little cost to the state. But as college costs continue to go up and we've seen their subsidy continue to flatline or go down, it's going to be harder and harder for kids who come from needy families to get the education that they think is most appropriate for them, and for many of them, it's at these institutions. So we can't turn a blind eye to the fact that many families are being...are ultimately being priced out and...of these institutions which works...which serve many of those families very well, many of those students very well, so thank you. [LB1034]

SENATOR ADAMS: Thank you, Senator. Are there questions for Senator Nordquist? Thank you, sir. [LB1034]

SENATOR NORDQUIST: Thank you. [LB1034]

SENATOR ADAMS: With that, we'll close the hearing on LB1034 and we'll proceed right on to LB954. (See also Exhibit 14) And, Senator Fulton, your timing is perfect. [LB1034]

SENATOR FULTON: Ready? [LB954]

SENATOR ADAMS: Whenever you're ready. [LB954]

SENATOR FULTON: Okay, thank you, Mr. Chairman. For the record, my name is Tony

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Fulton, T-o-n-y F-u-l-t-o-n, and I represent District 29 here in the Legislature, and I bring to you LB954. The Nebraska Educational Savings Plan Trust statutes establish rules and procedures for individuals contributing to the trust through the College Savings Plan program. The program allows individuals to set aside money for future college education costs in a tax-preferred manner. LB954 is primarily a technical bill that is intended to harmonize our Savings Plan Trust statutes with federal law and the current practices of the Savings Plan Program. First, the bill adds clarifying language that codifies the reality of program practices. For example, the bill clarifies that the program does not require a minimum contribution amount. LB954 also removes outdated statutory references that are no longer consistent with how the program operates. For instance, the current trust statutes contain several references to a refund penalty, which indeed is no longer enforced under Nebraska tax law. Second, LB954 updates the terminology of the trust statutes to conform to federal law. The College Savings Plan program is a 529 plan, and thus the bill updates our language to correspond with Section 529 of the Internal Revenue Code. One example of this is the replacement of the term "higher education costs" with the Section 529's "qualified higher education expenses." Third, LB954 clarifies the actions that will subject a participant's account to federal and state tax penalties. For example, a program participant can apply his or her entire account balance toward eligible college expenses, and the account will not be considered cancelled and thus subject to penalties. LB954 is intended to clarify the rights of participants in the program and more fully apprise participants of the circumstances that will give rise to tax implications, as well as to harmonize the trust's statutes with existing law and federal tax laws. I respectfully request the committee's advancement of LB954. There will be people to follow, but if there are any questions, I'd be glad to take a swing. [LB954]

SENATOR ADAMS: All right. Thank you, Senator Fulton. Are there questions for Senator Fulton? My only question is: This is not as complicated as the one you brought last year on college savings plans? [LB954]

SENATOR FULTON: Let us hope not. [LB954]

SENATOR ADAMS: All right, thank you. [LB954]

SENATOR FULTON: Thank you. [LB954]

SENATOR ADAMS: Proponents to the bill? Hi. [LB954]

RACHEL BIAR: Hello. Good afternoon, Senator Adams and Education Committee members. My name is Rachel Biar, spelled R-a-c-h-e-l B-i-a-r. I am the assistant State Treasurer for the College Savings Program. The State Treasurer does serve as the trustee of the Nebraska Educational Savings Plan Trust. And, as trustee, we support LB954 because the program started back in 2001. As you can imagine, a lot of things

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have changed since 2001 with the Nebraska statutes as well as, most importantly, the federal law and the IRS Code. This bill really, as Senator Fulton indicated, really is a corrective bill, a technical bill. We really wanted to have some of these changes made so that the participants in our program can have a better understanding of the program and the program disclosures that we provide. The participants would then have a better opportunity to reference those to state statute if they so choose. There are several things in the corrective bill that do clarify some other things, and I know Senator Fulton mentioned a couple of those. There's some participants that we have a recapture--the Department of Revenue has a recapture--and there are some participants that, because of the way that the statute reads currently, are afraid to empty their accounts to a zero balance, even though they've used the funds for an appropriate educational expense. Because the statutes are not clear at this time, they feel like they might be subject to recapture even though they've used the funds appropriately. So part of LB954 would also correct that. And the Department of Revenue and our office, like I said, does support LB954 in that regard because it would make it simpler for the participant to understand that they indeed can use those funds, they have used them appropriately, and by emptying their account to a zero balance they are not considered a cancelled account and, therefore, would not be subject to the recapture provision. There's also some technical questions about nonqualified withdrawals, and this bill would also clarify that as well as...like I said, we talked about the minimum contributions; Senator Fulton mentioned that. There is no minimum contribution in our program and the statutes don't reflect that to date. So again, we do support LB954, as the trustee of the program, most simply for the betterment of the plan. It does not require us to change any of our program disclosures that we currently offer our participants, so what we're doing in LB954, we're actually already doing all of this. We just really want the statutes to be clarified so that we can all be on the same page as far as the technical questions that participants might have. And with that, I would entertain any questions any of you might have. [LB954]

SENATOR ADAMS: All right, thank you. Are there questions for this testifier? Senator Sullivan. [LB954]

SENATOR SULLIVAN: Thank you, Senator Adams. Thank you for your testimony. How long has the plan been in place? [LB954]

RACHEL BIAR: The Nebraska program started in 2001. We actually have four different programs within the trust. When the program started, it was called the College Savings Plan of Nebraska and it offered a direct product, and that direct product simply means that participants or account owners can open an account by themselves, and they make the decisions on that account. Shortly after the direct product was started back in 2001, then the advisor product started, and it was called the College Savings Plan of Nebraska-Advisor Plan. And that...when you work with an advisor, you go to an advisor; they help you sign up for the plan. Shortly after that, we've...our trust has had several

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plans in its time frame that we've had. We have the AIM College Savings Plan that no longer exists. We...that exited the program in 2009. We also have the State Farm College Savings Plan. And then, last year, we changed program managers to First National Bank of Omaha, and then our plan changed. We rebranded our plan to kind of give it a face lift and give it...to kind of more be in line with the way that the trust reads. So our plan is now called NEST and we have NEST Direct. And NEST stands for Nebraska Educational Savings Trust. And we now have NEST Direct and NEST Advisor, and then we have the TD Ameritrade College Savings Plan--and that program has been with us for several years--and then the State Farm College Savings Plan, so all four of those plans are within our trust. [LB954]

SENATOR SULLIVAN: How do you advertise all of these? [LB954]

RACHEL BIAR: We do it a little bit differently. With NEST Direct/NEST Advisor, First National Bank as program manager has a marketing commitment that they must market all across the state. We do that in several avenues. We have several scholarships that we have introduced. Last year, we gave approximately \$95,000 to students across Nebraska, and that was in thanks mostly to First National Bank as program manager. That was part of their commitment when we signed the contract with them. So we do a lot of scholarships across the state. We do advertise on the radio from time to time. We have a partnership with the Nebraska Broadcasters Association, so we do have TV and radio ads that are broadcast just on the College Savings Plan. We also do some print media in different publications. We do that for advertising. TD Ameritrade is mostly in charge of marketing their plan; that's part of our contract with them. And because they are an on-line brokerage firm, they do most of their marketing on-line. And they do some fliers with their retail clients, but most of it's on-line. And then State Farm, in their contract they have a marketing obligation as well, and so State Farm agents get the information. They can post it on their Web site or they can get it to their clients that they have in those respective agent offices. [LB954]

SENATOR SULLIVAN: So these changes in this proposed legislation is just basically to address changes at the federal level and then some clarifications that maybe weren't addressed ever? [LB954]

RACHEL BIAR: There are some...yes, that is exactly correct, Senator. The...some of the things have changed in the IRS Code and...for the refund penalty, for example, when the IRS Code changed and they...originally, when 529 started...and 529 was actually started in the '90s, but our plan didn't start until 2001. And so when the IRS got rid of the refund penalty, instead they imposed a 10 percent federal penalty tax if you take the money out and use it for a nonqualified expense. And so when that happened, we, of course, adopted that because it was an IRS rule. But the state statute was never updated to disregard the refund penalty, so that's an example of some of the federal changes. Also, with the qualified expense versus a higher education expense, the IRS

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has changed that language in their code, so that is true. And as far as the recapture, that is more of a state update because Department of Revenue has in their resolutions about the recapture. If you take the money and move it to another state, then any tax deduction that you were a benefit of in the past, you have to pay that back to the state of Nebraska as a recapture, and so those are some of the things that are clarified in here. It is also...we've always had no minimum requirements, but that has never actually been in the statute. So it's just kind of a nice extra add to have that in the statute, to let citizens know that there is no minimum contribution to open an account. [LB954]

SENATOR SULLIVAN: Thank you. [LB954]

RACHEL BIAR: You're welcome. [LB954]

SENATOR ADAMS: Senator Haar? [LB954]

SENATOR HAAR: Thank you. What's the total of the money in the savings right now? [LB954]

RACHEL BIAR: We have approximately \$2.5 billion... [LB954]

SENATOR HAAR: Wow. [LB954]

RACHEL BIAR: ...and that's...and about 193,000 accounts, and about 35 percent of those accounts are Nebraska residents. And so we've had...we keep track of it by counting Nebraska for all of the plans, and we have 11.89 percent participation rate in Nebraska. That went up from 11.37 in the first quarter of last year. So in the last year, we had 22,000 more accounts than we did the previous year. So we had about a 25 percent increase of new accounts in 2011 than we had in 2010, so the program is constantly growing. We've continued to move forward. The average age of the beneficiary is 11, and the average age of the account owner is 51. [LB954]

SENATOR HAAR: Okay, thank you. [LB954]

SENATOR ADAMS: Other questions? Yes, Senator Seiler. [LB954]

SENATOR SEILER: Thank you, Senator. Have you seen any movement of the IRS to move that \$5,000 max up to make it more of a contribution? [LB954]

RACHEL BIAR: I believe you might be referring to our tax deduction or...? [LB954]

SENATOR SEILER: Right. [LB954]

RACHEL BIAR: Yes, okay. The Nebraska state tax deduction is actually determined by

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the Nebraska Legislature, and so we did have that increased a few years ago. It was \$1,000 maximum... [LB954]

SENATOR SEILER: And now it's five? [LB954]

RACHEL BIAR: ...and now it's \$5,000. And so at some point, I guess if the State Treasurer would like to entertain anyone who would be willing to increase that deduction to a higher amount, I know that our office would appreciate that because a deduction--any higher deduction--I know there's a lot of citizens that would appreciate that. But given the economic times, I know that might not be a possibility. [LB954]

SENATOR SEILER: Can I amend this one? [LB954]

RACHEL BIAR: But we would certainly appreciate an increase. But that is set by the Nebraska Legislature. [LB954]

SENATOR SEILER: Right. [LB954]

RACHEL BIAR: Yes. [LB954]

SENATOR SEILER: Thank you. Thank you very much. [LB954]

SENATOR ADAMS: Other questions? Anyone else? Thank you, ma'am. [LB954]

RACHEL BIAR: Thank you very much. [LB954]

SENATOR ADAMS: Other proponents? Hi. [LB954]

DEBORAH GOODKIN: (Exhibit 12) Hello. My name is Deborah Goodkin, which is spelled D-e-b-o-r-a-h G-o-o-d-k-i-n. I'm a managing director of First National Bank of Omaha, which is the program manager for the Nebraska College Savings Plan Trust. I'm here today in support of LB954, which is a bill to clarify the language in Nebraska Revised Statutes Section 85-1801 to 85-1814, to provide rules permitting individuals to set aside money for future education costs in a tax advantage manner. The federal government first recognized the need for tax advantage method to save for college as early as 1996 to 1997, when the IRS offered preliminary regulations outlined in Title 26, Subtitle A, Chapter 1--the federal government has a lot of things here--Subchapter F, Part 8, Section 529 of the IRS Code, and that's why we call...College Savings Plans are referred to as Section 529 plans. In 2000, Nebraska enacted the Nebraska Educational Savings Plan Trust and associated regulations to establish an education savings plan, to create funds, to provide for administration of the plan, and to harmonize provisions. As more and more states enacted 529 college savings statutes and regulations and as more and more individuals chose to save through the programs, it became evident that

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portions of the Section 529 of the IRS Code needed to be clarified in order to deal with specific situations that were not originally anticipated with the original regulations and, as such, these original IRS regulations have been modified and updated through formal IRS interpretive notices. The regulations, by the way, are still proposed. The most significant change was in conjunction with the Economic Growth and Tax Relief Reconciliation Act of 2001, which greatly increased the effectiveness of the 529 plans. And in 2002, the 10 percent tax penalty on withdrawals not used for college expenses were no longer applied for withdrawals in which a beneficiary attended a U.S. military academy. Changes also included the tax-free provision of qualified education expense withdrawals that then became a permanent provision when the 109th Congress made the provision permanent as part of the Pension Protection Act in 2006. The College Savings Plan Network, which is an arm of the National Association of State Treasurers, continues to work with the U.S. Department of Treasury and Congress to make further changes to improve the effectiveness of using 529 plans to save for college. The bill currently before you is a further extension of changes made on the federal level and recognizing the evolution of both the 529 industry and the Nebraska college savings plan practices. The proposed changes to conform the statutes to federal regulations will avoid confusion with the current practice and will not require any changes to the literature or official documents. Thank you. [LB954]

SENATOR HOWARD: Thank you. Do we have any questions for this testifier? Well, you've answered their questions. Thank you. [LB954]

DEBORAH GOODKIN: Okay, thank you. [LB954]

SENATOR HOWARD: Thank you. Next proponent? [LB954]

MICK MINES: Chairman Adams, members of the committee, for the record, my name is Mick Mines, M-i-c-k M-i-n-e-s. I'm a registered lobbyist here today representing the Nebraska Association of Insurance and Financial Advisors. We support this bill. We've always supported this bill on behalf of our 1,100 members. And, Senator Sullivan, I might address, part of the way that we get word out is our membership...529s are very important to the long-term financial planning of the individuals that we represent. And you've heard all the reasons why it's a great idea. It is a great idea. We wholeheartedly support it and ask that you advance it to General File. Thank you. [LB954]

SENATOR ADAMS: All right, thank you, Mick. Are there questions for this testifier? Guess not. Thank you. Other proponents? Opponents? Is there any opposition testimony? Neutral testimony? Any neutral? Senator Fulton, you want to close? Senator Fulton waives closing and that will conclude the hearing on that bill and we will proceed on to LB1104. [LB954]

SENATOR HOWARD: Welcome, Senator Adams, to the Education Committee.

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[LB1104]

SENATOR ADAMS: Thank you, Senator Howard, members of the committee. My name is Greg Adams, A-d-a-m-s, representing the 24th Legislative District, here to introduce LB1104. This is the higher education technical bill that we generally deal with, almost on an annual basis. Tomorrow, we'll have the K-12 technical bill. Fortunately, Marshall Hill is here to back me up on this. This truly is a lot of language adjustments. As I look through it, let me give you a very general observation about it and I would anticipate that, knowing Marshall, he'll have all the more definitive answers to you. If you recall last year, Marshall brought to us a rather comprehensive bill that he worked out with all of the institutions of higher ed, dealing with some regulation. And it gave us an opportunity to really take a look at some regulation of some of those institutions that we might call "fly by night" and "here one day, gone tomorrow," have...and those that have physical presence in the state and those that don't. There are a lot of different nuances. In...now, one year later, we are here. And inherent within that bill, the Postsecondary Coordinating Commission has identified some definitional changes that they believe need to be made, some clarifications that need to be made, and my sense of it is that these are based primarily...and Marshall may correct me, but as we look at institutions under that statute that we call institutions that are here on a continual basis--for instance, the independent colleges that were just here to testify a couple of bills ago versus those that need recurrent authorization--this...most of this bill seems to me to deal with that category of higher ed institution that needs the recurrent authorization. And this is a matter, it seems to me, of clarifying that definition and some exceptions to that. Beyond that, I think that Marshall Hill will be able to better answer your questions. [LB1104]

SENATOR HOWARD: Anyone have a question, or do you want to wait? (Laughter) [LB1104]

SENATOR ADAMS: I've deferred multiple times here in this introduction, haven't I? [LB1104]

SENATOR HOWARD: Senator Haar? [LB1104]

SENATOR HAAR: I waive. No, I'm kidding. [LB1104]

SENATOR HOWARD: Oh, he's here. Oh, no, wait. Poor Marshall. You'd better be ready--the man with the answers. [LB1104]

MARSHALL HILL: I...at least on this, I hope. Marshall Hill, M-a-r-s-h-a-l-l H-i-l-l. I'm the executive director of the Coordinating Commission for Postsecondary Education. Senator Adams explained it exactly right. Last session, Senator Adams sponsored, and you supported and the Legislature approved, the Postsecondary Institution Act. I was

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proud of that at the time. It represented a great deal of work and you gave it a good, fair consideration, and I'd like to tell you what's happened to it since. I'm involved in two national projects that look at how states deal with out-of-state institutions working within their borders, and after two...both of those, did a scan of existing state laws. The state's laws seized upon as the ones to serve as a template going forward are Nebraska's. We are the most...the state to take a most recent thorough look at how we do this work, and I think that's a testament to the hard work that a lot of people have done. California is absolutely a mess in this regard. Their legislature is looking at this. I'll be testifying in a legislative committee there, in California, at their General Assembly next week. All we need to do here is three minor things. As Senator Adams indicated, we approve institutions, and we set aside a group of institutions that, once they had been operating in this state for 20 years or more and were on good terms and everything else, could be called institutions approved for continuous operation. We did not think, at the time, that we needed a term to apply to those that were not approved for continuous operation. Those were the ones that would go through the normal, five-year periodic renewal. It became the most confusing...Tammy made a suggestion that this would be something that would improve the clarity. And that's what we're doing forward, just inventing a term for those institutions. Nothing at all about the policy--how they would relate to us and how we would relate to them--changes; it just clarifies for them that they are in this group. Second, one of the conditions upon entering that group of institutions approved to operate on a continuous basis was that you had been operating in Nebraska for 20 years or more and offering a four-year undergraduate baccalaureate degree. It was never our intent to exclude from the possibility of entering that class an institution that had only been offering a graduate degree for 20 years and so forth. For example, University of Oklahoma, Central Michigan University had been offering two graduate degrees on Offutt Air Force Base for almost 30 years. So this just expands the possibility that an institution that's operating in good performance over a 20-year period and offers a graduate degree could enter that class. And then the third thing is just we provided a provision for institutions that just had very, very minor...a couple of class offerings in this state to do so without going through the full process, and this just sets a clearer limit on that. I'd be pleased to respond to any questions you might have. [LB1104]

SENATOR HOWARD: Senator Haar? [LB1104]

SENATOR HAAR: Just give me a couple examples of the two types of institutions you're talking about. [LB1104]

MARSHALL HILL: All right. Baker University is an out-of-state institution from--Kansas, I believe?... [LB1104]

SENATOR _____: Yeah. [LB1104]

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MARSHALL HILL: ...--Kansas that the commission has approved to...approved their request to offer courses in Omaha. They haven't yet begun doing so, but under the new law, they can do that, and they will then be revisited for approval five years from now. [LB1104]

SENATOR HAAR: Nice. [LB1104]

MARSHALL HILL: Under the prior law, once we approved an institution, we had no recourse. Institutions that we approved to do things 15 years ago could come, now, back under totally different circumstances and not go through us for approval. We would have no opportunity to look at whether their faculty were appropriate, whether their financial stability was there, and so forth. The...last year's bill plugged huge holes in that regard. The second class of institution is an institution like Creighton. Creighton has been operating in the state for a long, long time, and we don't have problems with Creighton. It's offered academic programs for a long time,... [LB1104]

SENATOR HAAR: Um-hum. [LB1104]

MARSHALL HILL: ...so they do not have to come back to the Coordinating Commission for continual approval. [LB1104]

SENATOR HAAR: Gotcha. [LB1104]

SENATOR HOWARD: Any other questions? All right, thank you. [LB1104]

MARSHALL HILL: Thank you. We appreciate, especially, Tammy's help on this and yours last session on this as well. Thank you. [LB1104]

SENATOR HOWARD: Other proponents? Any opponents? Any neutral? And Greg Adams waives his opportunity for a closing. [LB1104]

SENATOR AVERY: ...any closing. Hmm. [LB1104]

SENATOR HOWARD: And that will conclude our hearings for today. [LB1104]

SENATOR ADAMS: Thank you all, and we do need to Exec. [LB1104]