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Education Committee
January 21, 2014

[LB725 LB740 LB781 LB838]

The Committee on Education met at 1:30 p.m. on Tuesday, January 21, 2014, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB781, LB740, LB725, and LB838. Senators present: Kate Sullivan, Chairperson; Jim Scheer, Vice Chairperson; Bill Avery; Tanya Cook; Al Davis; Ken Haar; Rick Kolowski; and Les Seiler. Senators absent: None.

SENATOR SULLIVAN: Okay, I think we will begin since it is just a hair past 1:30. Welcome, this is a public hearing of the Education Committee. My name is Senator Kate Sullivan of Cedar Rapids, and I am the Chair of the committee. And I think what I'd like to do is have the members of the committee introduce themselves. I'll start with the Vice Chair.

SENATOR SCHEER: I'm Jim Scheer. I represent District 19 which is Madison County and a small portion of Stanton County in northeast Nebraska.

SENATOR SULLIVAN: And to my far right.

SENATOR KOLOWSKI: Rick Kolowski, District 31, southwest area of Omaha.

SENATOR DAVIS: Al Davis, District 43 which is western and north-central Nebraska.

SENATOR SULLIVAN: My far left.

SENATOR AVERY: Bill Avery, District 28, south-central Lincoln.

SENATOR HAAR: Ken Haar, Legislative District 21, northwest Lincoln and Lancaster County.

SENATOR SEILER: Les Seiler, District 33, that's all of Adams and everything but Grand Island in Hall County.

SENATOR SULLIVAN: To my immediate left is LaMont Rainey. He is the legal counsel for the Education Committee. To my far right is Mandy Mizerski, and she is the committee clerk and will be making sure that all of our testimony is documented. We do have some pages helping us today. Nate Funk is here for just a little bit. He's from Norfolk. We have to juggle their class schedules with their responsibilities here. So he'll be handling this for a little bit, and then another page will come in, Tyler Zentner, who is actually from my hometown, Cedar Rapids. We'll have...just joining us now, Senator Cook, I had everyone introduce themselves if you wouldn't mind.

SENATOR COOK: I will sit down and speak into the microphone. My name is Tanya

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Cook. I am the state senator representing Legislative District 13, and that is in the city of Omaha and northeast Douglas County. Thank you.

SENATOR SULLIVAN: (Exhibit 1) Thank you. If you are planning to testify today, please pick up a green sheet that is on the table in the back of the room. If you don't wish to testify but would like your name entered into the official record as being present at the hearing, there is a form on the table to sign that as well. And both of those, they will be part of the official record at the meeting. As far as the green sheet, please fill it out in its entirety before you come up to testify. Please print. And it's important you do complete the form in its entirety. When it is your turn to testify, please give that sheet to Mandy, the committee clerk. And again, this will help her keep an accurate record. If you don't choose to testify, you may submit comments in writing and have them read into the official record. But please let us know that that's your intent. If you have handouts, we prefer that you have 12 copies and give those to the pages. And they'll make sure that we all get the copies. When you come up to testify, please speak clearly into the microphone. Tell us your name and spell both your first and last names to make sure again that we have that adequate record. And please, please turn off cell phones, pagers, or anything else that might make a sound. We talked quite a bit in the Rules Committee of the Legislature the first day about the use of these electronic devices. And I think the main thing is we really don't want them to disrupt or take away from the attention being given by the senators as well as the people that are here to testify. So I hope you will abide by that requirement. Introducers will make the initial statements, followed by proponents, opponents, and those in neutral testimony in that order. Closing remarks will be reserved for the introducer. We also are going to be using the light system. You'll have five minutes to make your initial remarks to the committee. That doesn't necessarily include the introducer. When you see the yellow light come on, that means you need to wrap up your comments. And when the red light appears, your time is done. I know that this has never been a problem in the committee, but no displays of emotion with regard to any of the bills being introduced. We have before us, actually four different bills that we'll be hearing testimony on: LB781, LB740, LB725, and LB838. So we will start with the first one being introduced by Senator Harms, which is change a date relating to a community college area comprehensive audit. And I will say, Senator Harms, as you're sitting down, we have one neutral testimony that is being submitted, Carna Pfeil from the Coordinating Commission for Postsecondary Education. Welcome, Senator. [LB781]

SENATOR HARMS: Thank you, Senator Sullivan and committee members. First, thank you for giving me the opportunity to come and visit with you about LB781. This is really a simple bill. It makes just one simple change in regard to the auditing dates for the community colleges. And if you look at the green sheet, it simply changes--on page 3--it simply strikes October and inserts November 15 of each year. Let me give you just a little bit of a background and kind of a foundation for this change so you can better understand why the community colleges are asking for such an adjustment in their

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auditing deadline. The financial audit statements reporting for community colleges change when the governmental community colleges changed their Governmental Accounting Standards Board. And that's called GASB, and it's in Section 34 and Section 35. It's the Basic Financial Statements-Management's Discussion and Analysis-for Public Colleges and Universities which was passed in October of 2003. GASB requires a total revision of the internal fund accounting financial statements for the community colleges. Actually, all colleges and universities, even, I think, some other public offices, state offices, or county offices. Maybe if you will let me just give you some of those changes so you can understand the platform. And the thing to keep in mind is as community colleges have gone through this, the college is never standing still. So they're going through and having to go back and internally start making all kinds of adjustments. It's very difficult for them to complete this. It's very difficult for them to do all this at once because it never stops. It's always continuing in motion, a process. The thing that they've asked them to include is the management discussion and analysis of the college's financial performance and notes to the financial statements and consideration of economic factors that will affect their future. They're also asking for more information on cash flow requirements, statements. They're asking for significant calculation estimates and allocations related to property tax allocations, depreciation, fund consolidation, tuition discounts, and reporting of capital assets. Colleges utilizing facility corporations for debt services and issuance of bond requirements reporting as a blended-component unit now, which is combining the financial statements of legal, separated organizations together. Foundations for colleges must be reported as a component unit. These are separate columns within the statement and require additional accounting and auditing. They're also requiring now segment reporting, which is an identifiable activity reported as or within an enterprise fund for which one or more revenue bonds are outstanding as required. Requirements for assessing fraud risk and reacting to the risk has increased. The audit due dates to the state remains unchanged from the pre-GASB days. That's October 15, as I told you, 2003. It takes them 3.5 months in the past to do their audit for the fiscal year. The October 15 date is one of the earliest political subdivision requirements. Changing the date for November 15, between the discussions with various state officers, has not caused any specific problems; they have agreed to that. And the offices that would get their audits would be the State Auditor, the Department of Administrative Services budget office, and the Coordinating Commission for Postsecondary Education. Now I have not spoken with those three organizations. And I would assume, according to the community colleges and Dennis Baack, that they have spoken to them, and there didn't seem to be any problem with that. And if there is, I'm sure they'll be here to clarify that. All six community colleges support LB781. And, Madam Chair, this completes my testimony. I would just say that this is a simple bill. It is a bill that simply makes a change that allows them to extend their audits. And I can understand why they have to do that. In my previous world, when this changed I happened to be at the college when this was introduced. And I know how we as a small community college really struggled to be able to get these audits put together and redo our internal controls the way that they prefer it to be done. So I'd be

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happy to answer any questions. I'm not an accountant, and I'm not a CPA, but there are people who will follow me who might be able to give you some more information. So I'd happy to answer any questions that I might be able to answer for you. [LB781]

SENATOR SULLIVAN: Thank you, Senator Harms. So this date change is probably nothing that will have to be changed again, that this gives them that extra amount of time. [LB781]

SENATOR HARMS: I don't think so. You know, here's the thing with GASB is they continue to add other components of information that they're requesting, they think that they should have. But I don't think that that should be. I think they've given themselves enough flexibility to be able to do that. I think there are, even today, there are still community colleges that are late getting some of their audits in because they just can't reach this particular goal of October. So by giving that extension, they should be able to do that without too much difficulty. [LB781]

SENATOR SULLIVAN: Okay, thank you. Any other questions for Senator Harms? Senator Kolowski. [LB781]

SENATOR KOLOWSKI: Thank you, Madam Chair. Senator Harms, are there difficulties with the counties or any other entity as far as tax information being collected that also helps move this date from your perspective? [LB781]

SENATOR HARMS: You know, I really can't answer that, Senator. I don't know for sure. [LB781]

SENATOR KOLOWSKI: Thank you. [LB781]

SENATOR SULLIVAN: Senator Scheer. [LB781]

SENATOR SCHEER: Senator Harms, just out of curiosity, are we aware of any federal compliance issues with any of the audits that would create... [LB781]

SENATOR HARMS: No. Let me... [LB781]

SENATOR SCHEER: Thank you. [LB781]

SENATOR HARMS: Let me give you just a little...that's a good question. Thanks for asking. Let me give you a little background on GASB, okay. I had to go back and research this myself to remember just what is GASB. This is an independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. It was established in 1984 by an agreement of the Financial Accounting Foundations, which they often refer to that as

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the FAF, and ten national association of state and local government officials. The GASB is recognized by governments, the accounting industry, and the capital markets as the official source of Generally Accepted Accounting Principles for state and local governments. GASB is not a government entity and does not have actually any way to enforce the adoption of these standards. But most accounting firms...I can tell you, I don't believe the community colleges or any credible organization would not hire an auditor that does not follow these standards. What has happened is that we're now able to compare apples with apples. And I can tell you before 2003, I was in the community college system, and we were making a lot of formula changes. And to be able to compare cost we found to be very difficult. It wasn't that people were cheating. It's just that people report that stuff differently, and they put different things in different accounts. And this has really brought it all together. So when you actually look at a college or community colleges, you can now compare pretty well and feel pretty comfortable that what you're getting is correct and it's appropriate and it gives you a pretty honest view. The nice thing about it, you can also go out in surrounding areas of your, you know, of your array that you might want to look at. And as a community college you can find out how your costs compare to Wyoming, how it might compare to Colorado. It's just a good standard to follow, and I think for us, on the legislative side, the data that we get at least, I think we can feel comfortable that it's pretty accurate and it's pretty comparable. [LB781]

SENATOR SULLIVAN: Any other questions? Thank you. Will you be here for closing? [LB781]

SENATOR HARMS: No, I will not be here. [LB781]

SENATOR SULLIVAN: Okay. [LB781]

SENATOR HARMS: So I will waive my opportunity to close. [LB781]

SENATOR SULLIVAN: All right. Thank you. [LB781]

SENATOR HARMS: Thank you very much. [LB781]

SENATOR SULLIVAN: Okay, we will now hear further testimony. Proponents? Welcome. [LB781]

LYNNE KOSKI: (Exhibit 2) Thank you. My name is Lynne Koski, L-y-n-n-e K-o-s-k-i. I'm here representing the Community College Business Officers. And I have some handouts, one of which is a supplement to the discussion that Senator Harms just provided and an additional letter of support from Metropolitan Community College as well. And I would just like to again say that we are a proponent of this bill. Over the course of the last ten years, the amount of time and effort that goes into the financial

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statements seems to be growing. We in essence, really continue to complete our financial statements under fund-accounting principles, and then we have to completely restate those under the GASB requirements. So in essence, we're really preparing two sets of statements before we get to the audit portion of that. Again, there's a lot of calculations and different types of activity that have to occur because we're taking what is traditionally reported by separate funds and combining them into one. So need to make sure we're not duplicating revenues or expenditures that are reported. Additionally, we have the separate component unit. Again, the facility corporations, as a component unit, are treated differently than the foundations are treated. Foundations are reflected in a separate column and shown side by side, but they are audited separately. And then we have to put them in the same reporting format for final GASB audit. Probably the most significant change since 2003, occurred in this last fiscal year. Some of it was as simple as just changing the name of the statements, but it was a change particularly in the segment or the bond reporting. And it was a complete restatement of the financial statements themselves, the management discussion and analysis, as well as the notes. And the management discussion analysis is really providing information and discussion to help those folks who are nonaccountants understand those statements better. And so over the course of the last ten years our audits have doubled in size. We've gone from approximately a 25-page audit to a 52- or 53-page audit. So again, as Senator Harms has noted, all of this is also occurring as we've already begun a new fiscal year. So we're trying to account for new fiscal year activity and trying to finalize the prior year as well. So I would be happy to answer questions that anybody might have. [LB781]

SENATOR SULLIVAN: Thank you. Any questions? All right, thank you for your testimony. [LB781]

LYNNE KOSKI: Thank you. [LB781]

SENATOR SULLIVAN: Welcome. [LB781]

DENNIS BAACK: Senator Sullivan, 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 am the executive director of the Nebraska Community College Association here to testify in support of LB781. I think they've done an excellent job of explaining the difficulties they've had in trying to meet that October 15 deadline and why we need it moved for 30 days. And I think this will be, as Senator Harms said, I don't think we'll have to have another one. I think we're allowing ourselves enough leeway in here that if there are changes, we've still got enough time to get those done. I just wanted say that I have talked to the Department of Administrative Services, the Governor's budget office. They are fine with this. I've talked to the Legislative Fiscal Office. They're fine with it. We had a note from the Auditor's office saying that there were no concerns from them either. So we have checked those things out to make sure that wasn't some deadlines or things that they had to meet that

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they needed those audits sooner than that, so we have checked those out. I'd be happy to answer questions if there are any. [LB781]

SENATOR SULLIVAN: So there really is no downside to doing this? [LB781]

DENNIS BAACK: I don't think so. I hope not. (Laughter) But you never know, I guess. [LB781]

SENATOR SULLIVAN: Okay. [LB781]

DENNIS BAACK: I never say never. [LB781]

SENATOR SULLIVAN: That's just wise. Any other questions? Thank you for your testimony. [LB781]

DENNIS BAACK: You bet. [LB781]

SENATOR SULLIVAN: (Exhibit 1) Any further proponent testimony? Any opponent testimony? And, as indicated earlier, we did have testimony submitted from the Coordinating Commission for Postsecondary Education in a neutral capacity. So without further ado, this closes the hearing on LB781. Thank you. We'll move on to the next bill, LB740, introduced by Senator Crawford which provides residency requirements for postsecondary education purposes for veterans and the family members. Welcome, Senator Crawford. [LB781 LB740]

SENATOR CRAWFORD: (Exhibit 1) Thank you. Good afternoon, Chairwoman Sullivan and members of the Education Committee. My name is Sue Crawford, C-r-a-w-f-o-r-d, and I represent the 45th Legislative District in Bellevue, Offutt, and eastern Sarpy County. I'm pleased this is my first bill before your committee. LB740 grants immediate in-state residency for tuition to recently separated veterans and their families who become Nebraska residents. Veterans are a highly-skilled, disciplined, and experienced workforce. Nebraska's colleges and universities are enriched by their contributions in the classroom, and our state economy benefits with their participation in the workforce. Unfortunately, current policies prevent many veterans from using the G.I. benefits in Nebraska following separation. Let me speak for just a minute on the inclusion of military spouses in this bill. As a longtime resident of Bellevue, many of my friends and neighbors are military spouses, including Julia Converse who is with us today. These spouses pick up and move whenever we ask them to. They then have to work on transferring any college credit they were able to accumulate between those moves. When their military member retires, it is often a time when the spouse gets to focus on their career. Military spouses often joke they have 11 years of college with no degree. LB740 will help these spouses and their dependents get back to school quickly and finish what they've started. LB740 grants immediate residency for the purposes of tuition

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for veteran students who register to vote, and either register their vehicle in the state or obtain a Nebraska driver's license. This allows these students to start school and begin to use their benefits quickly. In 2008, President George W. Bush signed the Post-9/11 Veterans Educational Assistance Act into law. It was the largest expansion of education benefits since the passage of the G.I. Bill in the 1940s. Under the Post-9/11 G.I. Bill, service members on active duty or deployed for at least 3 months since September 11, 2001, are eligible for educational benefits. The amount of benefits available depends on the length and number of deployments. For example, a veteran on active duty for 30 months is eligible for 90 percent of the maximum benefit. Under the Post-9/11 G.I. Bill, the VA only pays the cost of in-state tuition at public universities. If the veteran does not meet the residency requirements of the state, the veteran must pay the difference between in-state and out-of-state tuition themselves unless they qualify for the Yellow Ribbon Program. It's a lot of technical details here. A provision of the Post-9/11 G.I. Bill created the Yellow Ribbon Program, a state-matching program to assist with this out-of-pocket cost. Under this program, participating universities receive matching funds from the VA for program recipients. However, this funding is only available to veterans who have been on active duty for 3 years or more since 9/11. In Nebraska, less than 150 students who are currently enrolled in Nebraska university and state colleges meet these requirements. Kaitlin is circulating an amendment to LB740 that allows our Nebraska colleges and universities to continue to take advantage of this federal matching for those veteran students who do qualify as well as a handout that details eligibility requirements and out-of-pocket tuition costs for in-state and out-of-state residents at the different levels of eligibility. First, I'd like to draw your attention to the amendment. The immediate residency process outlined in the bill remains in place for the recently separated students who do not meet the Yellow Ribbon Program requirements. They qualify as soon they establish residency. If you turn to page 3 of the fiscal note, you'll see that the bulk of the cost of LB740 comes from the loss of Yellow Ribbon funding. The amendment takes care of that and will reduce the fiscal note in half. As such, I encourage the committee to consider the amendment. Military families move frequently with an average time between moves of two years. Only 9 percent of service members stay at 1 assignment for 4 years or more. As a result, military families often do not establish residency with each move. I hear from military families all the time about how much they enjoy their time in Bellevue and in Nebraska, especially from those who came from other states. LB740 will allow those families to return to Nebraska when they leave the military, which could be multiple placements later. The handout Kaitlin distributed earlier shows the out-of-pocket costs for Nebraska and out-of-state students at various Post-9/11 eligibility levels based on their length of service. As you can see from the handout, tuition costs add up quickly for veterans who don't qualify as a Nebraska resident. A veteran who is eligible for 90 percent of Post-9/11 G.I. Bill benefits would have out-of-pocket costs for tuition and fees at the University of Nebraska-Omaha of approximately \$51,000 over 4 years. The same veteran would owe only about \$3,000 out of pocket over the same period if she was considered a resident of Nebraska. Faced with a \$48,000 bill, many veterans would delay their education or

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worse, choose not to further their education, or attend school in another state that allows them to qualify as a resident. Currently, Nebraska is one of only three states whose Big Ten school does not offer this in-state residency option for veteran students. Next year, when Rutgers and Maryland join the Big Ten, 11 of the 14 schools will grant immediate in-state tuition for veteran students. In addition to tuition benefits, Post-9/11 G.I. Bill recipients also receive stipends for books and living expenses. These stipends total over \$46,000 over a 36-month period of taxable benefits that directly impact the local economy. We want veteran students to buy their groceries, pay their rent, and purchase school supplies in Nebraska with those benefits, not in another state like Iowa that waives the residency requirements. Recent reports published by the Nebraska State Chamber and the Coordinating Commission for Postsecondary Education set goals for growing our workforce both in terms of numbers and skill level, specifically the Nebraska Chamber's Forging Nebraska's Future 2 by 22 initiative challenges us to grow Nebraska's population to 2 million people by 2022. The Coordinating Commission for Postsecondary Education's 2013 Higher Education Progress Report outlines 3 key priorities for our postsecondary education institutions. One, increase the number of students who enroll in a Nebraska college or university. Two, increase the percentage of students who successfully complete a degree. Three, reduce, eliminate, and then reverse the net-out migration of Nebraskans with advanced degrees. LB740 helps both the Chamber and the higher education commission meet these goals of recruitment and degree attainment. Waiving residency requirements for veterans allows Nebraska to recruit and retain student veterans who experience the good life firsthand and want to return or remain in Nebraska and bring their book stipends and monthly living allowances with them. It also allows our universities to market and recruit in Texas, Colorado, and other states with high numbers of separating service members. Because of the workforce development economic development opportunities these students and this bill presents, I ask for your support for LB740. Stan Carpenter will speak next about the state colleges' experience with reducing the difference between in-state and out-of-state tuition for their institutions. We also have with us today others including Martin Dempsey from the Department of Defense and veterans and military spouses who can speak to the experience that this bill will make. I am happy to answer your questions at closing, as their testimony may answer some of your questions. [LB740]

SENATOR SULLIVAN: Thank you, Senator Crawford. Questions? Senator Scheer. [LB740]

SENATOR SCHEER: Thank you, Senator. Just one. I want to make sure I clarify. In your opening remarks you said this covered approximately 150 students, any time period. Was I correct in hearing that? [LB740]

SENATOR CRAWFORD: So we were saying there was 150...let me... [LB740]

SENATOR SCHEER: Or eligible. [LB740]

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SENATOR CRAWFORD: ...150 students who are currently in the university who would be out of state. Let me find that. So that would be, I think it was under that number that we have. So we asked for numbers from the state college, and we asked for numbers from the university system of how many students were veteran students. [LB740]

SENATOR SCHEER: And this only extends it 180 days, am I correct? The... [LB740]

SENATOR CRAWFORD: The bill itself grants residency for in-state tuition. It doesn't necessarily state a limit of months on that. So the G.I. Bills have monthly limits on them. The bill itself doesn't put a time limit on it. It basically says that you would qualify for residency if you get a driver's license and register to vote, so you're establishing a commitment to the residency. And it does have a time limit in the sense that it's only people who have left the military within two years. So that's the only time-limit component in the bill. Does that answer your question? [LB740]

SENATOR SCHEER: Yep, thank you. [LB740]

SENATOR SULLIVAN: Senator Davis, did you have...okay. Senator Avery. Sorry. [LB740]

SENATOR AVERY: Thank you, Madam Chair. Senator Crawford, you know of course that I have an interest in this legislation, but one of the things that we have always grappled with is defining what is a resident. And I note that in some of our material here there is reference to what is intended that...the veteran "has established a home in Nebraska where he or she is habitually present with the bona fide intention of making the state his or her permanent residence, supported by documentary proof." Do you have any idea what kind of documentary proof we're talking about here? [LB740]

SENATOR CRAWFORD: Well, the language in LB740 talks about the...what we're requiring is that you're registered to vote in Nebraska and "demonstrates objective evidence of intent to be a resident of Nebraska." And for the purposes, then we say, the evidence of intent includes either a Nebraska driver's license or state identification card, or Nebraska motor vehicle registration. So the bill defines that intent by those specific items outlined in the bill. [LB740]

SENATOR AVERY: Okay. [LB740]

SENATOR CRAWFORD: Thank you. [LB740]

SENATOR AVERY: I was reading Section 85-502. It doesn't go into that kind of detail. It just says, "supported by documentary proof." So essentially, it's DMV evidence that is the proof. [LB740]

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SENATOR CRAWFORD: And registering to vote. [LB740]

SENATOR AVERY: And registering to vote. Right, okay. [LB740]

SENATOR SULLIVAN: Senator Seiler. [LB740]

SENATOR AVERY: May I follow up? [LB740]

SENATOR SULLIVAN: Excuse me. Sure. [LB740]

SENATOR AVERY: The Yellow Ribbon Program is something that the university has been participating in for a long time. [LB740]

SENATOR CRAWFORD: Yes, they have. [LB740]

SENATOR AVERY: This amendment that you're offering means that the university will not have to give up the federal match on that Yellow Ribbon Program? [LB740]

SENATOR CRAWFORD: That is correct. That is correct. Now I am very pleased that the university worked with us on this amendment. And so we have provided a copy to them and talked to them about that so that it does allow the university to continue to participate in the Yellow Ribbon Program. [LB740]

SENATOR AVERY: And it cuts the fiscal note in half? [LB740]

SENATOR CRAWFORD: Correct. And if you look at the fiscal note, you will see that they were very helpful in putting together the fiscal note in a way that allows us to see exactly what part of the fiscal note is that Yellow Ribbon match. So basically, the amendment wipes out that part of the fiscal note. [LB740]

SENATOR AVERY: Did you find it interesting or odd that the University of Nebraska estimated a cost to this program, but the other institutions did not? [LB740]

SENATOR CRAWFORD: Well, I think that's part of what you're going to hear and be discussing as we discuss this bill. It is the case that I think some colleges have found increased revenues when they open enrollment. And it is also the case I believe that, you know, our strategic plan for the University of Nebraska asks us to move up, you know, is encouraging an increase in enrollment. And so I think the fiscal note mentions there might be added costs from additional enrollment, but I believe we're already trying to push in that direction of increased enrollment. That's really what we're trying to do. So... [LB740]

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SENATOR SULLIVAN: Senator Seiler, did you have a question? [LB740]

SENATOR SEILER: Yes, thank you. Senator Crawford, in your oral testimony just now...objective intent can be demonstrated by, you named two things and then you said, "or." The stuff we have before us says, "and." Do you mean that they have to provide all three of them or any one of those three? [LB740]

SENATOR CRAWFORD: So there are two conditions. The one is to register to vote. [LB740]

SENATOR SEILER: ...obtaining a state driver's license. [LB740]

SENATOR CRAWFORD: Right. And then a second condition which has an "or" in it. So it's to register to vote in Nebraska and to... [LB740]

SENATOR SEILER: No, I think... [LB740]

SENATOR CRAWFORD: ...which is either a Nebraska driver's license or a motor vehicle registration. [LB740]

SENATOR SEILER: Okay. So in your materials it's "or." The stuff we have in front of us says, "and." Okay, it's "or." [LB740]

SENATOR CRAWFORD: Excuse me. I apologize for that. [LB740]

SENATOR SEILER: Thank you. [LB740]

SENATOR SULLIVAN: Senator Kolowski. [LB740]

SENATOR KOLOWSKI: Thank you, Madam Chair. Senator Crawford, I thank you for bringing this forward. I certainly support the concept in where you're going with this, and I hope it will be successful. I had a question back to a couple of your comments. Knowing the mobility in the military and how often families are moved around many times, and there is, in many cases, allegiance to their home state, wherever that might be. And having the stipulations of registering to vote, which means changing your voting location from your home state to this new location and either the driver's license or the motor vehicle registration, might those be a hindrance for those who have an allegiance to, for whatever reason, perhaps property or family or tax situations or whatever else, to their home location, wherever that might be in the country, compared to the base they're stationed at? [LB740]

SENATOR CRAWFORD: Right. [LB740]

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SENATOR KOLOWSKI: I wish there was language that would almost say the base counts rather than... [LB740]

SENATOR CRAWFORD: Right. [LB740]

SENATOR KOLOWSKI: ...motor vehicle registration or something else that (inaudible). [LB740]

SENATOR CRAWFORD: Well, I have good news for you then, Senator Kolowski... [LB740]

SENATOR KOLOWSKI: Good. [LB740]

SENATOR CRAWFORD: ...because we already allow people who are stationed at Offutt to qualify for in-state tuition. So we already have that benefit. [LB740]

SENATOR KOLOWSKI: Okay. [LB740]

SENATOR CRAWFORD: So that's taken care of. This bill really addresses people when they separate, when they retire. And then that case we do want them to have allegiance to Nebraska. So we are trying to actually encourage them to want to stay here after they finish their degree. So on the one hand, yes, if they're here at Offutt we do take care of that. We allow them to have... [LB740]

SENATOR KOLOWSKI: That answered that. [LB740]

SENATOR CRAWFORD: ...in-state tuition, so that's taken care of. This is when they separate,... [LB740]

SENATOR KOLOWSKI: Retirement only. [LB740]

SENATOR CRAWFORD: ...in which case we do want do them to switch their allegiance and want to stay here in Nebraska. [LB740]

SENATOR KOLOWSKI: Thank you. [LB740]

SENATOR SULLIVAN: Senator Davis. [LB740]

SENATOR DAVIS: Thank you, Madam Chair. Senator Crawford, and of course I support the bill, too, but I just wondered if you knew what the residency requirements were currently for the university. [LB740]

SENATOR CRAWFORD: Well, somebody from the university will be up here later. You

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can ask them to make sure that it is correct. It's my understanding that you have to establish residency for at least a year, and it cannot be the case that you came to the state for the purpose of higher education. Now exactly how they determine whether you moved here to go to college or moved here for another reason, I don't know. Perhaps they can answer that question. But at a minimum, I think you would need to be here for a year before you are able to, again, get that G.I. benefit and get your education started. So also, you can imagine if the G.I. benefit for the veterans, the G.I. benefit pays for their rent and books. So if they were able to start right away, they were get a place to live and jump right in. Otherwise they'd have to pay for rent or, you know, pay to live here for a little bit before that benefit kicked in. [LB740]

SENATOR DAVIS: And then one other question, and I understand the purpose of the amendment. It looks to me as though the federal government might have an issue with an amendment like this. Any idea on that? [LB740]

SENATOR CRAWFORD: No, we haven't had any... [LB740]

SENATOR DAVIS: Essentially, what you're going to do is say to the feds is, well, you are going to pay out-of-state tuition for these, but we're going to... [LB740]

SENATOR CRAWFORD: Right, it's designed to...the program is designed to address the situation that veterans are in if they cannot...you know, if they need to pay that difference. We do have someone coming from the Department of Defense after me, so you can ask that question to him. Thank you. [LB740]

SENATOR DAVIS: Okay, thank you. [LB740]

SENATOR SULLIVAN: Senator Crawford, just to clarify, you're extending this benefit to not only the veteran but the veteran's spouse and dependent. [LB740]

SENATOR CRAWFORD: Correct. [LB740]

SENATOR SULLIVAN: But the residency requirements would revolve around the veteran himself or herself? [LB740]

SENATOR CRAWFORD: Correct, correct. [LB740]

SENATOR SULLIVAN: Any other questions? Will you be here for closing? [LB740]

SENATOR CRAWFORD: I will. Thank you. [LB740]

SENATOR SULLIVAN: Okay, thank you very much for your testimony. [LB740]

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SENATOR CRAWFORD: Thank you. [LB740]

SENATOR SULLIVAN: Welcome. [LB740]

STAN CARPENTER: Thank you. Senator Sullivan, members of the committee, I'm Stan Carpenter, S-t-a-n C-a-r-p-e-n-t-e-r, and I am the chancellor of the Nebraska State College System. And I am here today in support of Senator Crawford's bill, LB740, which as we've just heard would provide in-state tuition rates for recently separated military veterans and their spouses and dependents. We filed a fiscal note in this matter, which you may have before you, which indicates that from our perspective and our system there would be very little impact from this bill for us financially. And the reason for that, as you may know, two of our institutions, that is Peru State College and Chadron State College, have effectively done away with out-of-state tuition. Now there are some subtle nuances to that that I don't need to get into, but Peru, in 2008, established its One Rate, Any State program, which says to students from out of state, come to our institution, live on campus, take a full load on campus, and we'll provide you in-state tuition rates. Since that time, the out-of-state enrollment has increased by about 38 percent. This past spring, Chadron came to the board and asked for a similar kind of program, a little different but, in essence, pretty much the same. And so they began this program for this past fall, and they've seen a 13 percent increase in their out-of-state credit production at Chadron as well. So we think these are good programs and ways to get folks from out of state and to our institutions and hopefully to stay in Nebraska. Wayne State still maintains an out-of-state tuition rate, but in discussions with their president and folks at the college, they really believe that this program that Senator Crawford is proposing would be beneficial. And they would support it, and they would like the opportunity to recruit students recently separated from the military and to provide the option for them and the opportunity for them to be educated at Wayne and believe that that benefit to those folks who have served the country so well would far outweigh any loss of potential revenue. They do have--that is at Wayne--there is a program that is effective at the South Sioux City College Center. You may recall that the Nebraska State College System and Northeast Community College partnered several years ago to build a building in South Sioux City to offer courses and programs there from the community college and from Wayne State. Wayne State came to the board two years ago now and asked for a similar kind of program, which is called the Bridge Program. And so students who are taking courses or programs from Wayne at the South Sioux City center from South Dakota and Iowa, coming across the bridge if you will, hence the name Bridge Program, are charged in-state tuition for those programs at South Sioux City as well. So we are familiar with this kind of program. We have seen positive effects from this kind of program in the Nebraska State College System, and that's one of the reasons that we support this. But we also support this bill because we work very carefully with veterans around the Nebraska State College System. And let me just give you a few examples of that and then I'll close. Currently, resident tuition and fees and all of our on-line rate charges are covered by the G.I. Bill as long as the

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veteran is entitled to those benefits. We market our programs to the military personnel and to their dependents, including degree completion options. All three colleges have earned the recognition as military-friendly institutions by those publications and organizations in the military that make such designations. All three colleges participated in the Yellow Ribbon Program when it was appropriate for them to do so. Chadron State especially works closely with the National Guard in Nebraska and in South Dakota and in Wyoming to recruit soldiers and their dependents and their children and their spouses through recruiters and through unit visits. The college also participates in military college fairs on active duty installations in Colorado and Wyoming. And it also has materials in those active installation sites in Nebraska and Wyoming and Colorado, Nevada, New Mexico, and South Dakota. Peru State has a program called the MAP program, Military Appreciation Program. And it says to folks in the military currently or discharged or in the National Guard and to their spouses and dependents, come to Peru, and your first course is on us. There's no charge for that course. It also offers a very important completion program through the bachelor of applied science program, which is offered on-line and is tailored to the kind of courses and lifestyle that military folks who move around the country and around the world need. We serve about 200 students who are either in the military or mostly spouses and dependents at our institutions, and we do it well. We're proud of what we do, and we're proud to serve those veterans. And that's why we're in support of this bill. And I'd be happy to answer any questions you might have. [LB740]

SENATOR SULLIVAN: Thank you, Stan. Any questions? Thank you for your testimony. [LB740]

STAN CARPENTER: Thank you very much. [LB740]

SENATOR SULLIVAN: Welcome. [LB740]

MICHELLE WAITE: Thank you. Thank you. Good afternoon, Senator Sullivan. [LB740]

SENATOR SULLIVAN: Are those handouts that you have? [LB740]

MICHELLE WAITE: Yes, they are. [LB740]

SENATOR SULLIVAN: Okay. [LB740]

MICHELLE WAITE: (Exhibit 2) I'm sorry...and members of the Education Committee. My name is Michelle Waite, M-i-c-h-e-l-l-e W-a-i-t-e, and I'm the assistant to the chancellor for community relations at the University of Nebraska-Lincoln. I'm here to speak in support of LB740 with the amendment that Senator Crawford has introduced. I represent the university system through my roles on our legislative liaison team. I cochair the UNL campus Student Veterans Task Force. I'm the liaison for our campus

ROTC programs, and one thing that I think is probably most important is I'm a mother of an active duty serviceman. The University of Nebraska takes our approach to service members and veterans very seriously, and there is active consideration and discussion at all levels of the university on the needs of the military and veteran students when making decisions about policy, programs, and services. We realize that our veteran students enrich our campuses by providing a very different perspective based on their military experience, even though many student veterans may be the same age as undergraduates that haven't served their country. As you know, this legislation would provide in-state tuition to veterans, their spouses, and dependents if the veteran has been off active duty two years or less. The veteran must be registered to vote in Nebraska and demonstrate an intent to live in the state. We appreciate Senator Crawford's legislation as we believe this is part of her broader effort and commitment to review the many programs that serve our military and their families. Senator Crawford's amendment to LB740 recognizes the importance of the federal Post-9/11 G.I. Bill Yellow Ribbon Program for nonresident veterans and assures that the University of Nebraska will be able to continue to participate. Since 2009, all University of Nebraska campuses have participated in the Yellow Ribbon program with maximum benefits and no restrictions for undergraduates. Up until this year, the University of Nebraska was unique in that we were the only Big Ten university that provided this benefit. All service members who served at least 36 months after September 10, 2001, and were honorably discharged are eligible for the maximum benefit of the Yellow Ribbon Program. Participation in the program by a public or private institution is voluntary. For nonresident veterans who attend the University of Nebraska, Yellow Ribbon covers the difference between resident and nonresident tuition, with Veterans Affairs paying 50 percent and the university paying 50 percent. An active duty member of the service may transfer this benefit to the dependent but not a spouse. Those not on active duty can either use the benefit or transfer it to a dependent or the spouse. In essence, the senator's amendment would require that the eligible veteran or dependent utilize these federal benefits first, assuring that the university could still receive the funding from the Veterans Administration. We realize that the fiscal note is larger than one might expect, though it is important to keep in mind that the fiscal note is drafted based on the bill as introduced. When drafting the note, we found it very difficult to determine how many veterans, dependents, and spouses would take advantage of the program. Currently, spouses cannot take advantage of the Yellow Ribbon Program if their spouse is on active duty. And we have a number of veteran students who are currently paying full, nonresident tuition rates, or they take advantage of UNO's Metropolitan Advantage Program. It is also important to note that the fiscal note of LB740 will vary dramatically depending on eligibility criteria. Senator Crawford's amendment reduces the fiscal impact significantly, although there may still be a funding gap. Deciding whether or not to provide the benefit to dependents and spouses who are not eligible for the Yellow Ribbon Program is certainly up to the Legislature, although we would respectfully request that the state consider funding that difference. One thing that might be of interest is how the University of Nebraska-Lincoln compares to other Big Ten

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institutions. After LB740 was introduced, I polled my colleagues and found a real variety of restrictions, especially with dependents and spouses. In most cases, dependents and spouses were required to live in the state for which they are enrolling in higher education. Other situations only provide in-state tuition for the veteran. By University of Nebraska Board of Regents' policy, all active-duty military and family stationed in Nebraska are currently eligible for resident tuition. In the past years, the University of Nebraska has continued to reach out to veterans with new services and policies system wide. All UNL campuses have signed the U.S. Department of Defense Voluntary Education Partnership, are Servicemembers Opportunity Colleges, and are ranked in the top 20 percent of military-friendly schools by G.I. Jobs. Through the University of Nebraska on-line Worldwide, the university is providing on-line programs to military and veteran students. The University of Nebraska was one of the first 100 students (sic) to sign onto the national Got Your 6 campaign to support successful transitions for veterans. In 2012, UNO established a USO MaV office on campus to provide a one-stop student services office to directly assist veterans and their families. Several years ago, UNL recognized the need to better coordinate services for our veteran students and created a student veterans task force, which is hosting programs and making policy recommendations. UNMC has maintained a longstanding partnership with the VA Nebraska-Western Iowa Health Care System and is a partner for the DOD Interservice Physician Assistant Program. UNK accepts ACE-approved credit and are involved in strategic discussions that continue regarding how UNK can more effectively serve this population. I am speeding up my testimony here, as you can see. I'll just conclude. In conclusion, the University of Nebraska cares deeply about our veteran students. While all of the campuses are recognized in a number of national military-friendly publications or listings, I can assure you that we understand that it is within the context with which we operate to make the college experience embracing and meaningful for veterans. The University of Nebraska is invested in the success of our students, and we understand that the cost of nonresident tuition can be a hindrance for veterans to return to college. The legislation complements the Affordability Compact adopted by the Legislature last year as a tool to assist this important population to realize their educational goals. I'd be happy to try to any questions at this time. [LB740]

SENATOR SULLIVAN: Thank you, Michelle. Any questions for her? Senator Cook. [LB740]

SENATOR COOK: Thank you, Madam Chair, and thank you, Michelle, for coming today. Can you tell me whether or not the university...the G.I. Bill at the university covers any developmental classes that a student might need, especially since the Legislature is considering including veterans' spouses and their dependents. [LB740]

MICHELLE WAITE: Can you define what you would refer to as developmental... [LB740]

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SENATOR COOK: Let's say they want to go into an engineering program of study and begin that and work toward that, but they don't have the arithmetic on their transcript. [LB740]

MICHELLE WAITE: I believe so. If it's any type of class with which they are eligible for, for the Yellow Ribbon Program, and that eligibility is determined by Veterans Administration, if that class is offered on campus, I believe they... [LB740]

SENATOR COOK: Okay. [LB740]

MICHELLE WAITE: I can double-check that for you. [LB740]

SENATOR COOK: Would you, please? [LB740]

MICHELLE WAITE: But I don't know...yeah, I don't know any reason why not. [LB740]

SENATOR COOK: ...because I'm doing some research also related to veterans... [LB740]

MICHELLE WAITE: Sure. [LB740]

SENATOR COOK: ...and developmental classes. So I would like to know that. [LB740]

MICHELLE WAITE: You bet. If the class is offered on campus, I don't think there's restrictions on what type of classes they take. [LB740]

SENATOR COOK: All right. [LB740]

MICHELLE WAITE: But I can double-check that. Now I do know that we've had...in fact, we have a young man serving on our veterans task force at UNL that has specifically been told in his orders that he has to go through a certain master's degree program within his orders received by the Department of Defense. So in that case I know he's going through our engineering program. So that is specific to that certain case. [LB740]

SENATOR COOK: Right, and I would be more concerned for someone perhaps... [LB740]

MICHELLE WAITE: ...who doesn't have their math skills. [LB740]

SENATOR COOK: ...who's not been a career veteran. [LB740]

MICHELLE WAITE: Yep. Nope, I understand. [LB740]

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SENATOR COOK: Perhaps he or she served a couple of years and is ready to embark on a new career, but isn't quite there with the coursework or the tests to enter programs of study, whether or not Yellow Ribbon or G.I. pays for that. [LB740]

MICHELLE WAITE: I'd be happy to check on that. [LB740]

SENATOR COOK: Thank you. [LB740]

MICHELLE WAITE: You bet. [LB740]

SENATOR SULLIVAN: Michelle, I'm...Senator Davis, go ahead because you may be asking the same question I started. [LB740]

SENATOR DAVIS: No, you go ahead. [LB740]

SENATOR SULLIVAN: Well, I'm reflecting on Senator Davis' comment earlier, do you know that if this...if you've got a green light with this amendment of Senator Crawford's, that the Yellow Ribbon Program will not be in jeopardy with this legislation? [LB740]

MICHELLE WAITE: Yeah, we're comfortable with the drafting of it. I've passed it on to two or three people on campus, that there should not be a problem. [LB740]

SENATOR SULLIVAN: What about conversations with the program at the federal level? [LB740]

MICHELLE WAITE: I have not had conversations with the program at the federal level. But I don't know why this would be an issue now. We've adopted it already. We currently participate in it in a voluntary process, voluntarily I should say. [LB740]

SENATOR SULLIVAN: Okay, Senator Davis. [LB740]

SENATOR DAVIS: Michelle, can you...thank you...on your first page, I'm just a little bit confused. On the last paragraph you talk about nonresident veterans who attend the University of Nebraska. Yellow Ribbon covers the difference between resident and nonresident tuition with Veterans Affairs paying 50 percent and the University of Nebraska paying 50 percent. [LB740]

MICHELLE WAITE: Yes. [LB740]

SENATOR DAVIS: So we'll say, resident tuition is \$10,000 and nonresident is \$20,000, then University of Nebraska is putting in \$5,000 towards the... [LB740]

MICHELLE WAITE: Yes, and the VA is putting in \$5,000. [LB740]

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SENATOR DAVIS: The VA puts in \$5,000. Okay, and that... [LB740]

MICHELLE WAITE: Yes. That's the difference. [LB740]

SENATOR DAVIS: That's the difference. [LB740]

MICHELLE WAITE: That's part of what's been addressed in the fiscal note and with the amendment. [LB740]

SENATOR DAVIS: And your residency requirement is a year. [LB740]

MICHELLE WAITE: As far as Yellow Ribbon or... [LB740]

SENATOR DAVIS: Well, as far as being a resident student at the University of Nebraska. [LB740]

MICHELLE WAITE: We were just having a conversation about this. There are several different criteria. And I knew this question would come up, and I forgot to look it up before I came here. [LB740]

SENATOR DAVIS: I got you. [LB740]

MICHELLE WAITE: There are several different...many, many different types of residency requirements in statute and Board of Regents policy. One of the key residency requirements is that they've graduated from high school in Nebraska actually. That's one of the core residency requirements. I'd be happy to find that whole laundry list for you, if you're interested, on the different residency requirements. [LB740]

SENATOR DAVIS: I think it'd be interesting to see that. [LB740]

MICHELLE WAITE: You bet. [LB740]

SENATOR DAVIS: Maybe it needs to be standardized across the line. And how do you...when you came up with the fiscal note,... [LB740]

MICHELLE WAITE: Yes. [LB740]

SENATOR DAVIS: ...you identified students that you already had. Did you plan on any additional students in this count? [LB740]

MICHELLE WAITE: Yes, in that the fiscal note was very difficult to assess. Yes, that is part of the reason for the larger fiscal note, especially if you note the \$400,000 in the

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fiscal note, that specifically talks about what we estimate full-paying nonresidents that aren't eligible for Yellow Ribbon Program that would come in, as well as those individuals still here. We have a number of students that pay nonresident tuition now that are not eligible for the Yellow Ribbon Program. [LB740]

SENATOR DAVIS: ...but would be with this bill. [LB740]

MICHELLE WAITE: They would be with this bill. That's correct. That's the loss. Correct. [LB740]

SENATOR DAVIS: And did you project that you might pick up some additional students once this takes place... [LB740]

MICHELLE WAITE: I think no doubt. [LB740]

SENATOR DAVIS: ...which would offset some of that loss? [LB740]

MICHELLE WAITE: I think there's no doubt. As you know, we drafted it with the bill as introduced. You know, while the Legislature does their budget on a two-year cycle, we do our annual budget. And so we just budgeted for what we would lose this year if this bill would pass. But I think it's no doubt that this is definitely a recruitment tool. [LB740]

SENATOR DAVIS: Thank you. [LB740]

SENATOR SULLIVAN: Senator Scheer. [LB740]

SENATOR SCHEER: Thank you, Senator Sullivan. Going back to Senator...the cost at \$20,000 for out-of-state, \$10,000 for in-state, there really is no additional cost to the university though, is there? [LB740]

MICHELLE WAITE: We waive...we consider it a loss. We waive that... [LB740]

SENATOR SCHEER: No, my question is more specific. Is there an additional cost to the university for one or the other student? [LB740]

MICHELLE WAITE: If it was a brand new student that came under...if this bill passed and if it was a brand new student that enrolled in the university, there would be no cost. [LB740]

SENATOR SCHEER: No, you're missing my point. Let me rephrase it so that...a student that...any student...I'm either...Senator Davis may be paying in-state, I'm paying out-of-state at \$20,000. [LB740]

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MICHELLE WAITE: Okay, okay. [LB740]

SENATOR SCHEER: Is there a difference in cost to the university to educate him for those hours or educate me for those hours? [LB740]

MICHELLE WAITE: Understand...no. [LB740]

SENATOR SCHEER: Okay. So the only reason I'm bringing that up is you mentioned in your opening that you would appreciate the Legislature paying the difference of those dollars. From, I think, my vantage point there is no difference in dollars. If you're receiving tuition dollars, they should compensate you for the work that you're doing and those that you may get only half of the difference between that you've noted in your opening, is still 50 percent more than you're receiving on like students. And so I'm not trying to nitpick... [LB740]

MICHELLE WAITE: No, I understand what you're saying. [LB740]

SENATOR SCHEER: ...but it's a little disconcerting when we start talking about loss of revenue that's really not a loss of revenue. [LB740]

MICHELLE WAITE: Actually, in this case it is. At least we estimate that it will be. Please keep that in mind that we estimate it will be because we're basing this on students that currently pay nonresident rates. Not the resident students, but we're basing this on the students that pay the nonresident rates. It's strictly an estimate. [LB740]

SENATOR SCHEER: Okay, thank you. [LB740]

SENATOR SULLIVAN: Any other questions? Senator Kolowski. [LB740]

SENATOR KOLOWSKI: Just a comment. Please thank your son for his service as well. [LB740]

MICHELLE WAITE: Yeah, thank you. [LB740]

SENATOR KOLOWSKI: Thank you. [LB740]

MICHELLE WAITE: Thank you. [LB740]

SENATOR SULLIVAN: Thank you, Michelle. [LB740]

MICHELLE WAITE: Thank you. [LB740]

SENATOR SULLIVAN: Hello. [LB740]

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ADAM MORFELD: Good afternoon, members of the committee. My name is Adam Morfeld; that's A-d-a-m M-o-r-f-e-l-d, and I'm the executive director of Nebraskans for Civic Reform. We're here to testify in support of LB740. Our organization works with returning veterans to ensure that they have job-readiness services and are also aware of their benefits when they return, which is one of the reasons why we're interested in this bill today. The other reason why I'm here to testify is not to talk about that or belabor other points that have been made, but my father was a Marine for 26 years. And what happened was he was stationed all throughout the country: California, South Carolina, and Michigan. My mother and my father were both born and raised here in Nebraska, and when my father enlisted in the Marine Corps here in Lincoln, he was of course stationed all over the world and all over the United States. So I spent some time living in Lincoln, Nebraska, when our paths would cross in Lincoln and he would station here. But what happened was I returned to the state, which is where my entire family is, and I was no longer eligible for in-state residency or tuition. And so I decided to go to the university here because I did receive some scholarships, but they did not offset the amount that I had to pay in out-of-state tuition. And my whole family was here so I wanted to return to the state of Nebraska for undergraduate and law school. I went through my student loans and my bills, and this legislation would have saved me \$40,000 overall, \$40,000 that I'm now paying mostly in student loans. So I just want to urge all of you to take that into consideration. I did in fact decide to come regardless. But I can guarantee you the student discount on football tickets did not offset (laughter) the amount of money that I would have saved if I would have gone to another state that if I would have had resident tuition. I did eventually end up getting residency in law school. However, it was not through any provision concerning military or my father's service. So I just want to give you a real-life example. I think a lot of students probably would forgo going to the university here and try to find a cheaper option in a different state where they're qualified and that there are a lot of students and a lot of young people who really do want to return to Nebraska where their family is, where their roots are. And I'd urge you to support this legislation. I'd be happy to answer any questions. [LB740]

SENATOR SULLIVAN: Thank you, Adam. Questions? Thank you very much. [LB740]

ADAM MORFELD: Thank you. [LB740]

SENATOR SULLIVAN: Welcome. [LB740]

ROBERT SCHAFFER: Thank you. Good afternoon. My name is Rob Schaffer, R-o-b S-c-h-a-f-e-r, and thank you for having me today, and thank you for your service to our state. I'm here on behalf of the Nebraska State Chamber of Commerce and Industry along with the Omaha Greater Chamber in support of LB740. I'd like to thank Senator Crawford for introducing this legislation and for her support of the entire military

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community. I'd like the record for today to reflect that I am appearing on behalf of those entities and organizations. I'd like to continue with stating that by offering in-state tuition to our recently separated service members, it's a solid investment for growing enrollment at our Nebraska higher education institutions and then for expanding the state's availability of trained and highly skilled workers. Last year, the Chamber's Forging Nebraska's Future initiative identified the availability of qualified labor as a top concern among Nebraska employers. In fact, 2013 Nebraska Chamber of Commerce survey found that more than half of the nearly 450 surveyed, 52 percent exactly had experienced difficulty in hiring qualified employees during the past year. More than one in four respondents said the lack of available labor or skilled employees was a key issue limiting their growth. The pending retirement of baby boomers will further compound this problem. As a result, a growing number of Nebraska businesses are choosing to grow their operations in other states or other countries or not at all. Successfully recruiting larger numbers of military veterans can and should be part of Nebraska's overall development strategy. The unemployment rate among veterans well exceeds the national average, especially among those between the ages of 18 and 24. Likewise, the federal budget sequestration, looming budget reductions, and troop demobilizations will necessitate a major reduction in the military force in the coming one to three years, leaving many members to make decisions about their personal and professional futures. Some Department of Defense sources suggest, for example, that more than 1,000,000 positions will be eliminated from the Army over the coming 24 to 36 months. While these military separators possess unique talent and skills, many of them are also very interested in starting and furthering their education. The G.I. Bill available to military veterans only reimburses in-state tuition costs and offers a small monthly stipend for former soldiers, airmen, and seamen looking to return to school. Making in-state tuition available to all veterans, that will help to attract some of the best and brightest to our state following their service. No slight to Marines, I should have added the word Marines there. In today's higher education environment, which has such a large amount of scrutiny about student loan debt, these soldiers and military members are a good investment. The Nebraska Chamber recently announced plans to organize business and stakeholder participation in job fairs at targeted military bases facing large numbers of both voluntary and forced separations, the first one of which will be February 20, in Lawton, Oklahoma. I believe that's Fort Sill. Several higher education institutions have already agreed to participate in these important marketing events as part of their outreach. As we collaboratively prepare Nebraska for the next generation, we encourage you to address our pending workforce shortages through adoption of LB740. Let's do everything we can to make Nebraska the preferred destination for those individuals retiring or separating from the military. Thank you again for allowing me to share my comments with you today. I'd be happy to answer any questions that you may have. [LB740]

SENATOR SULLIVAN: Thank you, Mr. Schafer. Any questions? Could you tell me again what the unemployment rate is among veterans? [LB740]

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ROBERT SCHAFER: Exceeds the nation's average, double, it's about double the national average. [LB740]

SENATOR SULLIVAN: Okay, all right, very good. Any other questions? [LB740]

SENATOR COOK: I had a question. [LB740]

SENATOR SULLIVAN: Senator Cook. [LB740]

SENATOR COOK: Yes, thank you. And when you say it exceeds the national average, doubling the national average, was that for the group years 18 to 24 or any and all veterans? [LB740]

ROBERT SCHAFER: I believe that's for any and all veterans, but the age group between 18 and 24 is especially problematic as far as finding suitable employment for those individuals. [LB740]

SENATOR COOK: Thank you. [LB740]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LB740]

ROBERT SCHAFER: Thank you. [LB740]

SENATOR SULLIVAN: Hello. [LB740]

DENNIS BAACK: Senator Sullivan, 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 am the executive director of the Nebraska Community College Association here to appear in support of LB740. We feel very strongly...I really want to agree with the testimony that was just there about building our workforce in Nebraska. I think that's really important, and that's one of the main missions of community colleges is to build that workforce. And if we can get some of these veterans who have some very specific kinds of skills that fit very well with our programs and stuff, we want to try to encourage them to come to Nebraska, build our population up in Nebraska. And we did have some difficulty in trying to provide a fiscal note for this. I mean, I think our fiscal note showed that if we simply looked at the students that are there now that would...their tuition would be reduced to in-state tuition from out-of-state tuition, I think it amounted to about \$40,000 or something, overall. But our view is, is that if this brings people in, we're going to increase the amount of tuition we get. We probably wouldn't get any tuition from them if we didn't have a program like this. We're going to get some increased tuition from those folks. It's going to be in-state tuition, but we're still going to see more students, and we're also going to see some better people to help us develop a workforce. So that's why we are in very strong

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support of LB740. With that I'd be happy to answer questions. [LB740]

SENATOR SULLIVAN: Very good. Senator Davis. [LB740]

SENATOR DAVIS: Dennis, just the other day in the Omaha paper it talked about the fact that Nebraska is back to the point where we're exporting college graduates from this state. [LB740]

DENNIS BAACK: Uh-huh. [LB740]

SENATOR DAVIS: So is the problem that we don't have the jobs or the people aren't trained for the jobs that are here? [LB740]

DENNIS BAACK: I think it's that we don't have the proper skills with the people who are here. I think that's part of it. Part of it is wages; that's always a part of it. If they can get better wages in other places, they're going to move to those. But for community college graduates, we really don't have as much a difficulty as they do with the four-year institutions. We keep most of our students here. Over 90 percent of our students stay in Nebraska and 80-some percent of those stay in the area where they're educated. So we don't have as much of that just because so many of our students, when they come to us, are fairly place-bound anyway. They're kind of fit right in where they are, and they stay in those communities. So we don't have as much of a problem with that. But I think if we get the right skills and stuff I think there are lots of jobs out there available in this state if they have the right skill set. We need to work with them to get the right skill set. [LB740]

SENATOR SULLIVAN: All right. Thank you for your testimony. [LB740]

DENNIS BAACK: Thanks. [LB740]

SENATOR SULLIVAN: Welcome. [LB740]

DOUGLAS BOLDT: (Exhibit 3) Thank you. Chairperson Sullivan and the Committee on Education, thank you for the opportunity for me to come before you on this hearing of LB740. My name is Douglas Boldt, D-o-u-g-l-a-s B-o-l-d-t. I'm a past state commander of the American Legion here in Nebraska, as well I sit on the national level of the American Legion as a vice chairman of the National Legislative Council. I come before you on behalf of nearly 36,330 Nebraska Legionnaires who continue to advocate for our veterans and the opportunity for them to receive a quality education. The Servicemen's Readjustment Act of 1944 started the process for which veterans can have the opportunity to receive an education from an institute of higher learning, IHL. The Post-9/11 G.I. Bill continues to provide that opportunity. However, we must continue to improve these opportunities, and LB740 does that and much more. Out-of-state or

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nonresident tuition is often two to three times that of in-state tuition. For example, a student enrolled at the University of Nebraska for 15 hours and for 2 semesters would pay \$8,060 while a nonresident would be billed \$21,388 for the same tuition and fees. This bill would be a \$13,328 savings to the veteran. Yellow Ribbon Program contributions are provided at the discretion of the IHL but may not be available to all veterans. Twenty-six states have recognized that waiving the time required to establish residency for tuition purposes benefits that state. Nine states approved legislation for this issue in 2013. The American Legion is proud to support this effort in Nebraska. States can attract veteran students based on suitability of degree requirements and not necessarily on affordability. Their G.I. Bill directly pays the IHL for in-state tuition rates. We see the veteran taking advantage of this bill and becoming long-term, productive citizens of the state of the Nebraska. Their service to this nation is an indication of their ability to be a valued Nebraska citizen. States that do not offer such consideration may inadvertently incentivize veterans to take their tuition benefits and potential long-term contributions to a state that allows them to establish residency for tuition purposes. The American Legion supports the evidence of residency required in this bill called for the veterans to register to vote in Nebraska, to obtain a Nebraska driver's license or an identification card, or a Nebraska motor vehicle registration. States can eliminate any loss of revenue to state institutions by designating that new veterans have the opportunity to compete for existing in-state tuition slots as opposed to the institution giving up an out-state admission but would have to compete for entrance like anyone else. Finally, the American Legion applauds this bill for including the veteran's spouse or dependent for same-residency recognition. Again, Senator Sullivan and committee, thank you for this opportunity and time you have allowed me. And I would certainly take any questions. [LB740]

SENATOR SULLIVAN: Thank you, Mr. Boldt. Any questions? What conversation and connection does the American Legion make with returning veterans? And do you have a lot communication with them so that you can make them aware of these kinds of things? [LB740]

DOUGLAS BOLDT: Yes, we do. As a matter of fact, as you may be aware, the American Legion is the strongest veteran service organization in the world. And so we have opportunities, and we get together at things like conventions and districts and states and counties, and we propose programs that are available to these veterans. [LB740]

SENATOR SULLIVAN: Okay, thank you. Any other questions? Senator Scheer. [LB740]

SENATOR SCHEER: Thank you, Senator. Mr. Boldt, I'm curious in...I'm trying to find it. You said that the state had the...the colleges had the ability to provide the additional funding. It was at their discretion, the Yellow Ribbon dollars. [LB740]

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DOUGLAS BOLDT: Yes, you've been hearing that all afternoon. [LB740]

SENATOR SCHEER: But I mean it's at the institution's discretion if they want to provide the funding to that service person? Not every service person automatically qualifies for it? [LB740]

DOUGLAS BOLDT: I am not sure on who would or who would not be qualified, but yes, I understand that that's a possibility. [LB740]

SENATOR SCHEER: Okay, thank you. [LB740]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LB740]

DOUGLAS BOLDT: You're welcome. [LB740]

SENATOR SULLIVAN: Welcome. [LB740]

PAUL COHEN: (Exhibit 4) Thank you, Chairman. Chairperson Sullivan, members of the Education Committee, my name is Paul Cohen, P-a-u-l C-o-h-e-n. I'm here today as the past second vice chairman of the Military Officers Association of America, a member of the board of the 370,000-member organization, over 27,000 of whom claim Nebraska as their home state. I've also been a past president of the Omaha and Bellevue chapters of MOAA. We're here in support of this bill. You've heard great testimony so far. I will not repeat that. Let me just say that I think one of the overriding issues here is there is competition as I think you've heard, among the states to acquire veteran students utilizing the G.I. Bill. That competition continues to grow. It get tougher every day to attract students into the university system or state college system in competition with other states, particularly those of our neighbors. The passage of this bill would make us definite players in that arena and enable our college recruiters to have one more tool in their toolbox to attract those students and keep them here in the state of Nebraska. We think that's a good investment. We think that that investment will pay over time in trained workers to be in our economy who might otherwise not have been here. It makes good economic sense as well. If you can put a student in a chair at in-state tuition rather than having that chair empty, that has got to be good news for the institution. We support the bill. We support the amendment that Senator Crawford has put forth. And we definitely support the extension of this bill to include spouses and dependents as the G.I. Bill does, with the veteran being first user. We think that's just good business. It puts us on the map. And as what you may hear from Mr. Dempsey a little later on, there is a scorecard about all this stuff. We are known as a military-friendly state, but there are marks on the map for particular issues that come up red. Now red is our color in Nebraska, but on that map that's not a good color to have. That means we have not been part of a program. This is one of those issues that is a top issue for consideration that people keep score. And it's good to have Nebraska on the right side

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of that scorecard, being one more feather in our cap as a military-friendly state. As an aside, these particular issues are quality-of-life issues across the board and say a lot about Nebraska being a military-friendly state. We say it a lot. This is one piece of a tangible evidence that we are. When basing and mission decisions are made, quality-of-life issues are part--I don't want to oversell that; they are not the whole story. But in a tie-breaking situation, they very well can be part of the decision-making process as to what missions stay or go both for Offutt Air Force Base and our own National Guard. It's good to have a green dot on the board. This is one of those issues that would be good. Again, thank you very much for the opportunity to be here today and visit with you. We thank Senator Crawford for putting this bill forth. I'd be happy to answer any questions that you might have. [LB740]

SENATOR SULLIVAN: Thank you for your testimony. How do we rank on this particular issue with our neighboring states? Do you know? [LB740]

PAUL COHEN: Yes, last. We have no rating because we're not there. Iowa is a participant in this program similar to what this bill provides. I'm going to do it off the top of my head, which is always dangerous. Missouri is part of the program, and there are several others who are around us that do participate and offer this benefit to veterans. When you talk with the recruiters, particularly at UNO, they will tell you that with the phone calls coming in, the question is, do you allow in-state residency? And when the recruiter has to say, no, they say, well, then I guess we'll go to Iowa. It is a decision process. [LB740]

SENATOR SULLIVAN: Okay, thank you. Senator Avery. [LB740]

SENATOR AVERY: Thank you, Madam Chair. General Cohen, thank you for your testimony. You've been a golden voice in support of veterans in our state, and we appreciate that. You suggested that perhaps these kinds of quality-of-life issues, friendliness toward veterans might be taken into account as a tiebreaker for BRAC, base realignment and closure, something that we pay a lot of attention to in the Government Military and Veterans Affairs Committee. Would you elaborate on that? I know they use a scoring system. And this may not be the most important thing they look at, but how would it come into play in such a circumstance? [LB740]

PAUL COHEN: In situations where bases or missions would fit either on Base A or Base B, then we start to look at...or they have in the past started to look at quality of life, participation, community support, state support, citizen support for the military community because when you have a happy troop, you're going to have an effective troop. When you don't, you don't. And so it's always best to go to those places that support their military installation. And so quality-of-life issues then, in that case, become important parts, all other things being equal. The commission has looked at those quality-of-life support issues and made decisions based on community involvement,

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state support, and individual support for the military. And where you have then a question of...again, as I said, all other things being equal, those factors play. It's good to be on the right side of that scorecard. [LB740]

SENATOR AVERY: If you know, how close are we to a new base realignment and closure commission? [LB740]

PAUL COHEN: I don't know, Senator. I think there's a lot of conjecture. When you go to Washington and have that conversation, which we do about three times a year, it depends who you talk to. Beauty is in the eye of the beholder. I think, my opinion only, not anybody's who knows anything, military leadership would welcome it because the overhead is too large to support, Congressional and political leadership, not necessarily so. BRACs are dirty things to mess with. They are very involved. When you get all done, it's probably the perfect solution because nobody likes it. That's the one thing you can get consensus about. But I think when you look at the federal budget and the condition it's in, when you look at the military budget and the inability to get totally the dollars that are required to support it, somewhere along the line in the very near future those very hard decisions are going to have to be met. And base realignment and closure is a way to get there. [LB740]

SENATOR AVERY: Thank you. [LB740]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony, General. [LB740]

PAUL COHEN: Thank you, Senator. [LB740]

JULIA CONVERSE: Hello, my name is Julia Converse, J-u-l-i-a C-o-n-v-e-r-s-e. I'm a military spouse. My husband has been in the Air Force for 11 years. We've moved four times. I've attended four different colleges and universities. I'm currently a student at UNO. I like to say that I'm very educated, and I hold no degree. So, we will move again before I can complete my degree. And we've now decided that it's no longer cost effective to continue transferring every time we move. So I will be, after our next move, will no longer be continuing my education until my husband retires. I'd love to come back and finish it in Nebraska as a resident. We've enjoyed our time here, and we have found the community to be very supportive of military and our needs and our families. The military community, I'm sure many of you know, has unique road blocks towards meeting higher education goals. It goes beyond the cost of education and child care that, pretty much anybody can tell you, can be difficult when reaching for higher education. We have frequent moves or PCSs. Often we move to areas where we're not near a university system, or we're near a university that doesn't actually offer the course of study that we'd like to continue in. I don't necessarily want a general studies degree. I'd like to have something, a degree in something that actually...to put to use in a career

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field. Sometimes our credits don't transfer, or we're told that credits can't be used to fulfill certain requirements of a degree. When I moved here I was told my statistics class would be gladly used as an elective, but I could take it again if I'd like to have statistics count towards a psychology degree. I think that not including spouses and dependents in bills such as this is a huge disservice to the military. Spouses and dependents are often more disenfranchised than their military spouses. When a military member moves, their career often benefits from the move. It's almost never a benefit to a spouse or a child. In closing, extending the residency to military members and their families after their service will directly benefit the section of society that feels constantly marginalized by our government today. The Air Force will be downsizing more than 20,000 airmen over the next few years due to budget cuts to the Department of Defense. And those families will be looking for a place to go. And by extending immediate residency to those families, you give them a chance to finish their goals that they've started by welcoming them into a community that's benefited so much from their sacrifices. That's all. [LB740]

SENATOR SULLIVAN: Thank you, Mrs. Converse. So you've been to several different locations. How many hours have you accumulated? [LB740]

JULIA CONVERSE: I have enough hours that would technically be considered like an associate's level. But then, unfortunately, I've hit a roadblock here even where the degree program I'm trying to finish requires me to enroll full time. It's a full-time program. And I have four children that I'm currently taking care of. They're sitting in the back rather quietly. And that's just not possible at this time. So that's another roadblock often, is not being able to take certain programs at a part-time basis as opposed to full time. [LB740]

SENATOR SULLIVAN: In the course of this, have you taken any courses on-line? [LB740]

JULIA CONVERSE: I have taken many courses on-line, and the University of Nebraska is very helpful. And they have talked to me about taking the classes here that can't be done on-line so if we move again, I can continue taking classes on-line. But then of course, in the degree program that I'm working towards, it requires clinical hours, and that's not going to be a possibility for me specifically. [LB740]

SENATOR SULLIVAN: Okay, thank you. Any other questions? [LB740]

JULIA CONVERSE: Thank you. [LB740]

SENATOR SULLIVAN: Thank you for your testimony. [LB740]

TRAVIS KARR: Good afternoon. I'm Travis Karr; T-r-a-v-i-s K-a-r-r. I am a Marine Corps veteran and currently the director of veteran and military services at Central Community

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College. So I'll be representing Central Community College, also the Nebraska veterans task force, and the Student Veterans of America, national organization for student veterans. At Central Community College, we're currently ranked number one in the nation for veteran and military services for community colleges. That's something we're particularly proud of, but also in 2011, we received a grant through the Department of Education. The purpose of this grant was really to find best practices to better serve veteran students on campus. One of the practices we highlighted was our in-state tuition policy. We implemented this policy in the fall of 2012 and already serve 16 veteran students with that. Now in a lot of these testimonies we talked about the extra burden of out-of-state tuition. I interviewed every one of those 16 veterans, and they wouldn't have attended college in the first place because of that fee. So we're looking at veterans are dropping out before they're even enrolling here. So we go into the fiscal cost of this. Now these are just general numbers, but at Central Community College out-of-state tuition would be around \$500. Looking at that, we look at this as a return on investment. So we waive that fee for all veterans and their family members. And pretty much the criteria is, do you have an honorable discharge? With them, going to tuition...go and be enrolled into the college for the next two years, that tuition is \$6,000. So we're really investing into that tuition part. And we've talked about that monthly housing allowance this Post-9/11 G.I. Bill brings. That's \$16,000 that individual, that one veteran brings into the community to again, pay their bills, their food, etcetera on that. So a lot the stuff...boots on the ground...what I'm getting from our veteran students is they don't understand this out-of-state tuition policy. From the git-go, when they were recruited into the military, during their military service, all the way until they step foot on campus, they don't know that they have to pay out-of-state tuition. They're always told that their education is covered. Also, military housing, and I'm a good example of this. I was a single Marine in California. We didn't have enough military housing, so I was actually forced off base. That changed my state of residency to be California so when I had to return back, fortunately when I went to Iraq, I was able to send bills to my parents' house, and I was able to declare that I was a state of Nebraska resident, so I didn't have to pay that out-of-state tuition. We're currently seeing a lot of military spouses that are bringing their family members back but also their spouse that was in the military as well. So they use their G.I. Bill benefits but also have to pay that out-of-state tuition. And currently, because of the services we offer at Central Community College and our surrounding community right there in Grand Island, Hastings, and Columbus, we're having a lot of veterans...and I like to call it the battle-buddy referral. So they're calling their service members back that they served with in Iraq and Afghanistan, and they're bringing them to Central Community College. Okay, so that creates undue hardship, additional barriers that they're not able to start. And just like those 16 particular veterans, they're not going to start classes. So this is why we're a huge supporter of this bill. And obviously we've been a supporter since we implemented this policy because it reduces the barriers. It gives those veterans the chance to use their educational benefits and ultimately achieve their educational goals, which will improve their lives and impact their community here in Nebraska. We talked

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about graduation rates. At Central Community College, 98 percent of our graduates stay in the state of Nebraska. So with closing that, I'm able to answer any questions, and I can also offer additional insight to previous questions as well. [LB740]

SENATOR SULLIVAN: Okay. Senator Davis. [LB740]

SENATOR DAVIS: Thank you, Madam Chairman. Mr. Karr, I'm just a little bit confused, and I want to kind of get it clearer in my head. Central does have a tuition waiver for military, is that right? [LB740]

TRAVIS KARR: Yes, sir. [LB740]

SENATOR DAVIS: And that's just newly put in place? [LB740]

TRAVIS KARR: Two thousand twelve we put it into place in the fall. [LB740]

SENATOR DAVIS: So you talked about the \$500 then. So that would be \$500 a semester or a year? Or... [LB740]

TRAVIS KARR: That would be...it's a one-time cost. So at Central Community College to declare in-state residence, once you're out of state first, our period is six months. And it's really based on school. Other schools in this state are a year. So that number, that \$500, was based on one semester. That's the difference between in-state and out-of-state residency requirements there. So... [LB740]

SENATOR DAVIS: So in other words if they came here in August, declared their residency, they'd pay one semester of out-of-state tuition, then they'd be eligible for in state after that. [LB740]

TRAVIS KARR: That's correct. [LB740]

SENATOR DAVIS: Okay. That's kind of why I wanted to...and then tell me about being number one in the nation. Tell me what you did to achieve that. What a commendable, you know, accomplishment. [LB740]

TRAVIS KARR: Well, thank you. I really appreciate that. The year prior we were actually ranked number two, so we implemented a lot a services and programs for our veteran students. And we implemented them on all three campuses and on-line too. So we actually have dedicated veteran and military resource centers where veterans can come hang out, can chill, in their words, play video games, and seek academic resources both on campus; so we have tutors. We also have resources off campus. We invite the VA hospital in. We invite Lutheran Family Services in to do peer support groups. We bring a social aspect to the campus that we've never really seen before. And it's a social aspect

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that was referred before; that's a huge help factor within that. We also provide mandatory boot camp for our faculty and staff so they understand the challenges and barriers that our veterans face returning to college. And this actually has started off with that grant through the Department of Education, and it ended this year. So Central Community College looked at that and, seeing the success of this program, has taken it on to the hard dollars, which pretty much means we went from a Marine Corps of one, so to speak, with myself. Now we expanded our team where we have five actually veterans...hired on a team that serves veterans on all campuses and learning centers and on-line. [LB740]

SENATOR DAVIS: Thank you. [LB740]

TRAVIS KARR: Thank you for your question. [LB740]

SENATOR SULLIVAN: Senator Kolowski. [LB740]

SENATOR KOLOWSKI: Thank you, Madam Chair. Travis, Semper Fi... [LB740]

TRAVIS KARR: Oorah. [LB740]

SENATOR KOLOWSKI: ...and also, thank you for your service. [LB740]

TRAVIS KARR: Thank you. [LB740]

SENATOR KOLOWSKI: Would the vets that you have in school, are any continuing on with their...after their separation from the service, into reserve or other status? [LB740]

TRAVIS KARR: Yes, actually a lot of what I see is they want to get the sense of the military again. So they really have been going into our National Guard units. [LB740]

SENATOR KOLOWSKI: Got it. [LB740]

TRAVIS KARR: As we can see with the G.I. Bill, it's very, very complicated. There's more rules with this Post-9/11 than what we're issuing here right now. We have on-line classes versus full time, part time that could reduce your benefits. And we really focus on the goals. What's your goals? And the aspect in that would be if a service member went off to active duty into National Guard, it's not their best choice to choose that Post-9/11 G.I. Bill. They need to utilize in-state tuition, which is actually changing right now for the National Guard and Reserves. So it's really a challenge, and that's one of the biggest challenges we've seen on campus. And we really tailor that G.I. Bill and their choices, where they want to go. If they want to go to UNL, we're going to tailor and help them understand the benefits. Most schools just do it for them, and they don't understand the complications that goes with that G.I. Bill. [LB740]

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SENATOR KOLOWSKI: Could you be more specific perhaps in writing of the future...to any of us, including the senator's bill today, if you need clarification or assistance to help clean up some paths that would make that responsibility easier? [LB740]

TRAVIS KARR: Yes, absolutely. We have checklists, so I can definitely help out in being of great assistance to that. One of the challenges, Senator Cook, that you mentioned was those classes, those integration classes. [LB740]

SENATOR COOK: Yes. [LB740]

TRAVIS KARR: So we're actually implementing those for veterans themselves, like Intro to College class. The answer to your question is, is the fact that as long as that class goes into their major, it's okay. And the actual college institution has to sign off on that to make sure and certify that that class goes into their major. And that's part of the complication is you choose a set major like business, you cannot take an art class with that G.I. Bill. It will not cover it. You have to take it within your major. Now most veterans don't know that they can switch majors throughout the whole time. And they can also switch institutions, too, and it's not that hard a process. Again, it leads into education about this process. [LB740]

SENATOR COOK: Thank you. [LB740]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LB740]

TRAVIS KARR: Thank you for your time. I appreciate it. [LB740]

SENATOR SULLIVAN: Welcome. [LB740]

MARTIN DEMPSEY: (Exhibit 5) Thank you. Good afternoon, my name is Martin Dempsey, M-a-r-t-i-n D-e-m-p-s-e-y. I, like General Cohen, have had most of my testimony given already. So rather than to repeat or be redundant, I'll just give you the CliffsNotes version. Two years ago, the Secretary of Defense vetted this issue along with nine others as his top-ten key issues that he wanted to work within the states. So the education came out about what the military really wants when they see their veterans separating. When vets were surveyed, the number-one issue that came up that every time was, I want to further my education so I can facilitate securing that civilian job I need to succeed as a civilian. Last year was the first year of introduction. That year, as was stated earlier, over half the states adopted this initiative. To date, it's now 27. We like to see what Nebraska is doing right now. Simply what is going on in Bellevue can be touted as one of the best military-civilian relationships I've certainly seen in the eight states that I have in my region. Nobody can come close to what Bellevue is doing. I think we can continue that through the entire state with this initiative.

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They do a lot of work through the Chamber of Commerce, the civics arena, through the MOAA, through American Legion, who we "partnershiped" with on this issue. And through their help, I think we can say the 27 states now adopted this are going to be off and running. We think that this is just one simple thing that can pass and get the spouses, the military members that are separating completely tuned in to what is going on in Nebraska. As said earlier, military members move a lot when they go from state to state. Oftentimes they love what they see at the state they're leaving. So the entire time they're finishing their tour or they're finishing their time before they retire, they think, I remember what happened at Nebraska. I'm going to go back to Nebraska. And this is going to help facilitate that need should it arise. I've gone off script a little bit here not to be redundant. I simply thank you for this time. I thank you for considering this bill. We think it's very important legislation, both quality of life and also making sure that the transition of more than 70,000 military active duty in the next 5 years will be a successful transition. Thank you for the opportunity again, and I stand ready for questions. [LB740]

SENATOR SULLIVAN: Thank you, Mr. Dempsey. Questions? I guess not. Thank you very much. [LB740]

MARTIN DEMPSEY: Thank you. [LB740]

SENATOR SULLIVAN: Welcome. [LB740]

BEN WICHELT: (Exhibit 6) Thank you. Good afternoon, Senator Sullivan, members of the committee. My name is Ben, B-e-n, Wichelt, W-i-c-h-e-l-t. I am currently a junior at the University of Nebraska-Lincoln and serve in the United States Air Force ROTC program. I am here today presenting this testimony as president of the registered student organization the Big Red Challenge. About last year, two fellow UNL ROTC students had a vision to help disabled veterans. They mustered support from community leaders, fellow UNL students, and former U.S. Senator and former Nebraska Governor Bob Kerrey. The Big Red Challenge was created with the goal to create a scholarship program to assist disabled veterans and the children of fallen service members in their quest for college education. Beyond that, we wish to create a comprehensive transition program that will unite veterans and provide them with opportunities to thrive in the civilian sector. Can you imagine what it must be like to lose a leg or an arm or all of your limbs? At a time when our federal government is cutting promised retirement benefits to veterans who have sacrificed their lives and/or limbs, the great state of Nebraska has an opportunity to step forward and support this bill to offer in-state tuition to veterans. This great state can in return be honorable to our veterans for the huge personal sacrifice they have made. Together we can support their transition from the military to college so that doors will open quickly as they seek a second career and reenter the civilian sector. For a service member, the mission to serve others is a lifelong calling. We witness the incredible sacrifice service members

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make on a daily basis and the transition they must make when their military careers come to an end. Education is a vital first step in a veteran's transition process and acquiring an out-of-state degree is not an easy task to accomplish. Providing in-state tuition will attract more veterans to Nebraska at a time when the state of Nebraska is losing college-educated people. Recent U.S. Census Bureau figures suggest Nebraska lost a net of nearly 8,000 college graduates to migration over a recent 2-year time span with significantly more 4-year degree holders moving out of state than moving in. This is a real brain drain of college-educated Nebraskans when considering that only 25 percent of young people in Nebraska are educated at a college level. A low-cost way of denting the brain drain in the right direction would be to help veterans get their college education in Nebraska. They will be likely to stay, be grateful, and make a positive impact on retention of talent. Consider linking the in-state tuition to the Governor's Hire Our Heroes Initiative, and we will inevitably see an increase in the number of veterans seeking enrollment at the University of Nebraska and increasing percentages of the total number of graduates staying in Nebraska. Lawmakers a year ago allowed a two-year freeze on tuition rates to increase enrollments. Providing in-state tuition to veterans is in alignment with ways to help the University of Nebraska meet its ambitious goals for growing enrollment. Furthermore, when veterans come to college they are more mature due to traveling the world through their military experiences. As a result, veterans can provide peer support to younger students. A great number of freshman students are experiencing independence for the first time. It is up to them when to study, how much to study, and when to make decisions without parental direction. Veterans can more easily mentor the younger generation and serve as mature ambassadors to create a very positive impact within a learning community. History has shown that people who stay in Nebraska for college are more likely to take jobs in Nebraska after graduation. Service members continue to serve when their military careers come to an end. In a 2009 survey, Civic Enterprises, a public-policy organization, found that 92 percent of military veterans of the Iraq-Afghanistan era want to serve their communities when they return home. It's important that Nebraska firms and policymakers pay close attention to the things they can control that could help keep and attract talent, particularly in technical fields that require significant education and training. If we attract veterans to Nebraska for education when their military service ends, we will be attracting those who are already very service driven. In-state tuition for veterans is simply the right thing to do. If the state of Nebraska can welcome veterans with open arms and enable them to discover, explore, and unlock their potential by providing them with an affordable education, the state will more than be rewarded in all ways that can truly not be quantified. It is my hope that the people of Nebraska will honor all veterans from all places and all backgrounds through empowerment, a meaningful and affordable education, and ultimately gainful employment. Thank you. [LB740]

SENATOR SULLIVAN: Thank you, Mr. Wichelt. Any questions for Ben? Thank you and good luck. [LB740]

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BEN WICHELT: Thank you. [LB740]

SENATOR SULLIVAN: Any other proponent testimony? Any opponent testimony? And anyone wishing to speak in neutral capacity on LB740? Senator Crawford for closing. [LB740]

SENATOR CRAWFORD: Thank you again, Chairwoman Sullivan and members of the Education Committee, for this opportunity to appear before you. And I appreciate your time and attention with questions to the people who have come to testify in support of this bill. I also want to thank our state colleges, community colleges, and University of Nebraska for their service to veterans. And I think you've heard about some of those programs today, so I think that's a nice side benefit of the testimony today for you to hear a little bit more about some of those programs that they offer. Let me try to clear up a couple of issues that I think have come up in some of those discussions. The Yellow Ribbon Program is a program that you only qualify for if you qualify for 100 percent of the 9/11 G.I. Bill. So we have people with a 9/11 G.I. Bill at different levels, and only the ones who are 100 percent qualified, which is laid out in the handout that Kaitlin provided for you, are the only ones that would also qualify for the Yellow Ribbon. So we have other people with partial 9/11 Bill benefits who would benefit very much from this bill, who would not be able to qualify for Yellow Ribbon. So it was a whole other group of veterans who might then be able to afford education or had the incentive to finish their education with that in-state tuition level that wouldn't really be able to afford it or would be discouraged and go to some other state at those other levels of eligibility. So it adds up pretty quickly when you look at the out-of-state dollars. Now it's the case that when you asked...Senator Davis had asked a bit about, you know, what would...would they appreciate us doing this in the state. You know, what would be the status of Yellow Ribbon? The Yellow Ribbon Program is still important in Nebraska. I mean, it's important. It is the case that the colleges have to volunteer and step up and do this. So I also want to commend the University of Nebraska and our state colleges for stepping up to do this because they have to offer that matching rate for those who are in the Yellow Ribbon Program. And so I appreciate the fact that they've stepped up to do that. And also we have several of our...the Yellow Ribbon...also, just for your information as a committee, the Yellow Ribbon Program also offers benefits that allow veterans who choose to go to private universities to help pay that difference if the private university offers to do so and step up and match that difference. So we have, in Nebraska, Bellevue University, Creighton University, Nebraska Wesleyan, and Doane are among the private universities who have stepped up to participate in this Yellow Ribbon Program. So the Yellow Ribbon Program has been of value to our state both in the public and private college setting. Now our bill only applies to public colleges because that's where you have the in-state and out-of-state tuition difference. I also want to clarify that, as Michelle noted, the residency requirements are very complicated. But I wanted to clear up that if you begin your education at the University of Nebraska as an

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out-of-state resident, you remain an out-of-state resident. Okay? So we were talking a bit about Central Community College and in their situation, once you began, after six months you kicked into in state. I just wanted to clarify for you that's not the case at University of Nebraska. So that's why the tuition dollars add up so much. If you're going to qualify for residency, you must qualify for residency before you begin your education. So that's a very important distinction to make between the different systems. Many people have already spoken eloquently of the large number of service members who are separating soon. And so that's one of the reasons this is timely to do this now because we have many...with cuts in the military, we have many military members who are leaving. It's also timely because our State Chamber is working very hard with other partners across the state to go to those places where most of these military members are leaving to recruit them to come to Nebraska. And having this bill pass would be an extra tool in their kit to tell people why it's important to come to Nebraska and finish their education in Nebraska and work in Nebraska. LB740 provides an immediate boost to the economy as veterans spend their well-earned federal education benefits in Nebraska, stipends that total approximately \$46,000 over a 36-month period of taxable benefits and also provides a long-term boost as we grow and develop a highly skilled, highly educated workforce in Nebraska. So again, I thank you for your time. If you have any final questions, I can try to answer those. [LB740]

SENATOR SULLIVAN: Thank you, Senator Crawford. So just...go ahead, Senator Haar. [LB740]

SENATOR HAAR: Yeah. Thank you very much. I support the bill, but I'm just curious. It's not uncommon for people, men and women who are not citizens to serve in the military. Would they be covered under this or not? [LB740]

SENATOR CRAWFORD: This bill does not have any language that refers to that, so this bill would not change that. This bill...if you...that's a good question. I guess I don't know for sure the answer to that question. [LB740]

SENATOR HAAR: Okay, it would be interesting... [LB740]

SENATOR CRAWFORD: Let me just stop there because I don't want to say the wrong thing on the record. [LB740]

SENATOR HAAR: Okay, okay. Maybe you could find that out and talk to me. [LB740]

SENATOR CRAWFORD: Sure, I will be happy to do so. [LB740]

SENATOR HAAR: Thank you very much. [LB740]

SENATOR SULLIVAN: And regarding the residency requirements, when you thought

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there's differences among institutions but for purposes of your legislation, they have to start out as... [LB740]

SENATOR CRAWFORD: Thank you for clarifying that. I meant in the absence of our legislation, the residency requirements at the University of Nebraska are that if you start as an out-of-state student, you would continue to be one. All right, so in the case of the bill that we're presenting, then students can qualify to be in-state residents if they have separated within the last two years. [LB740]

SENATOR SULLIVAN: Okay, very good. All right. [LB740]

SENATOR CRAWFORD: So there might this little window where we would have that issue of some people who may have already started. And I trust that we'd be able to work with the University of Nebraska to address that issue for those few students. [LB740]

SENATOR SULLIVAN: Okay, all right, very good. Any other questions? Senator Davis. [LB740]

SENATOR DAVIS: Senator Crawford, just one question. The housing and book benefits are a taxable item? [LB740]

SENATOR CRAWFORD: Yes. [LB740]

SENATOR DAVIS: So are...they appear on their... [LB740]

SENATOR CRAWFORD: What I mean by that is that they receive those stipends to spend them in our community. Right? So there would be sales tax. That's what I mean by that. [LB740]

SENATOR DAVIS: Okay, sales tax. Okay. [LB740]

SENATOR CRAWFORD: Yes, thanks. Thanks for clarification. [LB740]

SENATOR DAVIS: I thought you meant as part of an income tax function. [LB740]

SENATOR CRAWFORD: No, I mean that when they spend them in our state, there are different taxes that would kick in. [LB740]

SENATOR DAVIS: Thank you. [LB740]

SENATOR SULLIVAN: Okay, thank you for your work (inaudible). [LB740]

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SENATOR CRAWFORD: Thank you. [LB740]

SENATOR SULLIVAN: All right. This closes the hearing on LB740 and we'll continue with LB725, and I will turn the Chair over to Senator Scheer. (See also Exhibits 7 and 8) [LB740]

SENATOR SCHEER: Okay, we now open the hearing for LB725. Senator Sullivan. [LB725]

SENATOR SULLIVAN: Thank you, Senator Scheer, and thank you, Education Committee. My name is Senator Kate Sullivan, K-a-t-e S-u-l-l-i-v-a-n, representing District 41. I'm here today to introduce LB725, a bill that amends TEEOSA, the Tax Equity and Educational Opportunities Support Act, by decreasing the local effort rate, LER, for 2014-15 school year from \$1.03 to \$1.00. First, an explanation of the LER and what it does in the TEEOSA formula; the local effort rate is applied to a school district's adjusted valuation to arrive at a yield from that local effort rate, which is the measure of property tax resources, which is used to calculate equalization aid. In other words, irrespective of what the local levy actually is, the LER is what the formula expects to be exacted from the local property tax base. Furthermore, the lower the LER, the more state aid that goes into the formula. So for purposes of LB725, what does that mean in dollars and cents? Under current law, the TEEOSA aid for 2014-15 is estimated at \$899.9 million. With LB725, which lowers the local effort rate, aid increases by \$35.7 million for a total \$935.6 million. The amount currently appropriated is \$940.2 million. So why is it important to do this? Well, first and foremost, the only reason that we did not return to the \$1.00 LER last year as originally scheduled was that we simply didn't think we had the money; we couldn't afford to. At the time it did not appear that we would be able to afford this year either. But the circumstances are such that we are in right now that the timing appears to afford us to do this right now. Secondly, by doing this now, the increases in TEEOSA in the next biennium will not be so dramatic. There will be a smoother transition. If you remember, under current law the LER was already poised to go to \$1.00 in the '15-16 school year. This simply moves up the transition one year. There are also a couple of other things I'd like to emphasize about this legislation. First of all, and you've received some modeling to this effect, no one loses aid under this proposal. In the modeling that you received, it does show some districts realizing a decrease but not because of this proposed legislation. Remember if you will, that retirement aid goes away this coming year. Also, under legislation passed last year there are tighter limitations on how the summer school allowance is calculated. And of course we can't overlook that we continue to see an increase in ag land values. And because of that, we continue to see a growing number of nonequalized school districts. There are now 124 nonequalized school districts in the modeling that you received, which, by the way, though is six less than predicted under the current estimate. In other words, six districts will continue to receive equalization aid under LB725. It's a small but actual, to those districts, form of property tax relief. You may wonder why the estimate

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of this year's TEEOSA aid is so much lower than what had been appropriated. I suspect there are a couple of reasons for that. I already mentioned the impact due to the continuing increase in ag land values and the impact that has in moving more districts to nonequalized status and as such receiving no equalization aid. I also mentioned that we have tighter limitations on the summer school allowance calculation under the legislation that we passed last year. And quite frankly, I think it also reflects a reduction in school district spending as they weathered the storm of the Great Recession. I believe it's very important that we move forward on LB725 so that we continue to move school districts back into a more secure financial position for the future. And there is some urgency as well. Under current law, March 1 is the date for the Department of Education to certify aid for the coming year. It would be nice to keep that deadline. But if LB725 is not signed by then, the certification date will need to be changed. So in closing I certainly appreciate your consideration of LB725 and encourage you to support it. [LB725]

SENATOR SCHEER: Thank you, Senator Sullivan. Any questions on the opening? Seeing none, thank you. [LB725]

SENATOR SULLIVAN: Okay. [LB725]

SENATOR SCHEER: We would now entertain all proponents. Is there anyone that would like to speak in support? Good afternoon. [LB725]

RENEE FRY: (Exhibit 1) Good afternoon. Hello, my name is Renee Fry, R-e-n-e-e F-r-y, and I'm the executive director of OpenSky Policy Institute. And we are here today to testify in support of LB725. And we support LB725 for the following reasons, many of which were stated by Senator Sullivan. First of all, LB725 will prevent state aid from dropping to an historically low level, and we do have a chart that can show you this. FY '13-14 K-12 state aid is 11.9 percent below the historic average and current law would put us at 15.8 percent below the historic average. And it would take about \$213 million above current law to get us to the historic average. FY '14-15 under LB725 would be 13.1 percent below the historic average, so it would help us move closer to that level. It reduces the number of unequalized schools by seven relative to the current law. It benefits both rural and urban school districts. Setting the local effort rate at \$1.00 provides small-to-midsized rural school districts the highest percentage increase in total state aid calculated when comparing the LB725 model with current provisions of law. These school districts have a general fund levy between 92 cents and \$1.04. A dollar LER also provides large school districts with the highest dollar increase in total state aid when comparing LB725 model with the current provisions of law. These school districts have a general fund levy between \$1.04 and \$1.21. This would restore the LER to the level it was supposed to be before it was increased to \$1.0395 in the 2011 Session, which was supposed to be a temporary increase. I do have one other additional suggestion that I would like to throw out. And this would be in addition to LB725, to

consider a change in ag land valuation from 75 to 65 for TEEOSA calculation purposes only. Senator Watermeier has this as a component to LB101. And what this would do is to further reduce the number of unequalized schools. These most likely would be helped...the most likely to be helped would be those that have fallen out of equalization in recent years due to rising ag land values. This should bring many of them back into equalization status. Based on FY '13 data, the change would have brought 21 schools into equalization. Unlike the property tax credit, it would target the aid to areas with relatively high tax levies. Based on FY '13 data, 160 districts would benefit, 152 of which had levies of at least 95 cents. All 160 have levies of at least 80 cents. It would target aid to districts with ag land without shifting taxes onto other homeowners and businesses in those areas, as would happen under other proposals to lower ag land assessment. All property taxpayers in the affected districts would benefit from any reduction in property taxes. It also would not cause schools to increase their levy rates and potentially run into the \$1.05 levy limit, as would likely happen under other ag land valuation proposals. By doing this, it would provide additional aid to all equalized school districts with ag land; Westside is the only district in the state without any ag land. It does not reduce aid for any district. It would increase aid to public schools by approximately \$32 million based on FY '13 data. It would increase funding to 10.8 percent below the historic average. Unlike other ag land valuation proposals, it would not result in a loss of revenue for local governments. LB101 would need to be amended to reduce ag land valuation for TEEOSA purposes only, and Nebraska Revised Statute Section 79-1016 would have to be amended to require the property tax administrator to recertify for 2014-15. So in summary, both policies combined would increase aid to schools by approximately \$70 million, would reduce the number of unequalized schools by 28 based on FY '13 data, would increase aid for all equalized schools, including the 28 brought into equalization, and would direct aid to the schools with the highest levies. Of the 167 schools that would benefit, 157 had levies of at least 95 cents, and all had levies of at least 80 cents in 2013. And I would happy to answer any questions. [LB725]

SENATOR SCHEER: Thank you. Senator Haar. [LB725]

SENATOR HAAR: Yes, thank you very much. On your graph, the peak '09-10, does that include the federal stimulus money? [LB725]

RENEE FRY: So the historic average does not. The actual dollars do. Does that make sense? So we built the historic average at pre-stimulus so that we didn't inflate what that historic level looked like. [LB725]

SENATOR HAAR: Okay, but the blue line is, you say aid. So this peak, does that include the ARRA money? [LB725]

RENEE FRY: That includes...yes. But the line, the historic average... [LB725]

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SENATOR HAAR: Yeah. [LB725]

RENEE FRY: ...does not include stimulus dollars. [LB725]

SENATOR HAAR: Gotcha, okay. [LB725]

RENEE FRY: So when I say how we're compared to historic levels, we're not calculating stimulus funding in terms of what that historic level looks like. [LB725]

SENATOR HAAR: Gotcha. [LB725]

RENEE FRY: Okay. [LB725]

SENATOR SCHEER: Any other questions? Thank you, Renee. [LB725]

RENEE FRY: Thank you. [LB725]

SENATOR SCHEER: Next proponent. Good afternoon, Jon. [LB725]

JON HABBEN: Good afternoon, Vice Chair Scheer and members of the committee. I'll keep my comments brief, focused very directly on the bill. To leave money that was intended for education use on the table I think does not help education in the state of Nebraska at all. I think that this bill is intended to keep that from happening. It's intended to use money that was intended for PreK-12 education, to be used for PreK-12 education on the whole. I don't see this bill as a discussion of the merits of any the pieces of TEEOSA. I see this bill as a preservation of funds for education in Nebraska. And I see it that clearly and that simply. There will be a time to talk further about TEEOSA and the vision for the future. At this point, this is a very important piece. We use the LER and the BAGR as balancing pieces when we're trying to hit those targets that are often put out there to limit the amount of education spending. This is an example of using one of those balancing elements, the LER, to preserve what was intended for PK-12 education spending. Nebraska Rural Community Schools Association supports the bill. Thank you. Be happy to answer any questions. [LB725]

SENATOR SCHEER: Thank you, Jon. Questions? Senator Haar. [LB725]

SENATOR HAAR: Yes, thank you. Do you see this as then additional money that would go to educate kids or to give property tax relief? [LB725]

JON HABBEN: How do I look at it? [LB725]

SENATOR HAAR: Yes, yes. [LB725]

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JON HABBEN: I first look at it as money going to educate kids. I think that's the piece that you're trying to look at first. Now in the process, tax equity, the first part of TEEOSA, is an important piece that we have to work toward. And I do think this has the potential to help in some degree of property tax relief. I would, maybe idealistically, I would like to see the discussion about kids first. But we do have tax issues in the state. Everybody is aware of that, and we know that those things have to be dealt with as well. [LB725]

SENATOR SCHEER: Senator Kolowski. [LB725]

SENATOR KOLOWSKI: Jon, spell you last name. You didn't. Identify yourself for me, please. [LB725]

JON HABBEN: Oh, I'm sorry. My first name is J-o-n. My last name is Habben, H-a-b-b-e-n. [LB725]

SENATOR KOLOWSKI: Thank you. [LB725]

JON HABBEN: Should have remembered that. [LB725]

SENATOR SCHEER: I'm sorry. Any other questions? Thank you, Jon. [LB725]

JON HABBEN: Thank you. [LB725]

SENATOR SCHEER: Good afternoon. [LB725]

VIRGIL HARDEN: Good afternoon, Senator Scheer, members of the committee. My name is Virgil Harden. I am the executive director of business for Grand Island Public Schools, and I'm also here representing the Greater Nebraska Schools Association. And I, too, will limit my comments and get right to the point of the bill. On behalf of GNSA, we are in support of LB725, and we are appreciative of Senator Sullivan and the Education Committee's consideration of making sure that the state appropriation that was allocated for purposes of being distributed through the TEEOSA model would be fully accessed. And this bill does that. We look at this as being a resources necessary to carry on the duties that your school districts and your communities that you represent have to do for the children of our communities. We don't look at as necessarily a property tax relief bill. We do have only one comment or issue. I know these are all based on projections at this point, which is the best that we have. It still leaves \$4.5 million on the table, so to speak. I know there are some other bills that are introduced that might address some of that. For GNSA, we looked at it as several options, possibly looking at the basic allowable growth rate, which Jon mentioned and you know is something that we use along with the local effort rate to balance the money going out. Certainly most, if not all, school districts in the state receive dollars through special

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education. So you might look at helping the percentage increase for special education allowance or special education reimbursement. I think the committee has also looked at possibly modifying the modifier for early childhood from .6 to .8 in your discussions this summer. We certainly appreciate that thought. Many school districts in the state are trying to expand or establish early childhood education programs, which I think there's a lot of evidence that says, every dollar you spend in early childhood returns many more back for other social services that you might have to spend. And also I've heard mention of early childhood education grants, which we would also be in favor of. So we appreciate the funding through the TEEOSA formula, through the appropriations. Now that's the comments for GNSA, and I told you I was here also for Grand Island Public Schools. And, you know, we appreciate also everything that the state does for funding schools. With all the talk about taxation and property valuations and all the different pieces that you have to balance, I will just always come to you with the comment that schools work hard every single day to try to make sure that we engage our students in the skills and the thoughts and the necessary preparation to make them the best citizens that they can be. In Grand Island, we're doing things on the early childhood education front where we have an early learning center that we run programs, both a.m. and p.m. programs, for preschool kids in poverty; 100 percent of those kids are in poverty that attend that center. We opened this school year a Career Pathways Institute where we are engaging students to prepare themselves for careers in everything from automotive technology to construction to welding to information technology. We feel it's a state-of-the-art facility that other school districts in the state might want to emulate. And all these things cost money, that and anything in between that we do. We don't spend the money just to spend it. We spend it on the needs of the kids and what we think will help them be prepared for college or career readiness as they leave our institution. So as you debate all the things that you have to be responsible for, we would continue to request additional funding for all public schools, students, and districts in the state. And with that I would conclude my comments. [LB725]

SENATOR SCHEER: Thank you. Questions? Senator Haar. [LB725]

SENATOR HAAR: Yes, thank you, Virgil. And I always appreciate your viewpoints because I know they're very considered and...so how do we separate out this issue of, does money go to kids or does it go to tax relief? [LB725]

VIRGIL HARDEN: Well, that's a very good question. It is the fundamental, and it has to be a balance. You know, any organization, if you just dump more money into it, will find a way to spend it, any social organization, any public entity. So it's really, are we really spending the money wisely for the things that move us forward? And the taxation...Grand Island does not have a lot property in ag value. So we haven't benefited, so to speak, from that additional local resource. We have another school district in our community that literally has a high school within the boundaries of our school district. And they've been able to move their levy from \$1.04, let's say, down to

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95 cents. And yet Grand Island, that struggles with educating kids in poverty and with ESL issues, has had to maintain our levy at \$1.04 because we had a 2.7 percent growth in valuation. They had double digits for the last three years. And so here we have a community with two school districts that have dissimilar financial prospects from their local resources; and yet because of open enrollment, open option enrollment, the other district is guaranteed a certain amount of money through enrollment options. So there are so many moving parts. You know, from my seat on the bus, which is a phrase I like to use to just try to make sure you understand I'm talking through my lens, as I see things, I think it is an important step to take to try to vision out what it is we want for the state as the TEEOSA formula...it's a mechanism to distribute scarce resources. It is necessarily complex because of the diversity of the school districts in the state. The complex dynamics of valuation, farmland, the percentage of that value and the local wealth, the types of kids, we have to continue to have this dialogue. I am a firm believer that it is important to have the formula be modified and made better and not try to somehow declare it dysfunctional or not working and therefore throw it out. So I hope, somehow in that I tried to answer your question. It's complicated. You have a tough job. So... [LB725]

SENATOR SCHEER: Other questions? Seeing none, thank you, Virgil. [LB725]

VIRGIL HARDEN: Thank you. [LB725]

GALEN BOLDT: Greetings. Galen Boldt, G-a-l-e-n B-o-l-d-t. I am superintendent at Wahoo Public School, and I'm here today representing STANCE, Schools Taking Action for Nebraska Children's Education. First of all, I'd like to thank Senator Sullivan and all the members of the Education Committee for the hard work you're doing in supporting education. As much as I like to talk off the cuff, I don't know that I enjoy the same trust from my colleagues at STANCE. They've got a prepared statement here for me that I'll answer questions to. In recent history during more unstable economic times in the state, the Legislature increased the local effort rate within TEEOSA in order to reduce the state's financial commitment to K-12 schools. Now that our economy and forecast have shown signs of improvement, we fully support efforts that would reduce the LER to a level that would provide additional state funding for our schools as well as property tax relief. I would take any questions. [LB725]

SENATOR SCHEER: Thank you. Questions? Senator Davis. [LB725]

SENATOR HAAR: Same question. [LB725]

SENATOR SCHEER: Just a sec. Senator Davis, please. [LB725]

GALEN BOLDT: Well, I certainly thank Virgil for the opportunity to follow him and the opportunity to hear the question a couple times, gave me time to think about it, Senator

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Haar. I don't know that you separate with this particular aspect of looking at TEEOSA. I don't know that you separate those two things out. The fact that the lower rate certainly will allow more schools the opportunity for state-funded dollars, that gives a chance for property tax relief. And I know I'm talking from the standpoint of STANCE, so from my own school, Wahoo Public Schools, I think the notion of what you heard during your travels this summer about property tax relief begs that question a little more deeply than maybe just the LER debate. That goes...certainly what we heard from historic levels of state funding from the OpenSky Institute. I promise you Wahoo supports that a great deal, the notion of how that affects property tax relief. I would yield to Virgil's wisdom a little bit more than I would my own on this, how it can be substantially affected a little bit more. But certainly this particular aspect of lowering the local effort rate does that. I think it does it obviously for many of the schools that it was intended for and doesn't leave money on the table. Certainly that little bit that's still left over, you know, should be talking about how to deal with that. But the notion that money that is going to get spent for kids, I'm firmly committed that this will do exactly that. [LB725]

SENATOR HAAR: So Wahoo, for example, do you see this spending on kids and not reducing the tax, or do you see a combination? [LB725]

GALEN BOLDT: Well, the combination, the more I'm going to be able to get to support my kids, which all money coming from the state is going to be for, it certainly gives us greater flexibility to look at the entire puzzle to reduce property tax burden at our own local level. So yes, I do see that as a definite opportunity to lower our property tax reliance. [LB725]

SENATOR HAAR: Okay, thank you. [LB725]

SENATOR SCHEER: Senator Davis. [LB725]

SENATOR DAVIS: I guess I'll make an editorial statement first before I ask my question, but it seems to me if we can help kids by putting more money into the formula and lower property taxes, it's a win-win for everybody. Would you agree? [LB725]

GALEN BOLDT: I'd totally agree, totally. [LB725]

SENATOR DAVIS: When we had the levy at \$1.03, essentially you had to levy there in order to really secure any aid. Then what...you know, you can levy to \$1.05 without an override, right? [LB725]

GALEN BOLDT: Yes. [LB725]

SENATOR DAVIS: So aren't we in essence...one of the other things we're doing here is we're putting a little more flexibility into the school's formula maybe for some

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maintenance and things that need to be done in some of these buildings. [LB725]

GALEN BOLDT: Oh, there's no doubt about that. [LB725]

SENATOR DAVIS: Wouldn't that help that tremendously? [LB725]

GALEN BOLDT: That definitely helps that. And I know we've got Bryce over here. The notion of when TEEOSA came into being, I'm not so sure that the LER wasn't 95 cents. And the notion that that then was used...you have a TEEOSA formula that gives you a calculation. Now we've moved to an allocation which says we've got this pot of money, but the calculation is based on what the needs of schools are gauged against the resources at schools. So the higher you move that LER, the less we are able to deal with what our needs actually are according to the formula. So as we move to the dollar, or lower--we're happy with the dollar moved quite frankly--but as you move to that, that definitely gives schools the ability to think about maintenance, to think about what are those things that we haven't been able to support in ways that we would like to. I think about technology. There is a myriad of things that schools--I think as we support kids--are going to have think about, how can we do that in this new age, this 21st century? [LB725]

SENATOR DAVIS: So for some schools, it may not translate into a lower levy, but it may translate into more flexibility with what they can do with the revenue that they have. [LB725]

GALEN BOLDT: You are exactly right. And that's one of the beauties, I think, of Nebraska schools, that that local level and that local control, the good debates, the meaningful, thoughtful discussion takes place so that you can do what you need to to be good stewards but yet support kids. [LB725]

SENATOR DAVIS: Thank you. [LB725]

SENATOR SCHEER: Senator Kolowski. [LB725]

SENATOR KOLOWSKI: Superintendent Boldt, I have known you for decades. That was the shortest presentation I have ever heard from you. (Laughter) [LB725]

GALEN BOLDT: They gave it to me, Rick. I'm sorry. [LB725]

SENATOR KOLOWSKI: I understand. And I thank you for your comments today. It helps a great deal. Thank you. [LB725]

GALEN BOLDT: Thank you. [LB725]

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SENATOR SCHEER: Any other questions? Thank you, Galen. [LB725]

GALEN BOLDT: Thank you. [LB725]

ANGELO PASSARELLI: Good afternoon. Senator Scheer, members of the Education Committee, my name is Angelo Passarelli, A-n-g-e-l-o P-a-s-s-a-r-e-l-l-i. I represent the Millard Public Schools. We support LB725. Lowering the local effort rate is a good thing. Capturing more dollars for state aid is a good thing. With that, I'm just going say, thank you very much for bringing that bill, Senator Sullivan. We appreciate your efforts. [LB725]

SENATOR SCHEER: Any questions? Senator Cook. [LB725]

SENATOR COOK: Thank you, Senator. Out of morbid curiosity, what is your levy at right now in Millard? [LB725]

ANGELO PASSARELLI: Well, with everything, it's \$1.07 is our general fund levy. So unlike the testifier before me, we will not be able to lower our tax rates in Millard, even with these increases. [LB725]

SENATOR COOK: Okay. [LB725]

ANGELO PASSARELLI: No property tax relief is in sight for Millard. [LB725]

SENATOR COOK: All right. Thank you. [LB725]

SENATOR SCHEER: Any other questions? Well, thank you, Angelo. You win the prize for the shortest presentation. (Laughter) We thank you very much. Are there any other proponents, please? Seeing no movement, are there any opponents? Seeing none, are there any to speak in a neutral position? Still seeing none, Senator Sullivan to close. [LB725]

SENATOR SULLIVAN: Thank you, Senator Scheer. Thank you, committee, and thank you all who spoke in support of this legislation. You know, we spent a lot of time last year talking about trying to build predictability and sustainability into the formula, and I think with this move we are. We're restoring something that we are on a path to do in '15-16, and we've taken opportunity to do that this year by lowering the LER to \$1. So I think this is a good thing, and I think it will be a good thing in terms of the transition in the next biennium for the TEEOSA formula as well. So I encourage your support. [LB725]

SENATOR SCHEER: Thank you, Senator Sullivan. Any final questions? Seeing none, the hearing for LB725 is closed. Moving to the last item on today's agenda LB838 and

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Senator Sullivan to open. [LB725]

SENATOR SULLIVAN: Thank you, Senator Scheer. My name is Kate Sullivan, K-a-t-e S-u-l-l-i-v-a-n, Chair of the Education Committee and also representing District 41. I'm here today to introduce LB838, a bill that changes the deadline for certifying state aid under TEEOSA from March 1, to April 10, but it does so only for 2014. And quite frankly it's a piece of legislation that I hope we won't need. We just heard my testimony on LB725 regarding the local effort rate. As I mentioned, I hope that we can move this legislation quite speedily, but you also know how things work in this Legislature. As I said, while we've strived in the Education Committee to provide predictability and sustainability, we ourselves as legislators don't always follow that predictability. If all goes as planned and LB725 should be successfully signed into law early, we could still meet the March 1 deadline. But if things don't go as planned, we will need LB838 as an alternative measure. And as with any legislation having to do with deadlines for certifying aid, it contains several components. LB838 changes the date to April 10, 2014, for certifying to each school district the amount of state aid that will be paid for the 2014-15 school fiscal year. The same change would also apply to the deadline for the department to report the necessary funding level to the Governor, to the Appropriations Committee, and to us, the Education Committee, which is the amount the Appropriations Committee must include in their recommendations to the Legislature. The deadline also applies to NDE when it must certify to each school district the amount of budget authority that they have for the 2014-15 school year, as well as the applicable allowable reserve percentage. So it is an important date. We still hope that we can abide by the March 1 deadline currently in statute, but this date change gives us some flexibility. Also, I might add the April 10 deadline is still earlier than the deadline that school districts have for the notifications they must give for reductions in force, which is April 15. So I hope you will give your support to LB838 in the event that it's needed. Thank you. [LB838]

SENATOR SCHEER: Thank you, Senator Sullivan. Any questions of the opening? Seeing none. We will now open the chair to anyone that would like to testify in support of this bill. Not seeing a lot of movement. Then I will open it for those in opposition to the bill. Still seeing no movement. I will now open it to those in neutral position. Holding the stands back, it is now back in your court, (laughter) Senator Sullivan. [LB838]

SENATOR SULLIVAN: Well, I can only take the fact that there's been no comment on this that they would really like for us to see the March 1 deadline come into fruition. So again, I can't emphasize enough, reflecting on LB725, that we move speedily on that as well. Thank you. [LB838]

SENATOR SCHEER: Thank you, Senator Sullivan. Any final questions from any of the committee? Hearing none, I would close the hearing on LB838. [LB838]