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Education Committee
March 04, 2013

[LB331 LB332 LB465 LB478 LB491]

The Committee on Education met at 1:30 p.m. on Monday, March 4, 2013, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB465, LB491, LB331, LB332, and LB478. Senators present: Jim Scheer, Vice Chairperson; Bill Avery; Al Davis; Ken Haar; Rick Kolowski; and Les Seiler. Senators absent: Kate Sullivan, Chairperson; and Tanya Cook.

SENATOR SCHEER: Good afternoon and welcome to the Education Committee meeting. I'm Jim Scheer, the Vice Chair. The Chairman, Senator Sullivan, hopefully will be joining us later but is not here at the present time. I would first like to introduce those members of the committee, Senator Haar, to my left, and to his left will be Senator Avery when he arrives. Senator Cook will not be with us today. Next to her is Senator Les Seiler from Hastings; Kris Valentin, the research analyst with the committee; myself. To my right is Senator Al Davis from Hyannis, and next to him is Senator Rick Kolowski from District 31 in the Omaha area. And at the far end is Mandy Mizerski, the clerk. And we are helped out this afternoon by our two pages, Phoebe Gydesen and Sean Miller. And we will be using the agenda as it is listed on your white sheet today, so that will give you an idea and the order of which we're going. If you are going to be testifying, please make sure and fill out a green sheet that is available by each door. And if you do not wish to testify but want your name entered into the official record, there is a white piece of paper that you can fill out to note your attendance at today's hearing. If you are going to hand out anything to the committee, make sure you have 12 copies. If you do not have 12 copies, please provide a copy to either of the pages and they will make copies for you. I would mention, if you could please turn your cell phones to either vibrate or off so that we are not interrupted later I would appreciate it. Introducers, we will be using the lights this afternoon. The green light will give you four minutes. As you are speaking, the yellow light will come on with one minute left. And once the red light hits, I would expect you to terminate your conversation as quickly as possible. Let's see, and, obviously, not that that's going to happen, but we would hope there wouldn't be any audible signs of support to any items that are presented yet this afternoon. When you are testifying, please introduce yourself, state your name, and spell both your first and last name so that we have an audible record of that as well. And joining us is Senator Avery from Lincoln, to the far left. And with that, we will start with the first bill this afternoon, LB465, by Senator Lautenbaugh. Senator. [LB465]

SENATOR LAUTENBAUGH: (Exhibit 1) Thank you, Mr. Vice Chairman and members of the committee. My name is Scott Lautenbaugh. I represent District 18. That's L-a-u-t-e-n-b-a-u-g-h. LB465 would create the Nebraska College Choice Grant Program. The funds would go to students with financial need in Nebraska privately controlled, nonprofit colleges and universities. Nebraska had a similar program from 1991 to 2003, called the Postsecondary Education Award Program. Since that program's repeal, students in Nebraska private colleges have lost more than \$800,000

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in state support. Students in private colleges receive less than three-tenths of 1 percent of total state support for higher education. Nebraska private colleges and universities award more than 41 percent of bachelor's and advance degrees and enroll more than 33,000 students. Nebraska nonprofit private colleges enroll higher percentages of minority students than the state public sector and award more than twice as many degrees to African-American students than the University of Nebraska and the State College System combined. I have materials I'd like the page to hand out in the form of a binder. I think they've already made their way around, so good, good, yeah. Those were prepared by Tip O'Neill of AICUN, and he'll more fully explain the content thereof in his testimony. I'd like to comment on the Attorney General's Opinion in Tab 12. It was issued in 1991 and concluded that the program, at the time, was constitutional. To my knowledge, that opinion has not been changed or superseded by any other opinion. I believe there has been a conversation in this committee about the constitutionality of this bill in prior times but, in my opinion, that's sort of a red herring. This bill appears to be constitutional based upon the prior opinion. Secondly, I believe the Nebraska Constitution allows us to think differently about how we treat college education as opposed to K-12. We're not compelled to provide a free college education under our constitution, which I believe allows us to utilize the resources of all of our colleges and universities in our state to achieve our state goals. Our constitution does not allow us to provide direct aid to nonpublic institutions, so the way we can utilize those resources is to provide aid to their students. Third, the constituency in my district had the unfortunate occurrence of the closure of Dana College a few years back. Between 2001 and 2003, state support for students at Dana dropped by more than 50 percent, from \$250,000 to less than \$120,000, and continued to drop from there. It was probably not the primary cause of Dana's closing, but it certainly didn't help, and the economic impact on Blair is manifest and ongoing. Finally, the fiscal note indicates that the Coordinating Commission may have a technical concern about how the funds are distributed to the campuses. I know the commission successfully administered a similar program for 12 years, but I would be happy to work with them and your legal counsel if you believe an amendment is necessary. I would be happy to answer any questions you might have, and I'd appreciate your consideration of this. I know Mr. O'Neill is following me, and he's the one who prepared your binder; so his answers might be more helpful, but I'm always willing to take a shot. I do apologize in that I have another bill up, in moments, in another committee, so I probably will not be able to close on this. [LB465]

SENATOR SCHEER: Okay. [LB465]

SENATOR LAUTENBAUGH: So I guess this is your only chance to ask me these questions, if you have them. [LB465]

SENATOR SCHEER: Okay, thank you, Senator Lautenbaugh. Senator Haar. [LB465]

SENATOR HAAR: Would you suggest then that we switch money from what's going to

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the university? Or where do we get the money to do this? [LB465]

SENATOR LAUTENBAUGH: Well, that's a discussion that needs to be had. I don't say...I don't think we should shortchange what we're doing now with the public universities. I think we just need to look at what we're not doing with the privates as well. I'm not looking to disadvantage or take funds away from them with this. That's not my intent. [LB465]

SENATOR HAAR: And not to put you on the spot but, I mean, it's really, at the base of all of this, where does the money come from? In your opinion, should it be taken from roads or, you know, increased taxes? Or how should we go about it? [LB465]

SENATOR LAUTENBAUGH: Well, and that's the eternal question. I had a bill last year to study putting "Lake Ashland" in, and someone asked where the money could come from. And I said, well, the "fair fight" funds in the NADC account are there, and that's unconstitutional now. So you're always looking for a pot of money to pay for anything you want to do, and that is a very fair question. If you're asking me have I identified a specific source where we could take these funds from, I have not. [LB465]

SENATOR HAAR: Okay. Well, that would be helpful as you think through this and I'd appreciate that. Thanks. [LB465]

SENATOR LAUTENBAUGH: Absolutely. [LB465]

SENATOR SCHEER: Senator Avery. [LB465]

SENATOR AVERY: Thank you, Senator Scheer. Senator Lautenbaugh, I do applaud you for the motive behind this and the idea being that the money should follow the student and that private college students probably deserve aid as much as anybody else in this state. I have a problem, and I've had this struggle since I've come to this Legislature, with using private...public money to subsidize private education. And I think that one could argue that this is a form of public subsidy for private institutions. Would you like to address that? [LB465]

SENATOR LAUTENBAUGH: Well, again, it would not be set up as being paid directly to the private institutions. And, Senator, I understand what you're saying about the sources and uses of funds, public versus private. I would point out that the private sector very heavily funds public education. I don't think the public universities would take that trade-off where the private money goes to the privates and the public goes to the public. That would be a loss for the public institutions. I think that what we're talking about here--the concerns of public versus private--are not the same as in K-12. I think the constitutional concern has been addressed. And I understand your point, 100 percent. I just don't think it is as important, if you will, at the university level, the postsecondary

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level. [LB465]

SENATOR AVERY: Thank you. [LB465]

SENATOR SCHEER: Senator Seiler. [LB465]

SENATOR SEILER: Senator Lautenbaugh, would you take a look at the fiscal note, on the last page, at the top, if you've got it there? [LB465]

SENATOR LAUTENBAUGH: You know, incredibly, I have two copies of the binders that you all have, but I do not have the fiscal note with me. [LB465]

SENATOR SEILER: Okay, well, when you get back to your office, take a look. It talks about the way LB465 is written. The commission would provide funds to the nonprofit organization and not directly to the students. I'm wondering if you disagree with that, that it follows the students and not the institution. [LB465]

SENATOR LAUTENBAUGH: Well, that would not be the intent, my intent, anyway. [LB465]

SENATOR SEILER: Okay, take a look at that. [LB465]

SENATOR LAUTENBAUGH: And if that's something that needs addressing then, certainly, we would address it. [LB465]

SENATOR SEILER: It's on page 3 of the fiscal note, at the top. [LB465]

SENATOR LAUTENBAUGH: Sure, I will do that. [LB465]

SENATOR SCHEER: Anything else? [LB465]

SENATOR SEILER: I have no further questions. [LB465]

SENATOR SCHEER: Senator Haar. [LB465]

SENATOR HAAR: Yeah, one final question. In the introduction here it says funds for these students diminished from \$4 million to around \$3 million. So there is money going there. It's just that it's not as much. [LB465]

SENATOR LAUTENBAUGH: Yes, that is correct to say. [LB465]

SENATOR HAAR: Okay, great. [LB465]

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SENATOR SCHEER: Any other questions? Thank you, Senator Lautenbaugh. [LB465]

SENATOR LAUTENBAUGH: Thank you. [LB465]

SENATOR SCHEER: We will first open with proponents. Are there proponents to LB465? [LB465]

FRED OHLES: Good afternoon, Vice Chairman Scheer and members of the Education Committee. My name is Fred Ohles, spelled F-r-e-d O-h-l-e-s. I'm president of Nebraska Wesleyan University, here in support of LB465. The presidents of Nebraska's independent, nonprofit colleges and universities are in strong support of Nebraska's P-16 Initiative and its goals for higher education. We have shown leadership in Nebraska's progress toward meeting those goals. Nebraska will be unable to meet the goals of P-16 without the contributions of its independent college and university sector. These institutions award more than 40 percent of Nebraska's bachelor's degrees and higher degrees. We enroll a higher percentage of minority students than public universities and colleges. In Nebraska, college enrollment and college completion efforts must now focus on low-income and first-generation students to meet our ambitious state goals. Those students tend to perform quite well on our campuses. The data show that our students graduate on time more than students anywhere else in higher education. This committee devotes much of its attention to primary and secondary education. That is appropriate because the Nebraska Constitution requires that a free and public education be offered to children and youth from kindergarten through 12th grade. However, our constitution provides Nebraskans with greater flexibility in higher education. There is no Nebraska constitutional requirement of a free or public college education, and that is why the University of Nebraska, the state colleges, and the community colleges all charge tuition. And that is also why we can and should use the proven capacity of Nebraska's independent, nonprofit colleges and universities to meet our shared public desire that more students earn college degrees on time. LB465 is a taxpayer-friendly investment. It is a smart investment. It provides multiple returns to the state from a measured amount of state support. The best way that Nebraska can support the excellent results at independent colleges and universities is by supporting the students who attend those colleges and universities. LB465 is a logical way to save state taxpayers the heavy burden of building additional infrastructure in the public sector. LB465 is a prudent way to provide support to a sector of higher education that is important to the fabric of our state and integral to Nebraska's success in attaining our higher education goals. I ask you to please support LB465. I'll be happy to answer your questions. [LB465]

SENATOR SCHEER: Thank you, Mr. Ohles. Senator Kolowski. [LB465]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. President Ohles, from your own experiences at Wesleyan, could you tell us, approximately, the percent of students

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receiving some form of financial aid as they are currently attending? [LB465]

FRED OHLES: Across all forms of financial aid, Senator, it's approximately 94 percent of Nebraska Wesleyan University students. [LB465]

SENATOR KOLOWSKI: Thank you. [LB465]

FRED OHLES: You're welcome. [LB465]

SENATOR SCHEER: Senator Haar. [LB465]

SENATOR HAAR: Thank you. It's a fair question to ask Senator Lautenbaugh, maybe not you. But do you...this is a question of adding more money to the budget or substituting money from one place to the other. Do you have any...and I don't see in the bill how much money is being asked for. Do you...well, go back to the first two things. Do you think we ought to shift money or...? [LB465]

FRED OHLES: Senator, my commitment is that we make the best possible investments for Nebraska's future, including with state appropriations. And I don't have an oversight of the entire budget of the state. I will admit that. But my advice would be that we examine return on investment in various forms of use of state funds, and that would apply here. [LB465]

SENATOR HAAR: Okay, thank you. [LB465]

FRED OHLES: You're welcome. [LB465]

SENATOR SCHEER: Any other questions? Senator Kolowski. [LB465]

SENATOR KOLOWSKI: Just on...looking back at the many statements concerning our state--the State of the State Address and the concerns of the P-16 initiative, for example--trying to keep the best and brightest of our students within our state is a challenge for all of us. And whatever programs that would draw them to stay here becomes an asset for us, no matter if it's public or private, in that sector. Would you elaborate on that, as far as your own feelings of trying to keep the best and brightest of any students, wherever they might come from, especially from our own state, within our state, and trying to help them to find an occupation and stay here and assist our own rural community development? [LB465]

FRED OHLES: Senator, I looked earlier today at what are the patterns of investment of this kind in other states, including neighboring states. A student who attends the University of Denver will receive Colorado assistance if that student has financial need. A student who attends Vanderbilt University will receive Louisiana (sic--Tennessee)

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support if that student has financial need. A student at Lake Forest College in Illinois will receive that support. Our neighboring state of Iowa, Senator, has a very substantial program that provides for equalization across the public and independent sectors of higher education. And we routinely lose students in Nebraska to institutions in western Iowa. [LB465]

SENATOR KOLOWSKI: Throughout all of Iowa or primarily western? [LB465]

FRED OHLES: Well, I would say the whole state, sir, and I don't have details on that. But I'm most aware of the pressure and the outflow into the western third or so of Iowa. [LB465]

SENATOR KOLOWSKI: And perhaps others are going to speak to this. But the dollar difference between the two states--Iowa, as an example, and Nebraska at the current time--could you fill us in on that aid pocket? [LB465]

FRED OHLES: In Iowa, a student whose family is not able to contribute \$13,500 to a college education receives a grant of \$3,500. And that will be paid equally at Buena Vista University or Simpson College as at Iowa State or the University of Iowa. [LB465]

SENATOR KOLOWSKI: But the grand total of the pot of money in the state of Iowa, compared to Nebraska, where we are? [LB465]

FRED OHLES: Oh, yes. So if you add the total, it's more than \$40 million in Iowa. The funds available for students at independent universities and colleges in Nebraska through legislative appropriation is approximately \$3 million, I believe. So, yeah, the difference of population is, perhaps, what, 3 to 1, and the difference of funding is about 16 to 1, yeah. [LB465]

SENATOR KOLOWSKI: Thank you. [LB465]

FRED OHLES: You're welcome. [LB465]

SENATOR SCHEER: Senator Avery. [LB465]

SENATOR AVERY: Thank you, Senator Scheer. Welcome, Dr. Ohles. [LB465]

FRED OHLES: Thank you. [LB465]

SENATOR AVERY: It's my habit to pick nits, and so I noticed you said that Vanderbilt would receive its aid from the state of Louisiana. [LB465]

FRED OHLES: Yes, sir. [LB465]

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SENATOR AVERY: Vanderbilt is in Nashville, Tennessee. You probably meant Tulane would be (inaudible). [LB465]

FRED OHLES: I apologize. I did mean Tulane, and I apologize for not lifting up Tulane University as I had meant to. [LB465]

SENATOR AVERY: Well, let me ask you a broader question. How many states actually do provide this kind of aid, if you know? [LB465]

FRED OHLES: Senator, I don't know. I know that there are many states near us who are doing that. In Louisiana, at Tulane, it would be a \$3,750 grant. [LB465]

SENATOR AVERY: Thank you. [LB465]

FRED OHLES: You're welcome. [LB465]

SENATOR SCHEER: Any other questions? If not, thank you, President Ohles, very much for your testimony. [LB465]

FRED OHLES: You're welcome. Thank you. [LB465]

SENATOR SCHEER: We will continue with proponents. [LB465]

FRANCES MORRISON: I have to tell you, I'm a little nervous. (Laugh) [LB465]

SENATOR SCHEER: Well, take a deep breath. We're... [LB465]

FRANCES MORRISON: Okay. Senator Scheer and members of the committee, my name is Frances Morrison, F-r-a-n-c-e-s M-o-r-r-i-s-o-n, and I am here today as a proponent of LB465. I am a second-year paralegal student at the College of Saint Mary. It's hard. CSM offers me a unique opportunity that I would not be able to receive at any other institution in the state of Nebraska, as well as neighboring states. They have an ABA-accredited paralegal program. They're the only one in a five-state region with such a program, so that offers me the opportunity to get the best legal education that I feel I can. I also have two children. The College of Saint Mary allows me to live on campus with my children, which makes it a lot easier for me to be able to attend my classes and to make sure that I keep the grades that I would need to graduate and to possibly move on to law school. My goal is to become a self-sufficient member of society in the state of Nebraska. Without having my education I just don't see how that would happen, so it's really important that schools like the College of Saint Mary would have students that would be eligible for grants like these. Thank you. [LB465]

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SENATOR SCHEER: Thank you very much for coming down and testifying. Are there questions? Fairly painless, wasn't it? [LB465]

FRANCES MORRISON: Wasn't too bad. [LB465]

SENATOR SCHEER: Well, come on back another time. (Laugh) [LB465]

FRANCES MORRISON: Oh, thanks. [LB465]

SENATOR SCHEER: The next proponent. Good afternoon, Mr. O'Neill. [LB465]

TIP O'NEILL: Thank you, Senator Scheer. 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 of Nebraska. The Association of Independent Colleges is a consortium of 14 privately controlled, nonprofit colleges and universities which are located within the state. And I've been the president of AICUN since 1989, so Senator Avery would say, Tip, you've been around the block a time or two. And obviously we have had...been...had this legislation before you a couple times in the past and actually had this program in effect in Nebraska in...from 1991 to 2003, when it was repealed. I have provided you some materials, the packet of materials that I think explains and justifies some good reasons why we should continue to support independent colleges and universities in this state. And I think the big reasons, from our standpoint, first of all, is that, if you look at the P-16 goals in Tab 7--improving the college-going rate, providing affordable access to students, time to degree completion, and increasing the number of STEM graduates--you just look at the overall numbers in Nebraska, we can't meet those goals without the efforts and the success of independent colleges and universities in this state. We just can't do it. And second, if you look at the Nebraska taxpayer investment per degree, in Tab 5, you can see that investing in independent colleges and universities ultimately will cost taxpayers a lot less money than in building additional public infrastructure--you know, the average investment per degree at the University of Nebraska. And again, that's a little bit skewed because the University of Nebraska does other things with its money. It does some research. It does public service, does other things in addition to instruction. But that number is \$48,349. The investment per degree at the independent college and university sector is \$336 per degree. That's a profound difference. And investing some money in students who attend independent colleges and universities, rather than building additional infrastructure in the public sector, will save the state taxpayers money and allow you to invest money in other areas where we need investment. And as we look to the future, we're going to have to make some decisions like that as we move forward. I'd be happy to answer any questions that you may have about the materials that I've provided. Otherwise, I hope you can support LB465. I would conclude my testimony. [LB465]

SENATOR SCHEER: Thank you, Mr. O'Neill. Any questions? Senator Davis. [LB465]

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SENATOR DAVIS: Thank you, Mr. O'Neill and Senator Scheer. Can you tell us a little bit about the history of the program, in terms of how it got put in place in the first place, and then why it was removed? [LB465]

TIP O'NEILL: Sure. I came to work in 1989. And we had just had a fairly major dispute about how to allocate money in the one program that we had at the time, which was the state SSIG program. It was a federal program that was passed in Congress. And Nebraska at first refused to establish a state grant program to accept federal dollars to fund that program, and then there was a dispute about allocation. And actually, I was going to talk about this in the next bill, LB491, but I can talk about it now. What Nebraska ended up doing was establishing two programs, one which had a Pell Grant-based funding formula and one which had a cost-based funding formula. So you had one program called the SAP that had a funding formula that favored public institutions and one called the SSAP program that had a funding formula that favored the private institutions and the for-profits. Well, I went to my first hearing in the Appropriations Committee as representing the independent colleges in 1990 and actually had the representative for the community colleges at the time who came in and opposed the proposal to add money to the need-based programs. And he said, we don't want money in the need-based financial aid programs, we'd rather get the money just directly. And so, ultimately, we were able to add a little money to the program. But I'm thinking, man, I'm doing all the work to try to get money in these need-based financial aid programs, and we're doing all the work and we're even getting the public sector opposing us on this, we'd just as well try to set up our own program if we're going to be doing all the work. So in 1991, we had a bill we introduced, setting up the Postsecondary Education Award Program. We put a cigarette funding tax component in it which ultimately got it referenced to the Appropriations Committee rather than the Education Committee. Appropriations Committee took the cigarette taxing funding component out of it but advanced it to the floor, and we were able to get the bill passed. And ultimately, we were able to add a little money over the years and ultimately ended up getting about...we were able to get somewhere around \$4 million into a combination of all three programs for independent colleges and universities by the time it got done. And then we had some funding, you know, some budget problems, and some personality issues came up on the legislative floor and ultimately the program got repealed. But that's kind of the background. [LB465]

SENATOR DAVIS: And then in, let's see, is it Tab 6,... [LB465]

TIP O'NEILL: Okay. [LB465]

SENATOR DAVIS: ...which is your total grant expenditures as a percentage of state fiscal support... [LB465]

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TIP O'NEILL: Right. [LB465]

SENATOR DAVIS: ...is that the question that was passed, asked by Lautenbaugh...of Lautenbaugh that he didn't have an answer for? And this is the dollars per state on the... [LB465]

TIP O'NEILL: Right. Well, I think so, yeah. Where 2.4 percent is a fairly low percentage, you know, we rank 40th in the nation in terms of the percentage of money that we spend for state grants as opposed to money we spend for institutional operations. And that's...you know, we spend about \$756 million on institutional operations, and that's basically appropriations to the university system, the State College System, and the Community College System. The Community College System is basically composed of both state aid and then property tax dollars. [LB465]

SENATOR DAVIS: And then the last question is, how do the for-profit institutions play into this? [LB465]

TIP O'NEILL: Well, in this bill, for-profit institutions would not be eligible. Currently, the for-profit institutions receive money from the current Nebraska Opportunity Grant program. The students who attend for-profit institutions receive money because, again, in this grant...in the proposed grant program and in the current grant program, the money goes to students, not to institutions, so. [LB465]

SENATOR DAVIS: Thank you. [LB465]

TIP O'NEILL: Thank you. [LB465]

SENATOR SCHEER: Senator Haar. [LB465]

SENATOR HAAR: Thank you. On your...on Tab 5, what's NOG stand for? [LB465]

TIP O'NEILL: Nebraska Opportunity Grant. [LB465]

SENATOR HAAR: Okay. And when it talks investment per degree, that's for a bachelor's, master's, what? [LB465]

TIP O'NEILL: All degrees. [LB465]

SENATOR HAAR: All degrees. [LB465]

TIP O'NEILL: All degrees, so it would be bachelor's, master's, doctorates. [LB465]

SENATOR HAAR: So if I have a bachelor's and a master's, am I counted twice in that

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number or...? [LB465]

TIP O'NEILL: Well, it would be...if you got them both in the same year, then yes. [LB465]

SENATOR HAAR: Okay, this is for a year. [LB465]

TIP O'NEILL: Yes, um-hum. [LB465]

SENATOR HAAR: Okay, got you. Okay, thank you. [LB465]

SENATOR SCHEER: Any other questions? Senator Avery. [LB465]

SENATOR AVERY: Thank you, Mr...Senator Scheer. I see that in the fiscal note it is indicated that the Nebraska Opportunity Grant is an aid program where all institutions in the state are eligible to participate. [LB465]

TIP O'NEILL: That is correct. [LB465]

SENATOR AVERY: And the way that it works there, these institutions provide names of students, and then the Postsecondary Coordinating Commission provides the monies as a pass-through administrative entity. They provide the money to the institution, to distribute to the students. So this bill would require that the money be distributed the same way, so the money would go to the institution first. [LB465]

TIP O'NEILL: We would be happy to work with the Coordinating Commission if they decided they need an amendment. Now again, this bill is similar to the PEAP program which the Coordinating Commission administered for 12 years without apparent need of that sort of thing. But if they determine that they believe an amendment is necessary, we'd be happy to work with them on one. I mean, my institutions would certainly have no objection to doing the administrating the same way that we do for the Nebraska Opportunity Grant program. [LB465]

SENATOR AVERY: You don't represent the for-profits, do you? [LB465]

TIP O'NEILL: No, I do not. [LB465]

SENATOR AVERY: Okay. But the for-profits, under the NOG, are eligible to participate, right? [LB465]

TIP O'NEILL: That is correct. [LB465]

SENATOR AVERY: Probably have more trouble with the for-profits than they do the

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nonprofits. [LB465]

TIP O'NEILL: Oh, I think you even carried a bill once. [LB465]

SENATOR AVERY: I did. [LB465]

TIP O'NEILL: Yes. [LB465]

SENATOR SCHEER: Senator Haar. [LB465]

SENATOR HAAR: I've been looking for an amount. Are you just saying more, or is there an amount? [LB465]

TIP O'NEILL: What we're saying is establish the program. Then we would work with the Appropriations Committee to determine whether there would be money available to fund the program, Senator. I mean, you were asking, where do you think the money should come from? I mean, I can give you a lot of different ideas on where I think the money should come from. First of all, I mean, I would say, you know, let's treat students who attend Nebraska...let's treat Nebraska resident students who attend Nebraska independent colleges and universities at least as well as we treat nonresidents who attend Nebraska public colleges and universities because, right now, you've got situations where a student from Kansas City, Missouri, attends Peru State College at the same tuition rate as a student from Nebraska. Why should Nebraska taxpayers subsidize a student from out of state who attends a state college? [LB465]

SENATOR HAAR: Okay. [LB465]

SENATOR SCHEER: Senator Kolowski. [LB465]

SENATOR KOLOWSKI: Thank you, Mr. Chair. Mr. O'Neill, I've seen firsthand where the...as a high school principal, the draw the Iowa schools have to our graduates because, just on financial aid alone, it's a very tilted stage in favor of Iowa. When I think of, just to mention a few, Coe, Cornell, Simpson, Luther, Central, Morningside, Iowa Wesleyan, you know, when you stack them up against our own schools, they could offer considerably more to draw a student to their campuses. And that's part of the brain drain that we face as high school principals with our senior classes as they are looking at the best possible location for themselves, for their next four years. And I would hope this might even the playing field, if we have more money available, to try to keep those students, as we hear from an economic standpoint, considering Nebraska, considering staying here as they have friends in the college area and, also, look at their first occupations, as they finish school, hopefully staying in Nebraska as well. So I understand the economic impact and I understand the potential this would have for us. And I had two sons. One went to Cornell College in Iowa and was drawn to that

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one-course-at-a-time schedule they have, which was fantastic for him. And then a second son went to the University of Nebraska-Lincoln. And that was...so we had the two various, kind of, forms of experience in our own family with our two boys. And they both got excellent educations. I think they...the draw was there for both of them to look at many different schools to possibly attend. But I would hope that we could make it a better open door for our own students by doing something in this capacity. And I thank you for bringing this forward in that way. [LB465]

TIP O'NEILL: Thank you, Senator. [LB465]

SENATOR SCHEER: Senator Davis. [LB465]

SENATOR DAVIS: I've just got one more. You know you've got the Attorney General's Opinion in that. Have you seen the note from the Post...the Coordinating Commission for Postsecondary Education? [LB465]

TIP O'NEILL: Yes, I have. [LB465]

SENATOR DAVIS: And that's why that is there, to address that concern that they think it might be unconstitutional? [LB465]

TIP O'NEILL: Right. Again, the Attorney General's Opinion addressed the language that was in the prior bill, which is identical to the language that is in this bill. [LB465]

SENATOR DAVIS: That's in this? [LB465]

TIP O'NEILL: Yes. [LB465]

SENATOR DAVIS: Okay. [LB465]

SENATOR SCHEER: Senator Seiler. [LB465]

SENATOR SEILER: I just have one question, Tip. [LB465]

TIP O'NEILL: Sure. [LB465]

SENATOR SEILER: Well, you'd mentioned about Peru and, I assume, Chadron and Wayne. They don't have an out-of-state tuition? [LB465]

TIP O'NEILL: Well, Peru doesn't. I'm not sure about Chadron and Wayne. [LB465]

SENATOR SEILER: Okay. That's what I wanted to know. Thank you. [LB465]

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TIP O'NEILL: Sure. [LB465]

SENATOR SCHEER: Seeing nothing else, thank you very much, Mr. O'Neill. [LB465]

TIP O'NEILL: Thank you very much, Senator. [LB465]

SENATOR SCHEER: The next proponent. [LB465]

JAMES CAVANAUGH: Senator Scheer, members of the Education Committee, my name is James Cavanaugh, J-a-m-e-s C-a-v-a-n-a-u-g-h. I am an attorney and registered lobbyist representing Creighton University, appearing in favor of LB465. As you know from Mr. O'Neill's testimony, we've actually regressed in the state of Nebraska in terms of student financial aid to students attending private, not-for-profit colleges and universities in this state. From 2003, when PEAP was abolished, until now, significantly fewer dollars have gone to students in this sector. It's not a good thing for the state. It's not defensible public policy. And LB465 would take a first step back from that retrograde position that was taken after 2003. I think we're all aware that the greatest natural resource that we have in this state are our young people and, particularly, our educated young people. And also, our greatest export from this state are our educated young people, not corn or cattle or any other commodity, but educated young people who go elsewhere. Many of them go during their college experience because they can get a better student financial aid package someplace else at a private college or university than they can at one of our homegrown institutions. Many of them go no further than across the Missouri River to Iowa, which has a vibrant and well-supported private, not-for-profit university system that puts Nebraska to shame, frankly. I mean, you heard the statistics that Dr. Ohles gave you and a couple examples of the program over there. Well, if you're a kid growing up in Omaha and you can shave thousands or tens of thousands of dollars off of your private university/college tuition bill by going to Des Moines, a lot of kids would say, that's a good deal, and they do that. There's not a lot coming the other way, in terms of being attracted to Nebraska by our supportive environment, for students attending our private, not-for-profit colleges and universities. We should change this, and this committee has a unique opportunity to take the first step towards changing it, take a page from our neighbor's playbook, and start a program that will help us combat the chronic brain drain that is the bane of Nebraska's future and, perhaps, bring some of those young, bright minds back here or make sure that they don't go away in the first place. Creighton is doing the best that it can, with very limited state student financial aid support, to attract the best and the brightest from all over the country, indeed, all over the world. And many of them come to Nebraska, experience the good life, stay here, and make careers and contribute to the well-being of our state. Half of the doctors, half of the lawyers--I could go on and on and on in terms of healthcare professions and others--that are produced in the state of Nebraska, are produced by the private, not-for-profit sector, with very limited support from the state of Nebraska. These provide intellectual infrastructure to our state. You can't have a

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state or a county or a town without doctors and lawyers and pharmacists and dentists and the people who go to make our society work. If we're going to capture as many as we can of these people that we produce here, we must take some steps now to alleviate the onerous costs of private, not-for-profit education in the state. LB465 takes a first step, and we'd strongly urge you to take a positive view towards taking that step. I'd be happy to answer any questions you might have. Thank you. [LB465]

SENATOR SCHEER: Thank you, Mr. Cavanaugh. Any questions? Oh, Senator Seiler. [LB465]

SENATOR SEILER: Sorry, I've been trying to flip through the tab and find what I was looking for, and maybe you can just answer it. Are the independent colleges continuing to grow in the same proportion as the state colleges and the university, population-wise? [LB465]

JAMES CAVANAUGH: Right, right. I think that, you know, you'd have to almost take that college or university by college or university. Creighton, for instance, yes, I believe our incoming freshman class this year is the biggest that we've ever had, and that only tops last year's incoming freshman class, which was the biggest that we've ever had. Some of the other institutions, I think, have in this recent economy experienced a flattening of that curve and, you know, I think some may have even lost enrollment. It puts a great strain on all of us to, pretty much, foot the student financial aid bill 100 percent, with no help from the state of Nebraska. The little bit that we get from the current distribution formula doesn't even come close to making us competitive either locally in Nebraska or regionally in the Midwest and, despite that, we, you know, have added numbers. Certainly, Creighton has added numbers and have undertaken massive capital improvement programs. I mean, I invite you to come up to Creighton sometime and look at the campus which, since I went there a long time ago, is more than doubled in size. And, you know, all that was without a penny of contribution from the state of Nebraska. And that is, again, good infrastructure for the state of Nebraska. These are things that you have to have if you're going to have a vibrant state. And all we're saying is, look at it objectively, by any metric that you use, look at it regionally, look at our neighbors. Almost everyone is doing more than we are. You know, Nebraska ranking in the 40s in this category is not something that I think any of us should take any pride in. You know, if we were consistently to rank 40th in, you know, the University of Nebraska's football program, well, I think people would be howling. And yet, here is something that, arguably, from an academic point of view, is maybe a little more important than sports. And, you know, for years now we've languished down there on the bottom tier and, you know, that's just wrong. We can do better. You know, and Senator Haar asked one of the previous witnesses, well, where do we get the money? Well, we're a big state. We have a big budget. The most recent revenue forecasts are relatively rosy. And for what we're talking about here, you're talking point-string-of-zeros-1 percent impact on the state budget. I think that there's enough

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brains in the Unicameral to find the relatively modest investment that we're talking about to make this program viable. And, you know, it's not a matter of taking away from one sector to give to another sector. We're growing the pie here in Nebraska. I mean, one of the great, I think, prides of our recent past has been that we've survived this economic downturn with minimal negative consequences, and the proof is in the pudding. If you look at the economic revenue forecast from last week, you know, we're clearly on the rebound, certainly rebounding enough to fund a program like this. [LB465]

SENATOR SEILER: I have no further questions. [LB465]

SENATOR SCHEER: Senator Haar. [LB465]

SENATOR HAAR: So do you have an idea of how much money would you be going for? [LB465]

JAMES CAVANAUGH: I think, if you look back on the history of PEAP, although it's now a decade out of date, you know, you'd get an idea of something that would, at least, be a good start. And I think PEAP, at its peak, was at maybe \$3 million. [LB465]

_____: 2.4 (inaudible). [LB465]

JAMES CAVANAUGH: Two-point-four million, you know, so that would be a real good start on what we're talking about in terms of trying to preserve this... [LB465]

SENATOR HAAR: Two-and-a-half million. [LB465]

JAMES CAVANAUGH: Two-and-a-half million, correct. [LB465]

SENATOR SCHEER: Senator Davis. [LB465]

SENATOR DAVIS: This may be a question you can't answer, Mr. Cavanaugh. But if you got the \$2.5 million, how many students are we talking about being able to serve? Or how much of a difference is that going to make? [LB465]

JAMES CAVANAUGH: Well, you know, I think that we're probably talking, you know, thousands of students that would have some benefit from that. You know, your economic situation and your Pell Grant eligibility and your family's economic situation all factor into that. But right now, I mean, I have to tell you, frankly, the thousands of students just at Creighton University, I think, under the current scheme, we receive--and you've got the numbers, I believe, in front of you--a couple hundred thousand dollars. Well, that's not going to get you very far. And I think, also, if you look at comparisons of institutions that get more than we do, there's no rhyme or reason to it. I mean, it's not like the big institutions are necessarily doing more than the others. The distribution

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formula is just irrational. It doesn't reward success. It doesn't reward, you know, graduation rates. It doesn't reward institution size or course offerings. It's just random and, frankly, it's one of the worst in the region. And, you know, our 40-something ranking nationally tells you it's certainly one of the worst in the nation. We can do better than this. [LB465]

SENATOR DAVIS: A lot of people might say the same thing about TEEOSA, Jim. [LB465]

JAMES CAVANAUGH: (Laughter) That's true. [LB465]

SENATOR SCHEER: Any other questions? Senator Kolowski. [LB465]

SENATOR KOLOWSKI: Just a comment. We all don't get Creighton basketball tickets when we sign up for whatever school. That's one unfortunate...but congratulations on the year. [LB465]

JAMES CAVANAUGH: Well, we were gratified with Saturday's result. And just so you know, that young man who scored 41 points, we recruited him from Iowa. He's a brain gain for us, as well as a pretty good... [LB465]

SENATOR KOLOWSKI: His dad came along, was that the idea? [LB465]

JAMES CAVANAUGH: His dad came along as part of the deal, yeah. (Laugh) [LB465]

SENATOR SCHEER: We recruited a kid and got a coach, yeah. [LB465]

JAMES CAVANAUGH: It was a package. [LB465]

SENATOR SCHEER: Yeah. Anything else? [LB465]

SENATOR KOLOWSKI: Thank you. [LB465]

JAMES CAVANAUGH: Thanks. [LB465]

SENATOR SCHEER: Thank you, Mr. Cavanaugh. [LB465]

JAMES CAVANAUGH: Thank you. [LB465]

SENATOR SCHEER: Any additional proponents for LB465? Seeing none, I would now open it to opponents of LB465. [LB465]

MARSHALL HILL: (Exhibit 2) Good afternoon, Senator Scheer and members of the

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committee. I'm 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, I want to, even though I am testifying in opposition to the bill, I want to second and salute a number of the comments made by the testifiers thus far. Nebraska is very fortunate in having a very strong, vigorous, and efficient independent college and university sector. The state would be far less than what it is if they were not as healthy and as contributing as they are. So our opposition is not predicated on any desire to make them less than they can be. I would like for students at the Nebraska independent colleges and universities to have more funds, to have more support. But I would like that for the students at other institutions as well. If you want to spot-provide more support for the students at the independent colleges and universities, put more money into the Nebraska Opportunity Grant, the need-based fund that would raise...the tide that would rise all boats. There is a logic to where the dollars flow. The dollars flow to the students--Nebraska resident, Pell-eligible students. The independent colleges and universities enroll about 12 percent of Nebraska's independent colleges and universities. Their students receive about 21 percent of the funds, so they're doing a good job at attracting Pell-eligible students. If they were to attract more, their...would increase. Nebraska ranks 33rd in the nation in need-based financial aid that we provide per full-time undergraduate student. That is not a good place to be. That is not a good place to be. So if funds to support this program were to be taken from the current funding that we have, I think that would be a mistake. Our most needy students--and you'll hear us talk about those as the day progresses--tend, by and large, to attend our community colleges and our career schools. So our concern is that the student choice be honored and that all students receive additional support. We haven't had an increase in General Fund revenue for the Nebraska Opportunity Grant in more than six years. Any increases that have occurred, have occurred through lottery funds. So the state has not committed additional resources to need-based financial aid, additional resources in more than six years. And the amount that the state contributes through General Funds is about \$6 million total. So lastly, on the issue about the constitutionality of how the funds could get to students at the independent colleges and universities, I'm confident that, if this bill were to advance, even though we don't encourage that, if it were to advance, we could work that issue out to the satisfaction, I believe, of the colleges themselves, and we would do it in exactly the same way we distribute the Nebraska Opportunity Grant funds. Our concern is that the bill, expressly, as written, does not seem to provide for that same kind of at-an-arm's-length allocation that we need to provide, but we could get to that if we needed. I'll stop there and respond to any questions you might have. [LB465]

SENATOR SCHEER: Thank you. Senator Haar. [LB465]

SENATOR HAAR: So as you read the bill, how do you see...since this would be different than the Nebraska Opportunity Grant, how would these funds be distributed per student? [LB465]

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MARSHALL HILL: Well, it could be done in exactly the same way the Nebraska Opportunity Grant is distributed, and we believe that would, of course, be constitutional. Institutions need to know the pot of money that they potentially can pull down to support their students. They need to know about how much they can draw down, and that is determined by a formula that's in statute, and it responds to the number of Pell-eligible students they had in the prior year. The money is then provided, by the Coordinating Commission, only to those students who have been verified by the institution and then verified individually by the Coordinating Commission. We've been doing that for, well, about 12 or more years now with no constitutional problems. We could do that. There's one additional point to this that I should have made in my testimony and would like to add now. The Nebraska Opportunity Grant focuses the state's need-based financial aid on the most needy students we have, Pell-eligible students. This program would allow students who were eligible for any form of federal Title IV aid to participate. And there are at least three programs within federal Title IV which are not need-based. So students who were not designated as being eligible for federal Pell funds nor federal assistance could participate in this. That's a concern of ours as well. We think, especially, since Nebraska is only at level of 33rd in the amount we provide per student, we need to provide it to the most needy students first. [LB465]

SENATOR SCHEER: Senator Avery. [LB465]

SENATOR AVERY: Thank you, Senator Scheer. Mr. Hill, I am always intrigued when we have a fiscal note showing the need for an FTE or half an FTE and it includes a travel budget. What possible need would we have for over \$2,000 in travel for a 0.5 FTE of this kind? [LB465]

MARSHALL HILL: We audit the institutions that participate in the Nebraska Opportunity Grant and, to do that, we have to send our financial aid coordinator out to the schools to check. [LB465]

SENATOR AVERY: Thank you. [LB465]

MARSHALL HILL: And by the way, they do that now. He does that now for our current funds. [LB465]

SENATOR SCHEER: Any other questions? Senator Kolowski. [LB465]

SENATOR KOLOWSKI: Thank you, Mr. Chair. Just to also make the point, I think, Mr. Hill, Dr. Hill, of, I don't disagree at all, the money to the neediest students. But we're also in competition for the brightest students. And they can be needy and bright. There's no question about that as well. But when we have quite a range of students here in Nebraska that do extremely well on any of the national tests-- the ACT or SAT--and they're being sought for the honors programs at UNO, UNL, or Kearney or anywhere

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else, we're trying to keep them into the state as well. And I think it's important that we try to do the best we can with many of those students from modest homes and modest incomes, with families, to keep them in our state and into our programs, to not be drawn away by fairly lucrative offers from other schools that will put a great deal of money on the plate to draw them to their institutions and then have them counted as graduates of that institution and, sometimes, not coming back to our state or not considering our state even for graduate school or anything else. So I just wanted to make that point. I certainly understand the neediest, but I also think the honors or the gifted challenge route needs to be supported in the same way, to keep them here. Thank you. [LB465]

MARSHALL HILL: If I may comment? [LB465]

SENATOR KOLOWSKI: Yes, sir. [LB465]

MARSHALL HILL: I don't disagree with that at all. We have lots of needs throughout our system. And it is, indeed, competitive, nationally competitive for the best students. We're going to get some of those, and we're going to lose some of those. And we're going to lose some of them out of Nebraska to Harvard and Princeton and Yale and we probably should, but we'll get ours back as well. The Nebraska independent institutions contribute a great deal to the ongoing work force of the state in that regard. A high percentage of the students who graduate from those institutions--Nebraska Wesleyan, Creighton, Doane, and so forth--remain in the state. So they are very, very important to the future well-being of the state. I'm in favor of everything that can be done to help them improve, to help them become more competitive. But my concern is also for those students who are within other sectors as well, and especially for the students who are the most needy. [LB465]

SENATOR KOLOWSKI: Absolutely. Thank you. [LB465]

SENATOR SCHEER: Okay, thank you, Mr. Hill. Continuing on opponents to LB465. Welcome, Mr. Sears. [LB465]

JAY SEARS: Hello. Good afternoon, Vice Chairman Scheer, members of the committee. For the record, I'm Jay Sears, J-a-y S-e-a-r-s, and I'm representing the Nebraska State Education Association. I want to make it very clear that our opposition is not opposition to the bill in the sense of helping out students who are going to our independent colleges and universities. Our concern is, much like many of our legislative bills that come before you, is where is the funding and who are we stealing the funding from today or tomorrow or whatever? And so we urge you, as you look at this legislation, a few more bills that are coming before you, is, before we start designating where all the funds go, maybe we should know where the funds are coming from and how much we have to work with. We'd be the first to say that, probably, some of our best and brightest teachers come out of the independent colleges and universities.

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That's not to downgrade the ones where my degree came from and my daughter's and many of our members, also, who come from the state colleges and universities here in our state. But each plays a role in our economics, in our supply of educators, in our supply of employees and employers in the state of Nebraska. So as you think about this legislation and a couple more that are coming, again, we want to know where the funding is coming from, also, for this. And in Nebraska, as you've already been told, we lack funding for, you know, pre-K through 16 and 20. And we need to look at that policy piece of, if we're going to be competitors in the global market, we need to be supporting. And I hate to see, you know, our quality students going off to Iowa, even though I was born there and escaped at an early age and I have one daughter who graduated from a public institution of higher learning in the state of Iowa. That's her problem, not mine, and she has lots of student loans to pay for. But that was her choice and that's where she wanted, and now I have a son-in-law from that. So again, just wanted to clarify, we are opposed to legislation that doesn't have funding with it. And then the...you know, then we tend to take money from programs that don't have enough funding the way it is. So that concludes my testimony. [LB465]

SENATOR SCHEER: Thank you. Questions? I guess not. Thank you. Any other opponents to LB465? Seeing none, any in the neutral capacity for LB465? Do we have any...Kris, do we have any letters for the record? Okay, seeing none, Senator Lautenbaugh left, so we will close the hearing on LB465. Thank you very much for all those that testified. Moving down the line, LB491. Senator Cook is not with us this afternoon, so we'll have to reschedule that. Oh. [LB465]

LUCAS ATKINSON: No, I'm here today. [LB491]

SENATOR SCHEER: Oh, you're going to do it for...okay. My apologies. Welcome. [LB491]

LUCAS ATKINSON: (Exhibit 1) Thank you, Vice Chair Scheer. Members of the Education Committee, my name is Lucas Atkinson, L-u-c-a-s A-t-k-i-n-s-o-n, Senator Cook's legislative aide, and here today as introducer of LB491. Senator Cook apologizes. She fell ill this weekend, is not able to be here today to introduce her bill. To be clear, LB491 was introduced by Senator Cook merely as a discussion piece, to begin a discussion among the committee members about the important investments that we're making in the Opportunity Grant program here in Nebraska. It's clear to observers of the Education Committee that you are all taking the subject matter of this committee seriously, to look at the investments that we're making, pre-K, early...pre-K, K-12, and the investments we're making in postsecondary education seriously. And the reason Senator Cook introduced this bill is that performance-based funding under the Nebraska Opportunity Grant be considered as an important subject under that global view that this committee will be taking in the next year. LB491 makes...offers three distinct policy changes: first, to give financial aid officers at institutions receiving funds under the

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Nebraska Opportunity Grant more discretion in how to award grants at those institutions; two, to amend allocations of those grant program funds to recognize that nonpublic colleges and universities do not receive taxpayer-subsidized tuition rates. And those are two discussion pieces offered by the independent colleges. The most important, however, to Senator Cook's policy view is the issue of performance-based funding under this grant program. Senator Cook wants to...takes the long view in public policy and understands public policy is an engine that, although many times words in statute books exist on the 30,000-foot level, that the decisions that each of you make in drafting law does have far-reaching impact in the lives of individuals and to the state's economy as a whole. And that takes thoughtful courage, to reexamine and rethink the existing structure of public policy. The Opportunity Grant program serves the Nebraskans most in need. The Pell Grant-eligible students are ones that if this support isn't available often, might not pursue higher education and, furthermore, as the fiscal note indicates, there's a \$15 million investment each year. Currently, the Nebraska Opportunity Grant awards are based on enrollment. LB491 suggests that the grants should be awarded based on degrees. Is the opportunity afforded by these grants to enroll in a postsecondary education? Or is the opportunity to achieve that degree so that career-level employment and success is available to the recipients of these important funds? Testimony to follow by the independent colleges will outline, as they already have in the previous bill, about the degrees and career training offered by independent colleges to low-income and Pell-eligible students, as well as they'll be able to outline the first and second proposed policy changes under the bill that I outlined. It is anticipated the Postsecondary Coordinating Commission will testify in opposition of this bill, as they did before, and I just want the record to reflect, on behalf of Senator Cook, that the introduction of this bill is in no way antagonistic towards the important work that they do, especially in the community colleges. And it's clear that, in Senator Cook's work in the first four years, that both funding and governance of our Community College System, that open access to postsecondary education is a priority of hers. Rather, she's introduced this bill to encourage the committee and ask that the committee take a sincere look at performance-based funding in this \$15 million investment that the Legislature is making. I'd ask that the legislative page distribute this report from the Lumina Foundation because I know you all love to digest reports. There is attainment gaps in underrepresented populations in career-level training. Low-income and minority populations are not receiving the career-level training that they can here in Nebraska. There's a critical need for that career-level training, especially in the new economy. With that, I thank you for your attention and commitment to examine all educational programs at all levels and for considering a performance-based model for the Nebraska Opportunity Grant. And with that, I'd entertain any questions that the committee might have. [LB491]

SENATOR SCHEER: Thank you, Lucas. Senator Kolowski. [LB491]

SENATOR KOLOWSKI: Thank you, Mr. Chair. Lucas, on your...would you help me

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again on the explanation of money coming to this program depending on the degrees earned? Is that what you're saying? So there would be a lag time... [LB491]

LUCAS ATKINSON: It is... [LB491]

SENATOR KOLOWSKI: ...between a student entering and a degree being earned and then crediting that school with X number of dollars because of that degree? Is that how that works? [LB491]

LUCAS ATKINSON: Degrees earned in the prior year would determine the institution's level of funding. [LB491]

SENATOR KOLOWSKI: Okay, so nothing to do with the current, incoming students. It's all about exiting degrees. [LB491]

LUCAS ATKINSON: That's my understanding. [LB491]

SENATOR KOLOWSKI: Okay. [LB491]

SENATOR SCHEER: Any other questions? Senator Avery. [LB491]

SENATOR AVERY: Thank you, Senator Scheer. We're not supposed to ask you questions--we're supposed to save those for Senator Cook--but this is a softball. (Laughter) If I'm reading this right, the fiscal note, you're not adding to the amount of Opportunity Grant money, you're not taking away any. You're simply moving it around within the existing structure, correct? [LB491]

LUCAS ATKINSON: Yes. The question that Senator Cook would propose to the committee is, should we continue doing things as we always have? And that's rewarding enrollment. [LB491]

SENATOR AVERY: Um-hum. [LB491]

LUCAS ATKINSON: Or should we...should this committee take a serious look about should we have a performance-based program that's encouraging postsecondary institutions, private or public, to encourage graduation, not mere enrollment? [LB491]

SENATOR AVERY: Well, and there's graduation, and then there's graduation. I mean, graduating from some of these for-profits may not be quite the same thing as graduating from University of Nebraska-Lincoln. Would you agree with that? [LB491]

LUCAS ATKINSON: As a graduate of the University of Nebraska-Omaha, I would agree with that statement. [LB491]

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SENATOR AVERY: Well, thank you. I mean, the point I'm getting at is that it might be a little more difficult to graduate from UNO or UNL or UNK or Wesleyan, Creighton, than it would be from Joseph's College of Hair Design. [LB491]

LUCAS ATKINSON: Yeah, I mean, the career-level training across the state, especially for, you know, this...the targeted population of Pell-eligible students, there's a reason why this program exists. The question before the committee, as you guys are looking at the total investments across education, is, should we reexamine the way that it's distributed? [LB491]

SENATOR SCHEER: Senator Davis. [LB491]

SENATOR DAVIS: Thank you, Senator Scheer. Lucas, just referring to this...on this fiscal note, this is the sheet that breaks out the proposal as it was and versus the allocations as they were. So, you know, it's a significant difference in terms of how funds end up getting dealt out. Am I to assume that that is primarily based on the graduation rates or the degrees in which the students are getting graduated? [LB491]

LUCAS ATKINSON: The testifiers from the Postsecondary Coordinating Commission would be best to answer since these are numbers provided by them. [LB491]

SENATOR DAVIS: Okay. [LB491]

LUCAS ATKINSON: Bear in mind that the fiscal note is based on the totality of the bill with the...all three provisions, not merely the policy aim of implementing a performance-based program. So I would defer that question to either Mr. Hill or his advisers. [LB491]

SENATOR DAVIS: Thank you. [LB491]

SENATOR SCHEER: Any other questions? Are you going to close then, as well, Lucas, or...? [LB491]

LUCAS ATKINSON: I'll stick around. [LB491]

SENATOR SCHEER: Okay, thank you. [LB491]

LUCAS ATKINSON: Thank you. [LB491]

SENATOR SCHEER: Okay, we will open it up to proponents of LB491. Welcome again, Mr. O'Neill. [LB491]

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TIP O'NEILL: Thank you, Senator Scheer, members of the committee. I'm Tip O'Neill, T-i-p O-'-N-e-i-l-l. I'm president of the Association of Independent Colleges and Universities of Nebraska. LB491 really came out of a conversation that I had with your research analyst, Kris Valentin, and we were talking about some issues that the Education Committee really, you know, may want to be discussing during the next couple of years. And one of the issues that they hadn't really had a chance to discuss over the last four, and because of the emphasis that the Education Committee really had had on K-12 issues and TEEOSA, higher ed had been an issue...had been an area that they hadn't had many discussions on and, particularly, areas...issues like performance funding in higher education, issues that had been discussed in a lot of other states after that time. I had just received a copy of the Lumina Foundation report on policy priorities for the state and, you know, what should states be doing in the areas of higher education. And one of the things that caught my eye was, you know, states should be focusing scarce state resources on higher education productivity and completion. And it was about the same time that the chancellor at the University of Nebraska-Lincoln was talking about increasing enrollment to 30,000, and the chancellor at UNO was talking about increasing enrollment by 5,000 students at UNO. And everybody is talking about enrollment and I'm thinking, you know, everybody is talking about enrollment here, but nobody is really talking about higher education in the context of completion and getting students through higher education. You know, it's a lot easier to get to 30,000 in enrollment if you can count a kid for seven or eight years than if you only count him or her for four. And really, that's what we need to be talking about when we're talking about higher education is not only enrolling people but actually getting them through to degrees. And so I kind of came up with this bill. And this bill is not intended to be advanced by this committee. I'll tell you that frankly. It's way too controversial. And I put some stuff in there that probably is more provocative than it is good policy, and it's not intended to be advanced. And there will be people here that will be against it. And, I mean, I think it has some policy features that are good. But I hope what it does...I hope it gets this committee to thinking about what you should...what questions you should be asking of higher education, and what should higher education be doing that it's not doing right now, and hope you take a close look at higher education as you move forward, particularly during the interim this year. I'd be happy to answer any questions you might have. [LB491]

SENATOR SCHEER: Senator Haar. [LB491]

SENATOR HAAR: So since this is theoretical and philosophical, let's say I'm a student who is looking at the university versus Bellevue University. [LB491]

TIP O'NEILL: Okay. [LB491]

SENATOR HAAR: How would this bill make a difference in that? [LB491]

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TIP O'NEILL: Oh, well, first of all, if you're a first-time, full-time freshman, Bellevue University is probably not the place you're going to want to go because Bellevue University only has, maybe, 50 first-time, full-time freshman in its entire, total enrollment of 8,000 students. It's a place for adult learners. It's a place for students. [LB491]

SENATOR HAAR: Well, pick another one then, like Wesleyan. [LB491]

TIP O'NEILL: Okay, Creighton University? [LB491]

SENATOR HAAR: Yeah, Creighton, Creighton. [LB491]

TIP O'NEILL: Or Nebraska Wesleyan? [LB491]

SENATOR HAAR: Creighton is fine, yeah, yeah. [LB491]

TIP O'NEILL: We just had the president of Nebraska Wesleyan here. [LB491]

SENATOR HAAR: Yeah. [LB491]

TIP O'NEILL: Well, I think you would look at...you would look, first of all, at what degree offerings they have. What's your interest? I mean, you should look, first of all, at what your interest is and whether or not that institution offers a... [LB491]

SENATOR HAAR: Right, and I'm sorry to cut you off but, I mean, how would this change how I look at those two schools? [LB491]

TIP O'NEILL: How would this bill change? [LB491]

SENATOR HAAR: Yeah, yeah. [LB491]

TIP O'NEILL: Well, I assume the allocation would...if you were a needy student, this might provide slightly more dollars to Nebraska Wesleyan in student aid than it would have otherwise. But otherwise, it wouldn't change that much. [LB491]

SENATOR HAAR: Okay, and the difference would be determined by graduation rates and things like that. [LB491]

TIP O'NEILL: Right. [LB491]

SENATOR HAAR: Yeah, okay. [LB491]

TIP O'NEILL: Right, and the number of degrees awarded. [LB491]

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SENATOR HAAR: Okay, thank you, yeah. [LB491]

TIP O'NEILL: Right. [LB491]

SENATOR SCHEER: Senator Kolowski. [LB491]

SENATOR KOLOWSKI: Thank you, Mr. Chair. Mr. O'Neill, I love the concept discussion of completion versus competency, and I think it's really completion and competency as we're looking at those things. [LB491]

TIP O'NEILL: Um-hum. [LB491]

SENATOR KOLOWSKI: And I think it's really an important issue that we have to spend time on. And I know the difference that many students have told me about in the past of services given by the university, as an example, compared to a smaller, private, liberal arts college that many have attended as well, many times came down to guidance services. [LB491]

TIP O'NEILL: Um-hum. [LB491]

SENATOR KOLOWSKI: We think guidance stops in high school. [LB491]

TIP O'NEILL: Um-hum. [LB491]

SENATOR KOLOWSKI: And it really needs to continue into college, as far as a mentor and someone that they're connected with. And it's hard to keep that, (a) within a four-year time period, so...because it's very expensive at a small, liberal arts college or wherever they might be attending, but it's also expensive at the university. So you're trying to be efficient and effective in all ways. But you're raising a question of, what do you do as far as the competency judgment at the end of the X number of years? [LB491]

TIP O'NEILL: Um-hum. [LB491]

SENATOR KOLOWSKI: What...does that...as Senator Avery was saying, what does that degree stand for at this school compared to that school in the same major area? And I know we're not talking about putting up a set of hurdles or some kind of exam for exiting or whatever else. That's the job of that university or college... [LB491]

TIP O'NEILL: Um-hum. [LB491]

SENATOR KOLOWSKI: ...to take care of that, and they do that by their standards and knowing where they are with the professions and all the rest. But I like the topic. I like

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the discussion that we can have out of this, and I think it's an important one. But it's far-ranging. There are so many things you can get into. [LB491]

TIP O'NEILL: It really is. It really is. The three issues that we brought up in this bill are really minor compared to the global, sort of, issues that you can really get into when you talk about a study of higher education because it's really an area that's changing every day. [LB491]

SENATOR KOLOWSKI: Thank you. [LB491]

TIP O'NEILL: Thank you. [LB491]

SENATOR SCHEER: Any other comments? If not, thank you, Mr. O'Neill. [LB491]

TIP O'NEILL: Thank you, Senator. [LB491]

SENATOR SCHEER: Additional proponents of LB491? Seeing none, I would open it to opponents of LB491. Welcome again, Mr. Hill. [LB491]

MARSHALL HILL: (Exhibits 2 and 3) Thank you, sir. Vice Chairman Scheer and members of the committee, my name is Marshall Hill, M-a-r-s-h-a-l-l H-i-l-l, executive director of the Coordinating Commission for Postsecondary Education, here to testify in opposition to LB491. As my good friend, Tip, has indicated, I understand that this is a get-the-conversation-started bill; nevertheless, I'm obligated to comment upon what would happen if it were to pass as written. Just to give you some context, the Nebraska Opportunity Grant provides about \$14.7 million to support just over 14,000 Nebraska students, making the average award just above \$1,000. It's funded by general appropriations of about \$6.5 million dollars and lottery funds appropriation is about \$8.3 (million). As we indicated earlier, the current program has the money follow the students to the institutions they choose to attend. Those students are Nebraska resident, Pell-eligible students. LB491 incorporates a weighted distribution formula which would change that mechanism and, in essence, allocate or make money available to the students at institutions based upon a weighted assessment of how many graduates they had had the prior year. So an institution gets a certain credit for an associate's graduate, an additional credit for a baccalaureate, a higher credit for a master's and doctoral, even though the only students that could benefit from these programs are undergraduate students, okay? So that's a particular point of concern. Then the actual allocation or working out of the formula itself you have in your packet. We have compared the 2012 to 2013 allocations to each institution that are currently made, under current law, with what those allocations would have been had LB491 been law. If LB491 had been law, the independent colleges would have received, as a group, about 46 percent more funds to allocate to eligible students. The private career colleges would have received about 6...about 7 percent additional funds to allocate to their students. But the

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community colleges would have seen a decrease of 23 percent, the state colleges of 9 percent, and the University of Nebraska at 12 percent decreases. Our most needy students tend to attend our community colleges and our private career colleges. And there are several anomalies that happen with this allocation formula. For example, because it is heavily weighted toward upper...toward baccalaureate and graduate and above degrees, you see that the institution with the largest percentage increase would be the University of Nebraska Medical Center, even though the medical center does not enroll freshman and sophomore students. So for us, the allocation methodology just does not seem to make sense. And let me finish with just a couple of comments on the question of performance funding. Performance funding of institutions is a topic for discussion or, actually, in place in well over 30 states. But when we talk about performance funding in higher education, you're usually talking about state allocations to state-supported schools and adjusting those allocations on the basis of how well those institutions contribute to meeting the state's needs--graduation rates, retention rates, specialty graduations of students in traditionally underserved populations. So the Coordinating Commission has no objections at all and would, in fact, encourage looking at appropriate uses of performance funding in Nebraska higher education, but not within a program designed to provide financial assistance to our needy students. I'd be pleased to respond to any questions. [LB491]

SENATOR SCHEER: Thank you. Any questions? Senator Davis. [LB491]

SENATOR DAVIS: Just a kind of a devil's advocate question, Mr. Hill. But we've heard explained how this was all designed. So do you think, if a bill like this were to pass and this were to go into effect, we might see more effort on the part of the community colleges, state universities, and state colleges to sort of tighten up their standards and get kids out of school in four years and things to try to meet these goals? [LB491]

MARSHALL HILL: You know, it's really hard to tell. I've worked in higher ed all of my life, and I know that there's a huge category called unintended consequences. You really don't know what is going to happen. There might be that positive effect. On the other hand, there might be the positive effect of increased graduations by lowering standards. I would hope that would not occur. I don't really, honestly believe Nebraska institutions would do that. But I just think this is the wrong way to go about it. Certainly favor looking at aspects of performance funding to do a number of the things that Senator Kolowski mentions. We do need to start looking at productivity. We do need to start looking at how well our institutions are doing but not really, in my opinion, on the backs of the students who are getting the need-based financial aid. [LB491]

SENATOR DAVIS: Thank you. [LB491]

SENATOR SCHEER: Other comments? Thank you, Marshall. [LB491]

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MARSHALL HILL: Thank you. [LB491]

SENATOR SCHEER: Any other opponents to LB491? Seeing none, I would entertain neutral positions to LB491. Seeing none--and Senator Cook's representative waives, so there are no additional things to be put in the record--so the hearing for LB491 will close. If you can run across the hall and get Senator Harms, he's in...over there. It will take just a second for Senator Harms to join us, and we will open the hearing on LB331. Welcome, Senator. [LB331]

SENATOR HARMS: Senator Scheer, is this LB331? [LB331]

SENATOR SCHEER: This is LB331, correct. [LB331]

SENATOR HARMS: Thanks. Senator Scheer, colleagues, my name is John, J-o-h-n, N., Harms, H-a-r-m-s, and I represent the 48th Legislative District. And I'm here to introduce LB331. And, Senator Scheer, thank you for giving me the opportunity to come in and visit with you in regard to this particular legislation. LB331 relates to the Nebraska Opportunity Grant Act that was actually established in statute, by content, in 2003, through LB574, and by name and by expected family income percentages in 2010, through LB956. This legislation is technical in nature; however, I think it's extremely important. Without it, we cannot appropriately serve the targeted low-income, most in-need students in Nebraska. We need to ensure that, based on the expected family contribution, which is a number used to identify eligibility assistance for the Nebraska Opportunity Grant Act, this number is in proportion with the expected family contribution of...for the federal Pell Grant. So those two have to be in conjunction with each other. This absolutely must be done in order to ensure that there is no gaps between some of the low-income students that may be falling in between the cracks or groups who are not targeted by the original legislation are not receiving these opportunities over low-income students. Nebraska must take seriously the need of low-income students and provide the basic and essential resources necessary for promulgation of their learning that are just, fair, and equitable circumstances in our educational system. If they are eligible and willing to determine and work hard, it's no...it's hard to imagine just exactly where that might take them in regard to their own talents. And as state senators, we need to be cognizant of unnecessary obstacles or circumstances that might hinder the ability to pursue a worthy education. The Nebraska Opportunity Grant, and we refer to that as the NOG, is the state's primary need-based financial aid program. For the current year, the program is funded with General Funds of \$6.4 million and lottery funds of \$8.8 million. It's administered by the Coordinating Commission for Postsecondary Education. And again, the primary intent of the Nebraska Opportunity Grant Act is, again, to provide grants for state's financially neediest college students in all eligible public, private, and proprietary postsecondary institutions. The Nebraska students can apply for the Nebraska Opportunity Grant by completing the U.S. Department of Education's Free Application for Federal Student

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Aid. And once that has been processed through the federal government, student is notified in regard to the expected family's contribution, including that for the Pell Grant. Let me give you just a little bit of quick history so you can have a better understanding of how we got where we are today and why we have to fix the issue. Prior to a change in statutes two years ago, LB574, the maximum expected family contribution to qualify for the Nebraska Opportunity Grant was equal to the maximum of expected family contribution to qualify for the federal Pell Grant. The issue became that a number of low-income students just missed eligibility for the federal Pell Grant and, consequently, were not eligible for our own state grant. Two years ago, LB956, the statutes were changed to allow the maximum expected family contribution to qualify for the Nebraska Opportunity Grant to be slightly over the maximum expected family contribution to qualify for the federal Pell Grant. Plus, the statute set a 2.5 percent yearly increase in expected family contribution maximum for the Nebraska Opportunity Grant. After the legislation was passed, the federal government froze the maximum expected family contribution to qualify for the federal grant or the federal Pell Grant. But the maximum expected family contribution to qualify for the Nebraska Opportunity Grant continued to rise at 2.5 percent. Even more dramatic was that the federal government then reduced the maximum expected family contribution to qualify for the federal Pell Grant in 2012-13, leaving even a larger gap and difference between the two grants, the federal and our own state grant. Consequently, while the number of eligible students has increased, instead of being able to help those students who just missed the federal grant or the federal Pell Grant eligibility, we are now assisting students from middle-income families, which has not been the objective of the Nebraska Opportunity Grant, nor was it the object of changing the statutes. Unfortunately, when you look at the number of recipients by family income, there is a number of those that are at \$40,000-and-more range and as opposed to the zero, \$19,000, \$1,900, \$1,999, which is the target that we were looking at, at the range of Nebraska in 2011 and 2012. And there were 3,352 students with families of incomes of \$40,000 or more received the Nebraska Opportunity Grant. These students are not low income. Due to the federal freeze and the subsequent reduction in the federal Pell Grant maximum expected family contribution in current years, it is necessary--thank you--for us to adjust the Nebraska Opportunity Act maximum expected family contribution so that we can actually assist low-income students. LB331 sets the maximum expected family contribution to qualify for the Nebraska Opportunity Grant Program at 110 percent. Now the expected family contribution to qualify for the federal Pell Grant...and this allows the expected family contribution for the Nebraska Opportunity Grant to move proportionately with the movement of the expected family contribution for the federal Pell Grant. This adjustment is absolutely necessary in order for us to get it in line with where we want it to be for the lower-income students. And so, Senator Scheer, this completes my statements. Senator, we have a representative from the Coordinating Commission, Dr. Hill, who is here, and I'd like to have you have any technical questions to maybe ask him because this is probably beyond me, trying to keep up with this. (Laughter) And I don't know if any of you have ever taken an opportunity to see how complex this can be, as the free

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application form you have from federal grants. Just plug into it and try filling it out. I tried that this weekend, and I decided, I think, I needed help. So I'd be happy to try to answer any questions. But I think any technical questions I would be in hopes you would ask him so that I could make sure you get the right answer. [LB331]

SENATOR SCHEER: Okay, thank you, Senator Harms. [LB331]

SENATOR HARMS: Thank you. [LB331]

SENATOR SCHEER: Questions? Pretty thorough. [LB331]

SENATOR HARMS: I guess you want to have the right answer, don't you? [LB331]

SENATOR SCHEER: Yeah, well, you said you had no answers, so we'll wait until somebody else comes up. [LB331]

SENATOR HARMS: That's right. I don't have. Okay, thank you. [LB331]

SENATOR SCHEER: Thank you, Senator. [LB331]

SENATOR HARMS: Yeah. [LB331]

SENATOR SCHEER: Now open it to the proponents of LB331. Welcome again. [LB331]

MARSHALL HILL: (Exhibit 1) It's a busy afternoon. I'm Marshall Hill, M-a-r-s-h-a-l-l H-i-l-l, executive director of the Nebraska Coordinating Commission for Postsecondary Education. Senator Harms did a very good job on a very tough and technical question. I'm going to just go one time through it, once again, in a far simpler way and by using hand gestures, all right? Up until two years ago, the Nebraska Opportunity Grant and the federal Pell Grant went to students whose families earned this much and below. The financial aid community came to us and said, we have a lot of students who are right here, and that means we can't help them with the federal funds and we can't help them with the Nebraska Opportunity Grant either. So that's why we said, let's put in a 2.5 percent cushion, giving them the opportunity to help those students who just missed. That would have been fine had the federal program continued to do what it had been doing. But it didn't. What happened was that the federal program dropped, but the Nebraska Opportunity Grant had this escalator clause. So we've been spend...we've been providing our money out to a broader pool of students rather than focusing it on the most needy. We really don't want to set a percentage that would rise or fall. We want to tie it to this number, so that it preserves this opportunity for a little flexibility above the expected family contribution but lets that happen regardless of what happens at the federal level. And I will stop there and respond to any questions you might have. [LB331]

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SENATOR SCHEER: Thank you for the explanation as well. Any questions? Senator Seiler. [LB331]

SENATOR SEILER: I have a question on...you've got the big gap that you've got covered. You've got the little gap that gives you flexibility. You have the students up here whose parents can write the check. What's the...what's for the people in between? [LB331]

MARSHALL HILL: You mean what kind of financial aid is available for them? [LB331]

SENATOR SEILER: Yeah. [LB331]

MARSHALL HILL: Institutional financial aid, athletic financial aid. I used to conduct choirs and orchestras and had financial aid for oboe players and... [LB331]

SENATOR SEILER: Athletics doesn't have anything to do with where you're from or your family, and... [LB331]

MARSHALL HILL: No, it does not. No, it does not. But it's whatever any other kind of financial aid is but not the Nebraska Opportunity Grant. Nebraska financial aid... [LB331]

SENATOR SEILER: Okay. But we don't have...what you're saying is we don't have a program for these people. [LB331]

MARSHALL HILL: We do not. [LB331]

SENATOR SEILER: Thank you. [LB331]

MARSHALL HILL: All of our financial aid is targeted to students who are eligible for the federal Pell Grant, which is the largest federal program and the one that's targeted to the most needy students in the country. [LB331]

SENATOR SEILER: Okay, thank you. [LB331]

SENATOR SCHEER: Thank you. Senator Kolowski. [LB331]

SENATOR KOLOWSKI: Thank you, Mr. Chair. Dr. Hill, the last five years have not been kind to families, as far as free- and reduced-lunch students going up, at least, I think, about 5 percent into the state as a whole and approaching a very high number. [LB331]

MARSHALL HILL: Um-hum. [LB331]

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SENATOR KOLOWSKI: And that's very difficult, and you're talking about a lot of those students in that category where those families have been hit hard by the recession. And hopefully, we're bouncing back from that now, but I hope it's in time to help a lot of these families in a positive way. But it still has left a lot of kids short because of our money shortage in the last five years. [LB331]

MARSHALL HILL: It very much has. Tuition continues to rise. And remember, we're not talking about large amounts of money per student. The Nebraska Opportunity Grant average is just a little over \$1,000 per student. That's quite helpful to...it's helpful to all students. It makes a big percentage impact for community college students but far less for students attending the university, the state colleges, or any of the independent colleges and universities. We do think it's important to let the financial aid advisors at the institution have a little flexibility to go a little bit above that. But what's happened over the past years has given them more flexibility than we think is appropriate if we really want to most help our most needy students. [LB331]

SENATOR SCHEER: Anything else? If not, thank you, Mr. Hill. [LB331]

MARSHALL HILL: Thank you. [LB331]

SENATOR SCHEER: Any additional proponents of LB331? Welcome back, Jay. [LB331]

JAY SEARS: Thank you. Good afternoon, Vice Chairman Scheer, members of the Education Committee. I'm Jay Sears, J-a-y S-e-a-r-s, and I represent the Nebraska State Education Association, and NSEA supports LB331. It's great to have people come before you who understand the technological pieces and the technicalities of this. Again, it's getting us back to the original purpose of the NOG, which is to get aid to our most needy students. If we're going to accomplish our P-16 goals, that's going to be one of the things that we need. And as was mentioned earlier, many of the students in the community colleges are the ones who are using these funds. We need to get them into the career areas where they can get high-paying jobs and contribute to our economy. So we'd be in support of LB331. Thank you very much. [LB331]

SENATOR SCHEER: Thank you. Any questions? I guess not. Thanks, Jay. Any additional proponents of LB331? Seeing none, are there any opponents of LB331? Are there anyone in neutral position on LB331? If not, Senator Harms, would you like to close? [LB331]

SENATOR HARMS: Well, thank you, Senator Scheer and colleagues. I hope that we can bring this bill out, because it is very important and it is...there is a tremendous need here, and get the...get it fixed so we can actually help the most needy students that we

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are trying to help with this particular legislation. And so I would close with that and be happy to try to answer any questions. But I think that Dr. Hill answered the technical ones. [LB331]

SENATOR SCHEER: So as long as they're not too heady, you'll stand open for a question? [LB331]

SENATOR HARMS: Sure. [LB331]

SENATOR SCHEER: (Laugh) Any final questions for Senator Harms? Seeing not, I would close the hearing on LB331. And before opening on LB332, I would note that we have been joined by legal counsel for the Education Committee, Tammy Barry, and so I would now open the hearing on LB332, Senator Harms. [LB331]

SENATOR HARMS: Thank you, Senator Scheer and colleagues. My name is John, J-o-h-n, N., Harms, H-a-r-m-s. I represent the 48th Legislative District, and I'm here today to introduce to you LB332. LB332 is legislation that relates to the Access College Early Scholarship Program. It's more commonly referred to as ACE, and this is a program that began in 2007 with LB192. I introduced and the Legislature passed LB192 that established this ACE program for low-income students in Nebraska. Under LB192, a student can apply and be considered for an ACE Scholarship if the student's family has been approved for at least one of the five need-based programs, and those are: free- or reduced-price lunches; SNAP, which is the Supplemental Nutrition Assistance Program; and TANF, which is the Temporary Assistance for Needy Families; and WIC, which is the Women, Infants, and Children's programs; and SSI, which is Social Security supplemental security incomes; or for families that happen to hit hardships that were just unforeseen, such as house catches a fire, burns down, or flooded of some nature or uninsured medical costs. We designed it so that it would be flexible enough for the Coordinating Commission to help students. And that was the design about this whole thing was to make sure that if students got caught between the cracks, they could get through the program and get the kind of help that they actually needed. Again, it's really for low-income students who take college classes while they're still in high school. And most of the courses are dual-enrollment courses, and so the students receive both the high school credit and college credit at the same time. The intent is to provide a crucial opportunity for low-income students to have a chance to take college-level courses with those peers who are currently affluent enough to pay for it themselves or have the kind of background that they can get through the program on their own. But this gives them the opportunity to get involved in college early and, particularly, when their economic circumstances would most likely not allow them to, probably, go on. And it's a beautiful program. It helps these kids get started and move in the right direction. Students in the high school who do not have the resources and support or even the exposure regarding this level of education really get...can vastly benefit from this whole ACE program. We want students to go to college. We want them to have a successful

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opportunity to go to college. The student who seems to be and was at and still is at risk, many times, is the low-income student or low-income-family student who doesn't have the background or the support from home nor, really, the understanding of how important it is to have a higher education. And ACE really does provide that. It provides an umbrella for that student. Not only does the high school have counselors who are on target with these students taking the classes but the colleges also. And they work together to make sure that it's functioning appropriately and that the kids are getting the help that they need and they're not lost in this whole shuffle. Furthermore, with higher education comes, I think, a reduction in crime and the number of welfare recipients. And I believe the only way out of poverty is through education. In the first year of ACE, there were 294 students, with 215 of them being seniors, who received a total of about...a little over \$114,000 of ACE Scholarships. Last year, we had 1,706 low-income students, with 887 of these who were seniors, who had a little over \$787,000 worth of scholarship money. So it's getting larger and it will continue to get larger. The funding increase has come from both...from the federal and state, and I think it gives our target low-income students a great opportunity to go on and be successful. I think ACE is a major factor of what happens. The national research that the Nebraska Coordinating Commission did in regard to students who take college classes while still in high school show that they graduate from high school at a higher rate, they enroll in college at a higher rate. On an average, they do better in college than their peers, who did not take college classes while in high school, and return for a second year of colleges. When you take that and apply that to Nebraska and the ACE Program, what you find is that the Nebraska colleges...Nebraska's college-going rate is 71.2 percent. The ACE students this past year went on to college at an 81.5 percent, so it is working. And this is higher than the average college-going rate and means that the ACE student has taken advantage of the opportunity and they are doing well. Eighty-one-point-five percent is higher rate than all other low-income students, which is 50.23 percent without ACE, and a higher rate than all the non-low-income students, which is only...is 77.3 percent who did not utilize ACE. They also graduate at a higher rate, just like they did on the national side. Their grades at high school when they get involved in this program: 75.6 percent of those kids get As and Bs. When they go to college, 83.4 percent of those kids get As and Bs. So it clearly is making a difference in regard to what happens to these low-income students. The male and female...the male students go to college at about the same rate as female, but the females seem to do a little bit better. They hang in there longer and they seem to return. They seem to have that philosophy of sticking to it and completing it, where the males do okay, but the girl...the women do a little bit better. So that just gives you a little bit of a background, and that's what I wanted to do. And so the proposed bill, LB332, is very simple. All it does is allows an eligible school official to be able to review the student's application form beyond just being the high school counselor. Right now it's the counselor. And what we have found, that lot of these other schools today are losing the counselor and the principal is doing all of it on his own, and we found that it just...it is more difficult and, the way the law was working, they just can't help the student. So what...it gives the high school or the school system the opportunity to identify someone

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else to handle that. And that's basically what it does, and I would appreciate your support for it. I'd be happy to answer any questions. [LB332]

SENATOR SCHEER: Thank you, Senator Harms. Any questions? Senator Kolowski. [LB332]

SENATOR KOLOWSKI: Thank you, Mr. Chair. Senator Harms, thank you for bringing this forward, and it does clean up a small technicality as far as who could work with the students internally in the schools. But I think it really behooves us as a committee to remember some of the early proposals we had on academies and where those were coming from and how they could tie together with this. We're in a very changing world right now, and the fluidity, I guess, of not just K-12 education but K-16, as we look at the flow of students through high school and connecting with a college or college experience with this. I know the academies that I'm familiar with, especially the teacher academy in Millard, with the articulation agreements and contracts we have with both UNO and Metro Community College, a student can complete their two years in the academy, their junior or senior year in high school at Millard West and in the Millard schools, and also earn 29 college credits. Now you start looking at that with the discussions we had earlier of the cost of college, and you have that much in the bank when you're entering, say, UNO or Metro, as far as transferability. That's quite a bit of savings to a family, to a student, as they're moving ahead. [LB332]

SENATOR HARMS: Yeah, it really is. And many schools use these kind of programs, kind of, as their gifted program. A lot of students...we just don't have gifted programs in some of our smaller, rural schools. Or a student who would really like to go to one of the community colleges and work with his or her hands--for example, welding, automotive technology, or welding, whatever it might be--they have that chance to be able to do that. And I think that's really important. [LB332]

SENATOR KOLOWSKI: It is. [LB332]

SENATOR HARMS: The thing that I like about this program is it reaches a group of students that most likely would have gotten lost. They don't have the support that they need and, lots of times, the families don't understand how important it is for them to have an education to go on, and they're not even sure they can do it. And that's the beauty of it, because you've got them in both settings. And between the college and the school, they're in a great environment to be successful. [LB332]

SENATOR KOLOWSKI: Thank you. [LB332]

SENATOR HARMS: So thank you. [LB332]

SENATOR SCHEER: Thank you, Senator Harms. [LB332]

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SENATOR HARMS: Thank you, Senator Scheer. [LB332]

SENATOR SCHEER: Are you going to stay with us to close? [LB332]

SENATOR HARMS: Pardon me? [LB332]

SENATOR SCHEER: Are you staying to close then? [LB332]

SENATOR HARMS: I don't think I will. I'd like to, but I... [LB332]

SENATOR SCHEER: Okay. [LB332]

SENATOR HARMS: Where we are right now across the hall, I probably need to go. So I apologize for that. [LB332]

SENATOR SCHEER: Okay, not at all. [LB332]

SENATOR HARMS: So thank you very much. [LB332]

SENATOR SCHEER: Thank you for joining us. [LB332]

SENATOR HARMS: Thank you, um-hum. [LB332]

SENATOR SCHEER: I would open it then to proponents of LB332, a familiar face. [LB332]

MARSHALL HILL: (Exhibit 1) Yes, sir. And I think you only have me for one more this afternoon, but I've got four tomorrow. I'll be...Marshall Hill, M-a-r-s-h-a-l-l H-i-l-l, executive director of the Coordinating Commission for Postsecondary Education. As Senator Harms indicated, this is really a minor change to allow greater flexibility for the high schools' students to participate in the program. I don't want to let this opportunity pass though without seconding all of those good things Senator Harms said about the program. This is a motherhood, apple-pie, American flag program like none other, frankly, I have seen in the education arena. It does everything you would want it to do and does it very, very well. Senator Haar and others of the committee are...frequently hear me complain about us not having data to know whether we're doing it well or not. On this program we do have data. We track these students. We know how well they're doing. They are doing far better than anybody would have a right to, sort of, expect them to do were they not getting this support. It's for that reason that I hope you can support, if you get the opportunity, an appropriations bill request for some additional funding for this. For the past several years I've been asked by members of this committee and Appropriations if they ought not provide more General Funds and we

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have said, previously, pretty much, no, that we had about all we needed. We no longer are having all we need, so we are...have put in a request for an additional \$65,000 for the first year of the biennium and \$100,000 for the second. That would take us to very close to \$1 million in this, which gets us a lot. It gets us low-income students getting into college, doing well, and continuing. I'll stop there. [LB332]

SENATOR SCHEER: Thank you. Questions? Thank you, Marshall. [LB332]

MARSHALL HILL: Thank you. [LB332]

SENATOR SCHEER: Any other proponents to LB332? Do we have any opponents to LB332? Do we have any in the neutral capacity for LB332? If not, Senator Harms has waived his closing, so we will close the hearing to LB332. Moving forward to LB478, and I see Senator Smith just joined us. [LB332]

SENATOR SMITH: Looks like my timing to arrive was just perfect. Good afternoon, Senator Scheer, and members of the Education Committee. For the record, my name is Jim Smith, J-i-m S-m-i-t-h, and I represent the 14th Legislative District in Sarpy County. I am here today to introduce LB478. LB478 would require at least 25 percent of the recipients granted awards under the Access College Early Scholarship Program are enrolled in a skilled and technical sciences program. The definition of "skilled and technical science" mirrors that used by the Nebraska Department of Education to define career education under Rule 10. As you know, the Access College Early Program provides grants to low-income high school students to take college courses for dual credit and introduces the possibility of higher education to students who might not otherwise consider such a path. Too often, however, students that choose a less conventional path are viewed as lower-achieving students. Moreover, a career in a trade is often seen as an inferior career choice. I have long been an advocate that we expand our thinking about post-high school opportunities and not limit our focus to traditional, four-year degree programs. While a college-educated work force is valuable to attracting and maintaining businesses in Nebraska, so is ensuring that we have a technically skilled work force, including those that choose to be skilled in a trade. Senators, there is a dark cloud on our horizon when it comes to the supply of technically skilled men and women to meet the human resource needs of the manufacturing and technical trades industry. Too often, we think of financial and tax incentives as the basis for attracting new businesses or expanding businesses in Nebraska. The truth, however, is that a skilled work force is equally important to those seeking to expand or locate in Nebraska, not to mention that compensation for these jobs often support a better quality of life for the employee and their family. I do understand that there are many different fields in career education and that there are shortages in those areas as well, including the healthcare industry and agriculture. However, I chose to focus on the skilled technical sciences based on my experiences. In my personal business alone, I have found it increasingly difficult to find skilled labor in Nebraska, to fill very

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good-paying positions, jobs that often provide better compensation and career options than, sometimes, college-based careers do. It's time for Nebraska to lay the groundwork so we don't find ourselves without the resource of a skilled work force in the future. I know this committee has heard about other bills that address this issue, including establishing career academies and creating scholarship programs specifically for career education. We have the momentum now to move forward. The Access College Early Program has already been proven to attract low-income students to pursue a higher education and should be part of the mix as this state continues to develop a strong and diverse work force. I will conclude my testimony and will try to answer any questions. I do appreciate your attention, and I appreciate your support of LB478. [LB478]

SENATOR SCHEER: Thank you, Senator Smith. Any questions? Senator Kolowski. [LB478]

SENATOR KOLOWSKI: Thank you, Senator Scheer. Senator Smith, thank you for bringing this forward. I couldn't agree more with you on the need. And there was a little falling asleep at the wheel, I think, by some educational leaders in the last decade of No Child Left Behind time where everything was aimed towards, somehow, college and testing and other things. And we really left behind some of the areas that you're talking about here that's really important. I did want to ask a question. On the 25 percent of the award recipients, 25 percent of the lump sum going to those students, are you talking about 25 percent of the participants or 25 percent of the total allocated dollars going to students within those programs? Because it may fluctuate at times, where the number of participants may not reach 25 percent in some years, but it could be over that also. I just wanted to get your feel for that. [LB478]

SENATOR SMITH: My intention is that it is 25 percent of the funding. [LB478]

SENATOR KOLOWSKI: Thank you. [LB478]

SENATOR SULLIVAN: Thank you, Senator Smith. And I apologize for coming in late to this, but I have been at an educational conference, so. (Laughter) [LB478]

SENATOR SMITH: It's good to see you, Senator Sullivan. [LB478]

SENATOR SULLIVAN: Thank you, Senator. [LB478]

SENATOR SMITH: We've missed you. [LB478]

SENATOR SULLIVAN: Any other questions for the senator? You'll be here for closing, I presume? [LB478]

SENATOR SMITH: Yes, I'll stay around. [LB478]

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SENATOR SULLIVAN: Okay, very good. Thank you. We'll now hear proponent testimony on LB478. [LB478]

DENNIS BAACK: Senator Sullivan 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 support LB478. I think anything we can do to start getting back to where we're starting to emphasize careers and looking at technical education, I think, is a step in the right direction. I think we've gotten away from that. And I think, as Senator Kolowski said, in the last few years we've kind of moved away from that, and it's time to start moving back to that, I think, a little bit. There's some really good job opportunities for graduates and stuff out there of the programs and community colleges. If we decide to go ahead with this, I would hope that we would look at the language that defines what kind of students are available for these, to kind of match up with the programs that community colleges have in these kinds of programs because some of the language doesn't...I know it's the language of the...from the Department of Education, but it doesn't match up, necessarily, with our program. So we'd want to make sure which programs fit into this...into these categories, to make sure that we're meeting Senator Smith's intentions. And I would be a little bit concerned about the 25 percent, quite frankly. You know, a lot of the students that we do dual credit for are there to take the general elective kind of things and get ready to, maybe, go into a career program. But they don't take the technical side of it until they get to the community college. They don't do a lot of that for dual credit. That may change substantially when we...if we get more into the career academies and stuff. That could certainly change but, right now, that's what we're seeing happen. So I'd want to be a little bit flexible on that because I don't want to see us have funds in this program that we can't allocate because we don't meet the 25 percent and there's other students who qualify. I want to make sure that, if you listen to the last testimony, it is how successful that is. We want to make sure that all those funds get out to the students that need those funds. So I think we should take a look at that. We can probably look at...I know they do have pretty good data and stuff on that. If we can get...identify the programs, we could maybe use some of the data the Coordinating Commission has to see what percentage might fit better than 25 percent. So with that, I would be happy to answer any questions. [LB478]

SENATOR SULLIVAN: Thank you, Mr. Baack. Having just come back from a national conference on community colleges, this is certainly a hot-button topic, nationwide. A couple of things come to mind. One is I don't disagree with what you've said or anything that's been brought forward. But sometimes there is a disconnect in two extreme...different areas. One is, are we identifying the right areas, and does there need to be more business involvement in terms of directing the need? And then, also, the other end: Do we do enough to make students aware of these opportunities? Because it...you know, we've kind of missed the boat in that respect. And the courses

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may be out there, but the students' interest is not there. [LB478]

DENNIS BAACK: Right. No, I think that's absolutely true. And, I mean, in a lot of our technical programs, we don't have enough graduates to meet the work force demand that's out there. [LB478]

SENATOR SULLIVAN: Um-hum. [LB478]

DENNIS BAACK: And...but...and we need to figure out how we get more students in those programs because they're very good careers and very good-paying careers. [LB478]

SENATOR SULLIVAN: Um-hum, um-hum. [LB478]

DENNIS BAACK: And we need to...and I think that, sometimes, some of these kinds of things get people's attention and get more attention brought to that so, hopefully, more people will start to look at that. And the career academies, I think, are doing...would do the same kind of thing. As we emphasize those more, I think you'll see more of that go out there. But I think we do have to make sure, in this state, that we make sure that we're doing the right programs, you know. [LB478]

SENATOR SULLIVAN: Um-hum, um-hum. [LB478]

DENNIS BAACK: I want to make sure that, you know, we're not just...that we have the money going into the right places so that we are meeting our work force demands. And we certainly, through our business advisory committees and stuff, can certainly help decide which programs these ought to go into because those people give us a lot of information about what programs and what jobs are available out there that we should try to meet those demands. [LB478]

SENATOR SULLIVAN: Um-hum. [LB478]

DENNIS BAACK: When you...I don't remember a year yet in my 20 years with the association that I haven't said, we need more welders. I mean, it's ongoing. [LB478]

SENATOR SULLIVAN: Um-hum. [LB478]

DENNIS BAACK: It just happens that way. [LB478]

SENATOR SULLIVAN: Um-hum. [LB478]

DENNIS BAACK: And we need to make sure that we're trying to meet that. But we can only meet it if students come into it. [LB478]

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SENATOR SULLIVAN: Exactly, exactly. [LB478]

DENNIS BAACK: We can't make them do that. [LB478]

SENATOR SULLIVAN: Um-hum. [LB478]

DENNIS BAACK: But it would be nice if there was more awareness of that. [LB478]

SENATOR SULLIVAN: Um-hum. Thank you. Any other questions? Senator Kolowski. [LB478]

SENATOR KOLOWSKI: Thank you, Madam Chair. Mr. Baack, I couldn't agree with you more, especially on the...any community college worth its weight is going to be well-connected to its job force surrounding that area and, hopefully, identifying the areas of concern, that they could put together programs that would help meet those needs. And I hope that will continue in that way. Your earlier comment about students taking general study courses to prepare themselves to get into their major areas and go to the community college may not qualify them for some of this money, I also agree with you there that, if they're declaring to a major, taking some of those prelims would not seem contradictory to me. I hope that would take them down the road to those major clusters in the community college and still keep them eligible for reception of funds. I hope that would happen. [LB478]

DENNIS BAACK: Yeah. I would hope we'd be open to that, too, because I think that's important, you know. If they get some of those electives out of the way,... [LB478]

SENATOR KOLOWSKI: Absolutely. [LB478]

DENNIS BAACK: ...then, as they come into our...into the community college, they can immediately start getting the technical courses and stuff and complete their college much more quickly if that happens. And I think we should keep it open to that, to those possibilities, if they're going to do that. You know, one of the trends around the country now, when I talk to my counterparts in other states, is for community colleges to be getting into the bachelor degree area. That's happening in a lot of states that they're looking at. And we, in this state, have absolutely no interest in that whatsoever. We feel that our niche is in the technical side and keeping that technical side strong is really important to us, and we have no interest in going to bachelor's degrees. I think community colleges should fill their niche and not be getting into the four-year degree kind of stuff. [LB478]

SENATOR KOLOWSKI: Well, the two-year programs for transferability to four,... [LB478]

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DENNIS BAACK: Sure, sure. [LB478]

SENATOR KOLOWSKI: ...compared to the birth of the community colleges in this state, which were technical,... [LB478]

DENNIS BAACK: Right. [LB478]

SENATOR KOLOWSKI: ...more technical-oriented than academic-oriented to the transferabilities of... [LB478]

DENNIS BAACK: Right, um-hum. [LB478]

SENATOR KOLOWSKI: Now that's very solid and a lot different than it used to be. [LB478]

DENNIS BAACK: Yeah, um-hum. [LB478]

SENATOR KOLOWSKI: And that's a big step forward for our state as we've made that move. As to the baccalaureate, that's another issue for another time. [LB478]

DENNIS BAACK: Right. [LB478]

SENATOR KOLOWSKI: But my other concern is for the community colleges and for this committee and to the State Department of Education to also push the missing link, which is a high school guidance program that has the exploratory capacity to take every student and develop a personalized learning plan with them to the options that are available because we're only as good as, not the guidance department, but every teacher acting as an advisor to a body of students as they go through high school because, everyone knows, the 380 or 420 students I may have as a guidance counselor, I'm not going to reach all those kids the way I need to. [LB478]

DENNIS BAACK: No. [LB478]

SENATOR KOLOWSKI: But when you have it broken down to a group of 20 in a homeroom working on an advisement program that directs kids through four years of high school is much more meaningful and much more on target than we could ever be and less time and dollar wasting as students get the idea that they're responsible for some kind of postsecondary planning experience in their life. [LB478]

DENNIS BAACK: Yeah. I think that's absolutely true, and we have had...you know, over the years, we've had a lot of difficulty getting counselors to recommend the career tracks because all the counselors are four-year kinds of students. That's what they are,

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and I understand that, but we also need to be...I agree with you. The individualized education plan for each individual, trying to get them to where they want to go is really, really important. [LB478]

SENATOR KOLOWSKI: Absolutely. [LB478]

DENNIS BAACK: And we don't have enough counselors in the schools. I mean, you know, that's just an affordability thing and...but we need to try to get them so they understand the careers. And the things we're doing in mentoring and internships and those kind of things are helping, but there's always still a lot more to do. [LB478]

SENATOR KOLOWSKI: Thank you. [LB478]

SENATOR SULLIVAN: Any other questions? Thank you very much. [LB478]

DENNIS BAACK: Thank you. [LB478]

SENATOR SULLIVAN: Any other proponent testimony? Anyone wishing to speak in opposition to LB478? Welcome. [LB478]

MARSHALL HILL: Welcome back, Senator Sullivan. [LB478]

SENATOR SULLIVAN: Thank you. [LB478]

MARSHALL HILL: (Exhibit 1) Members of the committee, Marshall Hill, M-a-r-s-h-a-l-l H-i-l-l, executive director of the Coordinating Commission for Postsecondary Education. I'm here to testify in opposition to LB478, and I want to make sure you understand why--not at all any opposition to having funding in this program go to students who are vocationally oriented or studying technical science programs, none at all. We at the Coordinating Commission fully support the needs of those students, as well as students who want to be the next greatest philosopher. However, let me be sure you understand how this program works right now. First off, students have to become eligible and deemed eligible by their high school. And they can be students who are wanting to major in music or in English or in geography or students who want to become welders or radiologic technicians, what have you. Every high school student that's approved to participate in the program has an equal opportunity to get funds. There are no funds set aside for students studying the liberal arts or other funds set aside for students taking a more vocationally oriented approach. This bill would do that and would set aside 25 percent of those funds for students who were studying vocational education. As Dennis Baack indicated, many of those students will need to take English and math anyway. You can't just study welding or just study radiology technician work. So those students can...could avail themselves of this program. We don't know the distribution of those students as far as their intent to major, but we do know that only about 4.6 percent of

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the courses that ACE students take are technical science courses as defined in the bill. And the bill does not provide the Coordinating Commission the opportunity to shift money from the 25 percent, if it were not utilized, to the other 75 percent. So if we only...let's say that the number of students studying vocational education and wanting to do so through dual enrollment doubled next year. We'd still have those funds that, by this bill, we could not transfer from one pot of money to the other. And then the last point: Up until the past six months we have been administering this program in a paper basis. We were dealing with 1,700 paper applications for this program and, last session, the Legislature provided us \$30,000 to automate the program. We are getting great feedback on that from the high schools because they get far quicker response from us. We can tell how things are going far more readily. It's worked very well. If this bill were to pass, we would have to reprogram all of that. And the entity that we contracted with to do that said that it would cost us more than it did in the first place. So that would be a real problem. And then the last issue is just I question the wisdom of setting aside a particular pot of money to benefit a particular class or subtype of students. We've stayed away from that in most policy areas in the state, and I'd suggest that's a good decision. [LB478]

SENATOR SULLIVAN: Thank you, Dr. Hill. If you agree with the intent and the need to match up a student's education with the work force of today but have some disagreement with this approach, what else might we consider doing, in your estimation? [LB478]

MARSHALL HILL: I think that the community colleges, who are very helpful in this program...we think about half of the dollars floated to students go to students who are studying dual enrollment courses at community colleges. The faculty and the counselors, but especially the faculty, who deal with students who want to become welders, who want to complete two-year certificates or two-year degree programs and work in those fields, need to let their students know that this is a possibility for them because they...frankly, if they were markedly successful at that, they could take all the money themselves... [LB478]

SENATOR SULLIVAN: Um-hum. [LB478]

MARSHALL HILL: ...because, right now, it's a first-come, first-served choice. [LB478]

SENATOR SULLIVAN: Um-hum. [LB478]

MARSHALL HILL: We provide...we spend the money until we run out of it, to students. So any student who is preparing to be a licensed practical nurse or something like that, some program at a community college, technical science-based, has every bit the opportunity to do dual enrollment courses as a student who is planning to major in English or history. I think they don't know about it as well. [LB478]

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SENATOR SULLIVAN: I've often heard you talk about the need, certainly, for data, in terms of making these decisions. [LB478]

MARSHALL HILL: You certainly have, yes. [LB478]

SENATOR SULLIVAN: Are there aspects of and information of...and data that we could...that would be beneficial to us in this arena, that we don't currently have? [LB478]

MARSHALL HILL: It will surprise you to hear me say no, probably. We know what we need to...what we ought to know about the students who are participating in this program. We know more about these students than any other students in Nebraska higher education, and we track them from high school on into college. We know what their grades are. We know they're doing very well. We can compare them with the others. The only thing that I don't believe we know: their intended major. We do not. I don't know how valuable that would be, frankly, since right now the student can take any dual enrollment course that's available, any dual enrollment course that's available, regardless of whether that's a liberal arts kind of course, which many of those students, again, would need to take. [LB478]

SENATOR SULLIVAN: Um-hum. [LB478]

MARSHALL HILL: Or they can take a dual enrollment technical education course, diesel mechanics or whatever is available. [LB478]

SENATOR SULLIVAN: Um-hum. Okay, thank you. Senator Haar. [LB478]

SENATOR HAAR: Yes. Just...I don't know a whole bunch about this program. So if I'm a student, would I apply for this as a junior, a senior, or when? [LB478]

MARSHALL HILL: You can do it as either a junior or a senior. Our first year, earlier on in the program, the majority of students were seniors. Still, the majority of students are seniors, but we do have students who are juniors and, I think, an occasional sophomore. [LB478]

_____ : And freshman. [LB478]

MARSHALL HILL: And freshman, and they do well. Their grades are somewhere around 3.0 average for all of the students. And remember, we are talking about students who, by definition, are low-income students. They have...other low-income students have less than a 50 percent college-going rate. These students have above an 80 percent college-going rate, better than the entire Nebraska population, better than the Nebraska non-needy student population. [LB478]

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SENATOR HAAR: And this is for dual courses that are offered in the high school or...?
[LB478]

MARSHALL HILL: They're offered in multiple ways but usually in the high school, yes. And what very often happens is that the postsecondary institution will, in essence, make a high school faculty member an adjunct faculty appointee to the institution. They need to meet the same requirements, we believe, as the on-campus faculty. Let's localize it. So Southeast Community College could contract with some entity in Seward, a high school in Seward where there was a qualified faculty member who could teach a math 101. And that...students take the course, they receive high school credit, and they receive college credit as well. That's probably the most common. There are other ways, where the actual college teacher will teach in the high school or the student will go to the college or, in some cases, will do it on-line. So the methodologies vary, but the basic is that it should be a college-level course that is fully equivalent to the course as if it were taught on the college campus. And a study released just the other day showed that well over 80 percent of American high schools now make dual enrollment courses available to their students. We're behind the curve on that in Nebraska, but it's increasing all the time. [LB478]

SENATOR HAAR: Okay, and it says nothing about where they go when they're going to be in college or community college or whatever. It's just at that time. So if I'm college...you know, I'm chemistry bound eventually but I just want to take welding right now, just because I'm curious, then this would... [LB478]

MARSHALL HILL: This would work, could work for that, yes. [LB478]

SENATOR HAAR: Yeah. Is it more common to have these dual courses in other subjects than the ones that are in this bill or...? [LB478]

MARSHALL HILL: Yes, 95 percent of the courses are in broad, kind of, liberal arts disciplines. They cluster mainly around the early requirements that...early courses that students take in college--English, social science, mathematics. Those are the largest numbers. [LB478]

SENATOR HAAR: First come, first served, do you have...turn a lot of people away?
[LB478]

MARSHALL HILL: Yes, we do. And initially, we've approached this in several ways. The first year, it was truly first come, first served, and you could take more than one course. Then the second year, we limited that, to try to serve more students, and limited it to one course. And now we're...we've adjusted that. We believe we need about another \$100,000 or so per year to fully fund this program. [LB478]

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SENATOR HAAR: So give that to me in terms of students. How many are in it now and how many more? [LB478]

MARSHALL HILL: We're studying...we're helping about 1,700 right now. [LB478]

SENATOR HAAR: Okay, and how many more would that...? [LB478]

_____ : It's probably up to 2,000 (inaudible). [LB478]

MARSHALL HILL: You know, another several hundred, another several hundred. It's interesting, when we began the program, we were talking with Gerry Oligmueller and he asked, you know, how big could this get? How big do you think this could ultimately get? Could it devour our funding? And we thought we would top out at about \$1 million. And here, six years later, we're going to get close to that. We're right at about \$800,000 now, and the \$800,000 is made up of two parts. The Legislature has increased funding to this program over the past several years. But the Coordinating Commission has also sought federal funds for this. The commission receives money from the federal College Access Challenge Grant, and we allocate about a quarter of a million dollars of that funding to this program. And we will have that funding for, I believe...the next three years? Two years, two years--it's helpful to have a very knowledgeable staff--next two years, and we don't know what will happen to the College Access Challenge Grant after that. We receive \$1.5 million a year for that, put \$250,000 into this. So if that money goes away, will we be coming back to the Legislature to try to make up that loss of federal funds? Yes. Why? Because this does what is good policy. This identifies students who, in all likelihood, would be lost to the system. These are students who, if they were in college, they would be eligible for financial aid but, because they're in high school, there is nothing for them. So this, at least, helps pay the tuition for those students. [LB478]

SENATOR SULLIVAN: Senator... [LB478]

SENATOR HAAR: And then finally... [LB478]

SENATOR SULLIVAN: Oh, go ahead. [LB478]

SENATOR HAAR: Finally, if a student takes a dual enrollment course and they just want to take it in high school, they don't care about the college credit, is that possible? [LB478]

MARSHALL HILL: Yes. [LB478]

SENATOR HAAR: Or you always have to pay the... [LB478]

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MARSHALL HILL: Yes. No, you do not always have to seek or pay for the college credit. Frankly, the reason we started this program--ask Senator Harms, too, who introduced the bill--is because we heard from college financial aid people that students were taking dual enrollment courses but they did not have the money to pay the college tuition. They were doing well. If they had the money to pay, they would have gotten college credit. They didn't have the money for the college tuition, and so they got high school credit and only high school credit. So we're, obviously, very high on this program. It just about doesn't have a downside that I can see. [LB478]

SENATOR SULLIVAN: Senator Scheer. [LB478]

SENATOR SCHEER: Thank you, Senator Sullivan. Marshall, I heard you say that the 25 percent really is immaterial because it's on a first come, first served so, technically, 50 or 70 percent could all go towards that. But looking at the reverse, you have around the state several community colleges and several areas of the state that are lacking some distinct skills in their work force in that area. And maybe 25 percent is too high--I don't know--because you've said this, essentially, 5 percent maybe go into that area. But it just seems that it would be nice to have something available for sure in those areas that could be directed towards the needs of those local entities to develop some additional work force in needed areas, rather than just on a simple broadcast area. I mean, I think, sometimes, we're too broad, we don't pinpoint enough. And although this may be a microlaser, so, you know...and the 25 percent may be the atomic bomb, so maybe somewhere in between is the sweet spot. But do you see? And maybe the possibility of a need or the availability of allowing those local institutions to target some of those specific areas? [LB478]

MARSHALL HILL: In a way, it's somewhat the same argument that was advanced by Tip O'Neill and his colleagues earlier. Give the independent colleges larger pots of money for them to use to recruit students to those types of programs. I suppose, if we were aware that students who wanted to become welders or technicians or diesel mechanics or whatever were in any way being disadvantaged through this program, I think I would want to do something to ensure that that did not happen. But since those students have to take general education courses anyway, to set aside some of this funding specifically for them, even though they might not use it to take...well, actually, under this bill, it would have to be used to take those kind of courses. I just, at this point, don't see a need for it. The students can take technical courses if they want to. Students who are intending to major in technical areas can do that. But they can take some of their general ed through this without. I think, if there are desires to encourage students to think more seriously about completing certificate programs in high-need areas and completing associate's degrees, I fully support that. I just don't think this is the mechanism by which to do it. I think the career academy approach holds more promise for that than this would do. [LB478]

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SENATOR SCHEER: Do you think this could be used in conjunction with a career academy? [LB478]

MARSHALL HILL: Perhaps, obviously, certainly could. [LB478]

SENATOR SCHEER: Okay, thank you. [LB478]

MARSHALL HILL: The community colleges would be very highly involved with the career academies, as they already are, and they're very highly involved with dual enrollment. They teach half of our students. And it's pretty well spread throughout the state. When we started this program we had almost no participation in Omaha. Now it's statewide. Most all institutions are, certainly the community colleges. University of Nebraska in Omaha has been very supportive of this program, and Nebraska Wesleyan is very supportive. The dollars go further for the student at the community colleges though, of course. [LB478]

SENATOR SCHEER: Thank you. Thank you, Senator Sullivan. [LB478]

SENATOR SULLIVAN: Any other...Senator Seiler. [LB478]

SENATOR SEILER: Just to segregate and put boxes in my own mind, the program we're talking about is for needy children. [LB478]

MARSHALL HILL: It is. [LB478]

SENATOR SEILER: Okay. [LB478]

MARSHALL HILL: The students cannot participate in that unless they qualify for free and reduced lunch... [LB478]

SENATOR SEILER: Okay. [LB478]

MARSHALL HILL: ...or some similar federal definition. [LB478]

SENATOR SEILER: That doesn't stop for private industry making scholarships available or for other students or the college itself, the community college, funneling money into the program? [LB478]

MARSHALL HILL: No, it does not,... [LB478]

SENATOR SEILER: Okay. [LB478]

MARSHALL HILL: ...nor the school district itself. [LB478]

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SENATOR SEILER: Okay. [LB478]

MARSHALL HILL: Around the country, the mechanisms by which dual enrollment is paid for vary a great deal. In some states, it's just paid for as a matter of fact. I believe Minnesota does that. In others, institutions are encouraged to discount their tuition rates, and some Nebraska institutions do discount their tuition rates. That's partially to benefit the students but, also, just practically speaking, this is a good advertisement. You get a dual enrollment student in and you treat them well, and then they're far more likely to enroll as a full-time student when they graduate from high school. So, no, any other means. This is a targeted program focused only on those students who meet those free- and reduced-lunch or similar, other, kind of, categories, which Senator Scheer, maybe, argues that it's not big enough to address the point that you were making. [LB478]

SENATOR SULLIVAN: Any other questions? Thank you, Dr. Hill. [LB478]

MARSHALL HILL: Thank you. [LB478]

SENATOR SULLIVAN: Any other testimony in opposition? Anyone wishing to speak in a neutral capacity on LB478? Senator Smith for closing. [LB478]

SENATOR SMITH: Yes. Thank you, Senator Sullivan and members of the Education Committee. I appreciate your listening to this testimony. I think what we heard here, it didn't...I, hopefully, did not hear opposition to the concept of providing choice to our children, that those that choose not to follow a more conventional path in education, that they have access to education that provides them the skill sets in the trades or in a technical field. We can see that in our state. That's a growing need and, once again, I've been a longtime advocate to provide these options to our young people. Not every child is going to...is destined for a four-year college program, and their choice not to follow that program does not mean they're a loser. In fact, some of our brightest kids choose a technical path. They choose a trade, possibly, and we need to respect that and we need to provide these opportunities. These opportunities are available to children that are not in financial need, and we need to provide the same type of opportunities for our children that are in financial need. So if we believe that, then the status quo is not enough. And what we heard here with the program is, yes, these children can access these funds on a first-come, first-served basis. Is that good enough? If we see and we truly believe that there is a need in our state for these skill sets, if we believe there is a need out there, and if we believe that these opportunities can provide a better quality of life and can provide a great career path for our children, if we believe that, if we truly believe that, then we need to provide something different than what they have today. And I hate to talk about earmarks and set-asides. But that's what we're talking about here is we're talking about an earmark and a set-aside for the children in financially difficult positions

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to be able to access funds, to follow a technical skill path. So that's what this is about, and I appreciate you listening this evening and thank you for your time. [LB478]

SENATOR SULLIVAN: Thank you, Senator Smith. Would you agree that what we don't know, under the current circumstances, are how many of these 1,700 students may, in fact, be following this pathway? [LB478]

SENATOR SMITH: That is true. [LB478]

SENATOR SULLIVAN: Okay. Any other questions? Thank you very much. [LB478]

SENATOR SMITH: Thank you. [LB478]

SENATOR SULLIVAN: This concludes our public hearing today. Thank you all for attending. [LB478]