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Transcriber's Office

Education Committee
January 26, 2015

[LB54 LB109 LB144 LB239]

The Committee on Education met at 1:30 p.m. on Monday, January 26, 2015, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB109, LB239, LB54, and LB144. Senators present: Kate Sullivan, Chairperson; Rick Kolowski, Vice Chairperson; Roy Baker; Tanya Cook; Mike Groene; Adam Morfeld; Patty Pansing Brooks; and David Schnoor. Senators absent: None.

SENATOR SULLIVAN: Welcome to the Education Committee public hearing. I am Senator Kate Sullivan of Cedar Rapids, Chair of the committee, and I represent District 41 in central Nebraska. I'd like the senators also present to introduce themselves. I'll start with the Vice Chair of the committee.

SENATOR KOLOWSKI: Senator Rick Kolowski from southwest Omaha area, District 31. Thank you.

SENATOR SCHNOOR: Senator Dave Schnoor, District 15, which is all of Dodge County.

SENATOR SULLIVAN: Senator Groene.

SENATOR GROENE: Senator Mike Groene from Lincoln County, North Platte.

SENATOR MORFELD: Senator Adam Morfeld, District 46, northeast Lincoln.

SENATOR BAKER: Senator Roy Baker, Gage County, part of southern Lancaster County.

SENATOR SULLIVAN: And hopefully the other two remaining senators will be joining us. Senator Cook, to my left, and then also Senator Pansing Brooks. I know the Judiciary Committee had been having Executive Session from 1:00 to 1:30, so she may be wrapping that up. Also, I'd like you to meet the staff that help us so ably in this process. To my immediate left is LaMont Rainey, one of the legal counsels for the Education Committee. To my far right is Mandy Mizerski, who is the committee clerk, and she makes sure that we record an accurate record of this hearing. We also have two pages that are helping us, Brook Cammarata--she is from Omaha and is a student at UNL majoring in advertising, public relations, and political science--and Seth Thompson, coming in with refreshments, (laugh) from Ogallala. And he's a student at Wesleyan majoring in criminal justice and political science. Today at the hearing, on our agenda we have four bills, LB109 by Senator Crawford, LB239, LB54, and LB144. And just to lay out a few ground rules for the hearing, if you are planning to testify, we ask that you please pick up a green

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sign-in sheet that are on the tables in...at either entrance to the hearing room. If you do not wish to testify but would like your name entered into the official record as being present at the hearing, there is a separate form to do that as well on the tables. And both of these will be part of the official record of the hearing. Regarding the green sheet, we ask that you fill it out in its entirety. Please print, and it is important to complete the entire form. When you come up to testify, simply give that green sheet to Mandy. If you have handouts, we ask that you have 12 copies for the pages, and they will make sure that we all receive them. 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 ensure we get an adequate record. Perhaps I don't need to say this, but I really do request that you turn off all your cell phones and anything that makes noise. Keep your conversation to a minimum so we can give all our attention to the good people that are coming to testify at the hearing. The bill's introducer will make first statement, and then we will follow it by testimony...proponent testimony, then opponent testimony, and then those wishing to testify in a neutral capacity. Closing remarks are reserved for the introducing senator only. We will also be using the light system, not for the introducer but for the testifiers. You'll have five minutes to make your remarks. When the yellow light comes on, you need to be thinking about wrapping it up. And when the red light flashes, you should be done. I think, with that in mind, as I said, our first bill is LB109, being introduced by Senator Crawford. Senator, welcome.

SENATOR CRAWFORD: (Exhibit 1) Thank you. Good afternoon, Chairwoman Sullivan and members of the Education Committee. My name is Sue Crawford, S-u-e C-r-a-w-f-o-r-d, and I represent the 45th Legislative District of Bellevue, Offutt, and eastern Sarpy County. LB109 harmonizes Nebraska statute with recently enacted federal law regarding in-state tuition for recently separated veterans, their spouses, and dependents. As returning Education Committee members may remember, last session, the Legislature passed LB740, a bill I introduced to grant in-state tuition for veterans who left active duty service within the past two years, as well as their spouses and dependents, provided that the individual demonstrate intent to become a resident of the state of Nebraska. Since that time, Congress passed H.R.3230. H.R.3230 included a provision requiring public colleges and universities to charge no more than resident tuition for veterans eligible for educational benefits and who had left active duty within the past three years. Failure to comply with the federal law results in the disapproval of courses for Post-9/11 GI Bill funding. H.R.3230 goes into effect on July 1, 2015, which is why there is an emergency clause on LB109. We have been working with the federal Veterans Benefits Administration, the University of Nebraska, and Nebraska state colleges to ensure that we meet these two goals: (1) that we bring Nebraska statute into compliance with federal law; and (2) that we maintain the spirit and intent of LB740. The Veterans Benefits Administration holds weekly webinars for states on implementing H.R.3230. My office, along with the University of Nebraska and Nebraska state colleges have participated in several of these webinars. We have an amendment for the committee based on these discussions that should be ready later today. We had it all ready, but then there was one final change that was requested at 12:30 today, so that just hasn't

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come back down from drafters. So we'll be sure to get that amendment to you with a memo explaining it so you'll have it and be happy to answer questions on that amendment. It's basically just a clearer statement of what the bill does, which is the bill ensures that our language harmonizes with federal language as well as making sure that in the process of doing so we're still saying that we want to grant in-state tuition to our veterans and their families even if they don't have GI benefits who qualify under LB740. Thank you. [LB109]

SENATOR SULLIVAN: Thank you, Senator Crawford. Couple questions: So we...under this legislation, we'd basically be aligning our protocol, so to speak, with the feds? [LB109]

SENATOR CRAWFORD: Correct. [LB109]

SENATOR SULLIVAN: But then also the year is different, and we're changing that as well. Is that correct... [LB109]

SENATOR CRAWFORD: Correct. [LB109]

SENATOR SULLIVAN: ...from two to three? [LB109]

SENATOR CRAWFORD: Correct. [LB109]

SENATOR SULLIVAN: Okay. Can you talk a little bit about what we're seeing? Are we seeing a lot of veterans take advantage of this? [LB109]

SENATOR CRAWFORD: I'll let the college and university folks... [LB109]

SENATOR SULLIVAN: Okay. [LB109]

SENATOR CRAWFORD: ...coming behind me tell you exactly. [LB109]

SENATOR SULLIVAN: Good. Okay. [LB109]

SENATOR CRAWFORD: I have had the privilege of talking to a few students... [LB109]

SENATOR SULLIVAN: Um-hum. [LB109]

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SENATOR CRAWFORD: ...who have been able to take advantage of this... [LB109]

SENATOR SULLIVAN: Um-hum. [LB109]

SENATOR CRAWFORD: ...which has been very fun. But in terms of the numbers of how many students we're seeing, I'll let them answer that question. [LB109]

SENATOR SULLIVAN: Great. Okay. Any other questions? Senator Morfeld. [LB109]

SENATOR MORFELD: Maybe less than of question, more of a statement, but I wanted to thank you for bringing LB740 which I testified on last year. I would have been one of these students that would have taken advantage of this had it been there. Most students who come back to their state where their father or mother enlisted in often don't come back to their home state because the in-state tuition isn't there for them. And instead I incurred about \$40,000 to \$60,000 in debt, because I was considered an out-of-state student, just to be reunited with my extended family here in the state of Nebraska. So I want to thank you for bringing this legislation and let the committee and the public know this does have a real impact on real families. And for me, it's about reuniting families back with their home state so that they can come back and be with their family that they've been away from for so long. So thank you, Senator. [LB109]

SENATOR CRAWFORD: Excellent. [LB109]

SENATOR SULLIVAN: Any other... [LB109]

SENATOR CRAWFORD: And also to make sure that we're recruiting and retaining our veterans. [LB109]

SENATOR MORFELD: Absolutely. [LB109]

SENATOR CRAWFORD: Absolutely. Thank you. [LB109]

SENATOR SULLIVAN: Any other questions? Senator Baker. [LB109]

SENATOR BAKER: Thank you. I like that...this is a good idea. I've got a son that's a veteran too. But I'm just curious, do you know how many other states have in place instate tuition for veterans? [LB109]

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SENATOR CRAWFORD: Well, several other states had it in place. And one of the reasons that we did is for our own and also to help us compete with those other states last year. But now, at this point, the federal government has said that in order to participate in the GI Bill benefits, we, you know, all states must do this. So... [LB109]

SENATOR BAKER: Thank you. [LB109]

SENATOR SULLIVAN: Senator Groene. [LB109]

SENATOR GROENE: Thank you. So why the date...day requirement in the first place? Why does it...they have to be out of service for 90 days and you're saying, if they're out of the service for three years then they lived in another state and they move here then they're not... [LB109]

SENATOR CRAWFORD: So, the original bill passed last year was trying to catch those veterans who were leaving the service, so those who had left in the last two years. And the federal law that passed requires that we grant in-state tuition to veterans with federal benefits who have left in the last three years. So the change to three years is to comply with that...harmonize with the federal language. [LB109]

SENATOR GROENE: That's...if they got out of service and they're living in Alabama and they been out for three years and they move here after that. [LB109]

SENATOR CRAWFORD: Right. It gives them... [LB109]

SENATOR GROENE: Do they have to go to the regular process of being a citizen for so long before they're available for in-state tuition? [LB109]

SENATOR CRAWFORD: So, it gives a window in which they would have this...be able to be considered a resident more quickly, an expedited manner. And if they've been out for longer than that, if they've lived in Alabama for five or ten years and they move to Nebraska, they'd be in the same situation as someone else moving to Nebraska from Alabama, having to follow all the other guidelines and requirements. [LB109]

SENATOR GROENE: So the veteran has to comply. [LB109]

SENATOR CRAWFORD: So it is a window when you leave the service. And in that window, we say, come to Nebraska now. (Laugh) And we'll get you lined up with in-state tuition. [LB109]

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SENATOR SULLIVAN: Any other questions? Thank you. [LB109]

SENATOR CRAWFORD: Thank you. [LB109]

SENATOR SULLIVAN: And will you be here for closing? [LB109]

SENATOR CRAWFORD: I hope so. [LB109]

SENATOR SULLIVAN: Okay. Very good. We will now hear proponent testimony. Welcome. [LB109]

STAN CARPENTER: Thank you and good afternoon, Senator Sullivan, members of the Education Committee. My name is Stan Carpenter, S-t-a-n C-a-r-p-e-n-t-e-r, and I'm the Chancellor of the Nebraska State College System. And we are here today to happily support Senator Crawford's LB109. We testified in favor of LB740 last year and were pleased to work with the senator for that bill. And we've been pleased to have our office work with the senator's office in putting LB109 together this year as well. The Veterans Choice Act is the name of the federal legislation that Senator Crawford has referred to in terms of harmonizing state law with the federal statute. And it requires that veterans who have been discharged within the last three years are eligible to take advantage of this statute which requires participating institutions to afford them in-state tuition. We do that. We've done that. We have more than 200 veterans or their family members in the Nebraska State College System taking advantage of this provision even as we speak. So this is not a large change for us, whether it goes from two years to three years. And as many of you know, we have virtually eliminated out-of-state tuition at two of our institutions, both at Peru and at Chadron. So there is no huge fiscal impact there. And at Wayne, where we still have an out-of-state tuition rate, the college is more than happy to participate in this program. And as Senator Crawford said, if we don't participate in the program, then eligible veterans are...cannot come and take advantage of that program from the federal government. But again, for us, it's a way for us to say thank you to the veterans for their service and their work for this nation and the protection that they bring to us every day. We are happy to support this bill, and I'd be happy to answer any questions you might have. [LB109]

SENATOR SULLIVAN: Thank you, Dr. Carpenter. [LB109]

STAN CARPENTER: Thank you. [LB109]

SENATOR SULLIVAN: Did you mention that you have currently 200-plus military students? [LB109]

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STAN CARPENTER: Yes. We have 200 folks who are partaking of the program, either veterans or their spouses or their children, at this point. [LB109]

SENATOR SULLIVAN: And are those spread across all the state colleges, or... [LB109]

STAN CARPENTER: Senator, I don't know exactly how that is, but I would guess that it's probably fairly evenly divided. [LB109]

SENATOR SULLIVAN: Um-hum. Um-hum. Okay. [LB109]

STAN CARPENTER: All of our institutions are military friendly. And they have had that designation given to them. So I think we are very welcoming to our veterans and support them in any way we can. [LB109]

SENATOR SULLIVAN: Aside from this program, what do you define as military friendly? [LB109]

STAN CARPENTER: We provide academic support, counseling, and give them information about the programs, reach out to them when they're still on active duty so that they can understand what it would be like to, say, come to Chadron State College... [LB109]

SENATOR SULLIVAN: Um-hum. [LB109]

STAN CARPENTER: ...what the programs there are, and help them work through the registration and enrollment process and then support them while they're there. [LB109]

SENATOR SULLIVAN: Um-hum. Gotcha. Okay. Any other questions? [LB109]

STAN CARPENTER: Thank you. [LB109]

SENATOR SULLIVAN: Thank you for your testimony. [LB109]

STAN CARPENTER: Thank you. [LB109]

MICHELLE WAITE: Good afternoon. [LB109]

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SENATOR SULLIVAN: Do you have that green sheet? [LB109]

MICHELLE WAITE It's piled...it's buried in here somewhere. [LB109]

SENATOR SULLIVAN Welcome. [LB109]

MICHELLE WAITE: Thank you. Good afternoon, Senator Sullivan and members of the Education Committee. Some of this may be a little repetitive from the last couple years. But my name is Michelle Waite, M-i-c-h-e-l-l-e W-a-i-t-e. And I'm assistant to Chancellor Perlman in the area of community relations here to speak in strong support of LB109 as well as the technical amendment that Senator Crawford has introduced. We had the pleasure, as the Senator indicated, to work with our colleagues at the State College System and Senator Crawford in drafting that technical amendment. I represent the university system through my roles on our legislative liaison team, cochair of our UNL campus Student Veterans Task Force. I'm liaison with our campus ROTC program. And what I think is most important to me is I am a mother of an active-duty serviceman. The University of Nebraska takes our approach to service members and veterans very seriously. There is active consideration and discussion at all levels on the needs of military and veteran students when making decisions about policies, programs, and services. We realize that our veteran students enrich our campuses by providing very different perspectives based on their military experience even though many student veterans may be the same age as other college students. As you know, this legislation codifies the new federal requirements within Nebraska state statute, legislation that Senator Crawford introduced and passed last year to provide in-state tuition to veterans, spouses, and their dependents if they've been off active duty for two years. The primary change in her legislation is the change of that time line to three years. The veteran must be registered to vote in Nebraska and demonstrate an intent to live in the state, which is consistent with last year's statute. The university has worked with Senator Crawford to support this concept even though the federal government has required us to do so. 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. College accessibility for all students continues to be a goal of the university. This legislation complements that effort which assists this important population to realize their educational goals. In conclusion, we appreciate Senator Crawford's efforts in support of veteran families as part of her broader effort and commitment to review the many programs that serve our military and their families. I'd be happy to answer any questions. [LB109]

SENATOR SULLIVAN: Thank you, Ms. Waite. Any questions for her? Senator Kolowski. [LB109]

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SENATOR KOLOWSKI: Thank you, Madam Chair. Ms. Waite, thank you for your comments. And I certainly support this bill. It's right up the...it's in the right direction of everything we should be doing for our veterans. I had an internal question I wanted to ask. Is there impact upon students taking ROTC courses at the university on a tuition basis in any way, shape, or form when they're in that program doing what they're doing? That's not regular Army or Air Force or anything else, but it's certainly in the direction. Do they get a break in any way? [LB109]

MICHELLE WAITE: Yes. That's...there's a long explanation of that, as you can imagine. The ROTC programs, all branches, have some form of scholarship program at certain levels by which they're attending the university. In fact, high-ability ROTC students, if they...under, again, under a different criteria, can receive resident tuition. That's a fairly new change that just the Lincoln campus just made a couple years ago. [LB109]

SENATOR KOLOWSKI: Okay. [LB109]

MICHELLE WAITE: So to answer your question, yes, there's a variety of different options. And they would be treated similarly as these students would be especially if they're veterans, if they come in as a veteran. [LB109]

SENATOR KOLOWSKI: Right. [LB109]

MICHELLE WAITE: And just a small handful of them do. [LB109]

SENATOR KOLOWSKI: But there are, for nonveterans... [LB109]

MICHELLE WAITE: Yes. [LB109]

SENATOR KOLOWSKI: ...options that give them... [LB109]

MICHELLE WAITE: Oh, yeah, yes... [LB109]

SENATOR KOLOWSKI: ...some opportunities to save some money. [LB109]

MICHELLE WAITE: ...and scholarship. Oh, yeah. [LB109]

SENATOR KOLOWSKI: Thank you so much. [LB109]

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SENATOR SULLIVAN: Senator Groene. [LB109]

SENATOR GROENE: Thank you, Chairman. Just out of curiosity, does the GI Bill differentiate from paying the full price of out-of-state tuition versus in-state tuition? [LB109]

MICHELLE WAITE: We refer...there is a program referred to as the Yellow Ribbon Program which essentially would make this moot, LB109 and...as well as LB740. The Yellow Ribbon Program pays the difference between in-state and out-of-state tuition. The University of Nebraska participates in that fully with no... [LB109]

SENATOR GROENE: Is that a federal program? [LB109]

MICHELLE WAITE: ...yes, with no specific criteria. The federal government pays half and the university contributes half. It's totally voluntary and the University of Nebraska has participated in that since 2009, I believe. [LB109]

SENATOR GROENE: Will that disappear now because of this? [LB109]

MICHELLE WAITE: Well, it essentially will make this moot. On the other hand, if you have a student veteran that wants to come in but not try to become a resident of Nebraska, there's a very good chance that they would still qualify for the Yellow Ribbon Program. Does that answer your question? So if they don't want to become a resident of Nebraska, but they want to take University of Nebraska courses, they could still apply for that Yellow Ribbon Program and we would honor that as well as the federal government. [LB109]

SENATOR GROENE: So, is this new legislation federal and state... [LB109]

MICHELLE WAITE: Change that? [LB109]

SENATOR GROENE: Are you getting less total funds, federal...less federal funds? [LB109]

MICHELLE WAITE: A little bit. But not...we're willing...frankly, we're willing to make that sacrifice. I mean, it's just the right thing to do. [LB109]

SENATOR GROENE: I was just curious. [LB109]

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MICHELLE WAITE: In relationship to your question earlier, if you don't mind me saying, at least the Lincoln campus has remained fairly consistent with their numbers. I did ask that question, not so much preparation for this, but I've sort of monitored that through the last year or two. Our veterans clerk thinks that student veterans and their dependents, frankly, have now more choices, especially since there's so many more colleges and universities that participate in it. Not totally sure about our other university campuses, but our numbers have remained fairly consistent for both veterans and their dependents. [LB109]

SENATOR SULLIVAN: Okay. Any other questions? Thank you for your testimony. [LB109]

MICHELLE WAITE: Thank you. [LB109]

SENATOR SULLIVAN: Welcome. [LB109]

DENNIS BAACK: Senator Sullivan and members of the Education Committee, for the record, my name is Dennis Baack, D-e-n-n-i-s B-a-a-c-k. I am executive director of the Nebraska Community College Association here to testify in support of LB109. We were here to testify in support of the previous bill and we're certainly very supportive of this. We have...we actually have people on all of our campuses and stuff that work very closely with the veterans who come into the colleges and we have, almost all of them, been designated veteran friendly. And we do a lot of work with veterans, and we literally have hundreds of veterans at the community colleges taking a broad gamut of courses from the community colleges. But this is just another benefit that I think these veterans have deserved. With that, I'd be happy to answer questions if there are any. [LB109]

SENATOR SULLIVAN: All right. Thank you. Any questions for Mr. Baack? Thank you for your testimony. [LB109]

DENNIS BAACK: Uh-huh. [LB109]

SENATOR SULLIVAN: Any other proponent testimony? Anyone wishing to speak in opposition to LB109 or in a neutral capacity? Senator Crawford. [LB109]

SENATOR CRAWFORD: Thank you. I would like to thank those who came to testify on the bill today. We really have been working hard with the federal Veterans Benefits Affairs and the colleges and universities to try to make sure we do the best cleanup language that we can. And again, I apologize that we had one last late-minute change today. So we will get that amendment to you with a memo so you will have it for discussion in the committee. And I'd be happy to

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answer any other questions anyone might have. It's really a harmonizing cleanup bill, is what it is. [LB109]

SENATOR SULLIVAN: So, when do you anticipate getting that amendment to us? [LB109]

SENATOR CRAWFORD: We're expecting to get it back today, we hope. [LB109]

SENATOR SULLIVAN: Okay. [LB109]

SENATOR CRAWFORD: So it...we sent the language up after we got it, but... [LB109]

SENATOR SULLIVAN: Okay. Very good. All right. Any other questions for Senator Crawford? All right. Thank you very much. [LB109]

SENATOR CRAWFORD: Thank you. [LB109]

SENATOR SULLIVAN: This closes the hearing on LB109. (See also Exhibit 2) We will now move on to LB239 being introduced by Senator Haar. Welcome. [LB239]

SENATOR HAAR: (Exhibits 1, 2, 3) Well, thank you very much. I miss this committee, but I'll make sure that the amount of money for education is doubled, so... (Laughter) Oh, just kidding. I'm sorry. I wish, I wish, I wish. Well, I'm starting with a chart today. And I'm going to put my bill, LB239, into context for you. OMG NCLB...you know what OMG...No Child Left Behind, okay? (Laugh) The left side of the chart...through No Child Left Behind, we get over \$100 million a year in funding, is my understanding. And it really depends on testing. And if you look at testing, the purpose for putting No Child Left Behind was to, of course, improve student performance. So the goal was improved learning. But then, in a twist of fate, the testing in many ways has become teaching for the test. And I would call that inverted values. So the value of the test to begin with, to show that there's improvement in learning, has turned into the learning itself. And just about everybody I've talked to is upset with testing. The kids are turned off. My grandkids continually complain about all the testing that goes on in the schools. Teachers that I've talked to say it destroys the love of teaching. And I think it's one of the reasons that many teachers quit after two or three years and parents get the guff from the kids. So...but if we want that money from the federal government, again \$100 million-plus, we've got to do it. It's a mandate for the states. It's a mandate that we can't ignore. I'm going to hand out another article here. You won't be surprised that... [LB239]

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SENATOR SULLIVAN: And, Senator, this has been my oversight as well as yours, but we forgot to have you introduce yourself. (Laughter) [LB239]

SENATOR HAAR: Yeah. Okay. I'm state Senator Ken Haar, District 21, which is northwest Lincoln and part of Lancaster County. [LB239]

SENATOR SULLIVAN: We need to get that accurate record, you know. (Laugh) [LB239]

SENATOR HAAR: Yeah. Gotta keep one of them. Thank you. Talking just a little bit more about No Child Left Behind, I'm passing out an article from September 27, 2013, from the Omaha World-Herald. And the title is, "No Child Left Behind law: Even top schools in Nebraska are (sic) now getting flagged." And if you look at page 3, it goes into a little bit more. And I think it's really important to understand this part of it, the part I've underlined: In math, for example, where the 2011-12 goal was 61 percent of student proficiency, Millard West's low-income and special education students didn't meet that standard. But now it's come up to 100 percent. According to No Child Left Behind, every child has to take the same test at the same time in the same way. And the standards keep getting higher and higher so that now, for Nebraska, it's 100 percent proficiency for all students. This is for kids in special ed, for normal kids, for kids in gifted programs...has to be 100 percent. Now, in the second paragraph that I've highlighted, if you miss your target for two consecutive years in the same grade span, then you are listed as in need of improvement. And according to this article, when this article was written, there were 286 schools in Nebraska that were listed in need of improvement. And then down to the third part I've highlighted, "Sanctions start out small but ultimately call for corrective actions such as replacing half the teachers or the principal or even closing the school." And Elliott School, which is right across the street from us, was one of the early casualties of this, where they actually...the parents were really happy with the school. The school was showing progress. But because it didn't meet these guidelines, they had to fire their principal and replace much of the staff. And right now, I'm told that there are 20 elementary schools in Omaha that need improvement under No Child Left Behind that would have to be...you'd have to make dramatic changes. So, No Child Left Behind...it was legislation proposed by President George Bush in 2001 and it had broad bipartisan support. It passed by 384 to 45 in the House, 91 to 8 in the Senate and, unfortunately, it hasn't been updated since then. And so on the left-hand side of the...this paper I've handed out is No Child Left Behind 100 percent proficiency requirement. And, at some point, the projections are, if we just went ahead with this, every school in Nebraska would probably be listed as needing improvement because getting to 100 percent is really impossible. Okay. There's another way around it. And a year ago I had LR526, which has to do with teacher incentives...study teacher incentives, because there were two parts of the TEEOSA formula going away, and one was the extended classroom hours--I'm not getting the titles exactly right here--but one for having teachers with advanced degrees. And I met with teachers, a group of teachers, early in the summer, eight teachers, and I expected the top incentive that they wanted to

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talk about would be salary. But I was delighted with that discussion because the discussion centered on helping children. The top priority of those eight teachers was helping their kids. And you're going to hear a little later from Kristi Bundy from Ashland-Greenwood Schools, the 2014 Nebraska Teacher of the Year. And she's going to talk about...she's got an infectious way of talking about helping kids. She was at that meeting. Then I met with a larger group that included the Nebraska Department of Education. Tammy was there from your staff and so on. And then I've worked with the NSEA to actually flesh this out. To give you just a tiny bit of where I'm coming from, last summer, since I'm 71 and I still like backpacking, we rented llamas to carry my 71-pound pack. And the young man who delivered the llamas and picked them up again was visiting his uncle and aunt who owned the llamas. And this young man was a teacher from Finland. And so we had two or three hours to talk. And, first of all, I was really...he's...I asked him about why he wanted to be a teacher and all those kinds of things. His parents were teachers. And the first thing he brought up, he said, teachers are highly revered in Finland. And there's actually a waiting list to get into teacher's college. It's one of the most demanded entrances in Finland. And so I started reading about Finland and I watched some films and so on. And I'm going to read you just a tiny bit here. It says: Finland went from mediocre academic results to one of the top performers in the world. And they did it with teachers unions, minimal testing, national collaboration, and elevating teaching to a high status. Wow. Then he talks about all the testing we do, because No Child Left Behind is so heavily on testing. And I love this phrase. He says: the Finnish system has not been infected by market-based competition and high-stakes testing policies like much of the rest of the world, and actually like the United States, I believe. So, one of the things that struck me--and here's my last handout--is looking at what makes teaching different. And, obviously, Finland is quite a different country. The society is much more homogeneous and so on, and we can't just copy what Finland is doing. However, there are some things that struck me as being really important. And my little picture on the front of the two pages shows an important difference. And that's, in Finland, there is a strong emphasis on collaboration. In the United States--and I was a teacher--you know that you sort of get thrust into a classroom and then you're supposed to perform for that whole classroom day and you're pretty tired when you get done at the end of the day. And that brings me then...these two things came together for me in my mind. Looking at No Child Left Behind and how regressive it is in terms of my viewpoint, at least in terms...it just is based on testing, testing, testing, testing. Now, if you look back at the original chart I gave you, because there was so much blowback from the states, and because Congress did not take any action, there's something called the waiver, the waiver to No Child Left Behind. And then, again, I'm going to go back and forth here. If you look at the World-Herald article, it really talks about it well. On page 3 of that World-Herald it talks about the waivers. In exchange for waivers, the Obama administration has required states to adopt rigorous and comprehensive plans to improve outcomes from all students, close achievement gaps, increase equity, and improve the quality. And then if you flip it over to the next page, here's what it requires: States still have to have assessments to measure student growth. And so states have to have a way of accountability. First of all, there has to be a way to intervene in struggling

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schools. And that was Senator Adams' bill last year, LB438. We now have in place something in Nebraska where we identify some schools that are really struggling. And we go in and give them some help. So that's one of the requirements. And it must evaluate teachers and principals on a regular basis, taking into account student achievement growth as a significant factor. So student growth is still important, but it's not just based on testing. It gives a lot of flexibility to the states. And so that brings me to my bill. And the bill calls this teacher/principal evaluation, while improving teaching, it calls it the quality evaluation model. And if you look at page 2 on your bill, line 9: The Legislature finds that (a) an educator effectiveness system includes a quality evaluation system with the primary goal of improving instruction and learning in every school district and (b) school districts have an opportunity to receive training on the quality evaluation models. So in our commitment, because Nebraska has a waiver to No Child Left Behind, we have committed ourselves to this quality evaluation model. Now, it's different in different schools. But right now there are 17 school districts who actually have a specific model going. Some of the big school districts--I know Lincoln Public Schools and OPS--are doing this on their own. But the pilot districts right now are Ainsworth, Ashland-Greenwood, Bellevue, Central City, Dorchester, Dundy County/Stratton, Falls City, Hitchcock County, Lakeview, Leyton, McCool Junction, Nebraska City, Paxton, Perkins County, Scottsbluff, South Sioux City, and Wisner-Pilger. All these have some pilot programs which they're paying with their own dime to meet these No Child Left Behind waiver requirements. And I believe the goal would be probably to put in place through these pilots...to find the best practices and then these best practices could be shared with school districts throughout the state of Nebraska. So with that introduction, and I'm sure you'll have questions of the two people that follow me, at least the two people, and then I'll be happy to answer any questions now or later. But, you know, the stick is No Child Left Behind 100 percent proficiency. And what we have the ability to do is to come in with a waiver and make sense for Nebraska. [LB239]

SENATOR SULLIVAN: Thank you, Senator Haar. So you're, essentially, wanting to continue and expand the current pilot project? [LB239]

SENATOR HAAR: Yes. The current...and there is...and I think Jay Sears from NSEA will talk about the models, but there are a couple different models, kind of national models now, that require training and materials and so on. My bill would ask school districts to come up with a reasonable model, and there could be, actually, quite a bit of variability in that. But I think, in the end, we're going to come up then with best practices that will probably be kind of a blend of all the different models. [LB239]

SENATOR SULLIVAN: And so when they initiate this model.... [LB239]

SENATOR HAAR: Yes. [LB239]

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SENATOR SULLIVAN: ...they're going to...you're suggesting there be a pool of funds...
[LB239]

SENATOR HAAR: Yes. Yeah, I should have said that. [LB239]

SENATOR SULLIVAN: Okay. [LB239]

SENATOR HAAR: Part of the funding is to put someone in place at the Nebraska Department of Education who could coordinate this. Again, it's not an option, really. No Child Left Behind requires we do something. Right now, there is no one person at the NDE that coordinates that. So this would give that kind of position, and then it would also provide grants to school districts to try models. [LB239]

SENATOR SULLIVAN: Would the grants be...require matching funds from the school district?
[LB239]

SENATOR HAAR: No. No. [LB239]

SENATOR SULLIVAN: Okay. And then you're proposing...where does the...is this grant fund being supported by the income from the wind leases? [LB239]

SENATOR HAAR: Yeah. I should have mentioned that, too, there. I...you know, all this has to be worked on finely. And in the bill, it would say, taking money that originally was designated from any wind leases developed on school lands would go to teacher incentives. Okay? It would take that money and put it into this program. And then there would have to be, of course, some, you know, education funding. In my mind, I would see that the \$2 million approximately that was going to extended days and to, you know, teachers with higher degrees, would go into this instead. Yeah. [LB239]

SENATOR SULLIVAN: Okay. All right. Very good. Any other questions? Senator Kolowski.
[LB239]

SENATOR KOLOWSKI: Thank you, Madam Chair. Senator Haar, thank you for bringing this forward today. As I look back, any of us in the profession at that time in 1991, if you read the bill, you could see down the road that every district in the country would be failing. [LB239]

SENATOR HAAR: Um-hum, um-hum. [LB239]

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SENATOR KOLOWSKI: And I think some people were hoping for changes or modifications down the road that would take care of that. But that has not happened yet in Congress. And what if Congress does act in a positive way and modifies the original 1991 bill and anything since that time to be more open and inclusive rather than restrictive and failing oriented? What would happen, at that time, to your idea? [LB239]

SENATOR HAAR: Well, I think that...first of all, I don't expect, you know, much change in that. It's been years now that we've seen these problems developing. It's probably not going to happen. But if it should happen, I would think that there's going to be a component to it that gives states the option again to...showing that kids are achieving and so on and so forth, that...so I think we'd get more flexibility and hopefully then some money in that way. But I wish I had a crystal ball on that point. But right now my crystal ball would say, don't expect much of Congress to update that bill. [LB239]

SENATOR SULLIVAN: Senator Baker. [LB239]

SENATOR BAKER: Thank you, Senator Haar, for your good explanation. I'm wondering, you're talking about this...creating a position, coordinator for educational effectiveness, and...to facilitate and evaluate. Do you see a time when that position...when those things have been developed, and if then...whether that position would go away then? Or does this continue indefinitely? [LB239]

SENATOR HAAR: Well, I guess the way I would look at this, right now 17 schools actually are developing models and we have 259 districts, I believe it is. So we have a long way to go. [LB239]

SENATOR BAKER: Understood. [LB239]

SENATOR HAAR: Yeah. And... [LB239]

SENATOR BAKER: Five years? [LB239]

SENATOR HAAR: Yeah. Yeah, I don't know exactly what that time would be. But even if we...well, even if we get it going, there's always going to be training for new teachers that has to happen, and so I would suspect a person like this would go into districts and help them train their teachers, that sort of thing. [LB239]

SENATOR BAKER: Thank you. [LB239]

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SENATOR HAAR: And hopefully, as time goes on, I mean, we're getting more and more oriented to using data. And so I don't think this whole thing of evaluating students and so on is static. If anything, it's going to evolve into the future and we'll probably need more emphasis on that. [LB239]

SENATOR SULLIVAN: Senator Groene. [LB239]

SENATOR GROENE: Thank you, Chairman. What model? Well, first, we haven't gotten a waiver yet. State Board of Education hasn't even applied for the waiver yet, have they? [LB239]

SENATOR HAAR: Yes. Yeah. Yeah. [LB239]

SENATOR GROENE: They have? But we haven't gotten the waiver yet. [LB239]

SENATOR HAAR: That question would probably go best to the next couple people testifying. But my understanding is, we do have the waiver and we have to perform. Actually, most states have that waiver. And then you're given the waiver for a year and then you have to apply every year. [LB239]

SENATOR GROENE: This bill, is this in coordination with the Department of Education as part of their plan that they're giving to the Obama administration? Or is this some...your ideal that you think would work and fit into that plan? [LB239]

SENATOR HAAR: Well, they participated in the one meeting. And we'll have somebody from the state department talk today later in a neutral capacity. And so, as to how exactly one party talks to the other, I don't know. But there is communication going, certainly, because we have that waiver. [LB239]

SENATOR GROENE: And as the layperson here, taxpayer... [LB239]

SENATOR HAAR: Sure, sure. [LB239]

SENATOR GROENE: ...I'm assuming we already have functional classrooms. Is this a model of a perfect teacher or a model of a perfect classroom? [LB239]

SENATOR HAAR: No. This is a model to fulfil the No Child Left Behind waiver requirements that...and, again, if you go back to the World-Herald article, the requirements that there be an

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accountability system and that you have to evaluate teachers and principals on a regular basis taking into account student achievement growth. So it is more a district kind of thing, but it really centers on teachers. And it goes back to my idea of collaboration. In Finland and other countries where they're being very successful, there's...teachers are actually given time for collaboration so that instead of just rote tests, teachers work together to develop curriculum, to evaluate children, to work on the children that they share. So this is a never-ending kind of process. Just as I...you know, the little professor I put on that first page, I mean, that guy will never become a perfect scientist. But through collaboration with his colleagues, he will get better and keep evolving. And I think that's what teaching is about. [LB239]

SENATOR GROENE: Also, on the fiscal note... [LB239]

SENATOR HAAR: Sure. [LB239]

SENATOR GROENE: We don't have \$3.5 million in the wind generation. We've only got a couple of windmills so far on school lands. [LB239]

SENATOR HAAR: Right. Those... [LB239]

SENATOR GROENE: And they don't see in the near future when we're going to have that many windmills on school lands to generate \$3.5 million. [LB239]

SENATOR HAAR: No. And we'd have to have money other than the school lands. The estimate...the best estimate I have is that maybe in a couple years there would be \$500,000 in that... [LB239]

SENATOR GROENE: But the fiscal note doesn't say we're going to add any General Fund money. It says it's just going to come from the windmills. [LB239]

SENATOR HAAR: No. But that gets worked out when we come to that point in the budget. So... [LB239]

SENATOR GROENE: Thank you. [LB239]

SENATOR HAAR: Those are all good questions, though, and important questions. [LB239]

SENATOR SULLIVAN: Any other...Senator Schnoor. [LB239]

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SENATOR SCHNOOR: I guess, Senator Haar...well, first off, I think No Child Left Behind is ridiculous, but it's there. There's nothing we can do about it. We have those standards we have to abide by. But they're also standards that are impossible to meet. So, I guess, can you explain to me in very layman's terms how that helps us meet those standards, because right now I am not convinced this helps the education process at all. [LB239]

SENATOR HAAR: Right. Thanks. Well, there is a way we could ignore, and then we'd lose the \$100 million or so that goes into Title I schools. So that really isn't an option. And I agree with you. Again, what the waivers require is that you develop an accountability system, and...your own accountability system. And that's what we're talking about here, is the additional staff person for the Nebraska Department of Education to help school districts develop those accountability kind of projects, because right now the school model, I think, is pretty much what's on, you know, beneath the little professor there, that teachers go in, you know, to...I was a teacher for 20 years. And you go into the classroom and you have your kids all day long and maybe you have a planning period. But I never got a whole lot of help from other teachers, and I think that would have helped me. One other factor in that, by the way, if you look at the bill is, right now some schools have mentoring programs in place. And there seems to be a concern about, the mentors are part of the teacher's evaluation. And that would be taken out. That's kind of a minor part of the bill, really. But we have to develop something. We have to develop something. And it's...hopefully this would do that, at the same time getting teachers to collaborate with each other's...and with their administrations. [LB239]

SENATOR SCHNOOR: So right now, are you saying we have no accountability system in place to answer for the No Child Left Behind deficiencies? [LB239]

SENATOR HAAR: We have our own state testing but, like I say, there are 17 pilot schools with this, and Omaha, I believe has one, Lincoln Public Schools. But I think that's a really good question we can ask some of the people to follow me. [LB239]

SENATOR SCHNOOR: Okay. [LB239]

SENATOR SULLIVAN: Any other...Senator Kolowski. [LB239]

SENATOR KOLOWSKI: Thank you, Madam Chair. Senator Haar, one of the tactics we used in the early 2000s, I think, that has had great impact upon the schools that have done it and done it properly, correctly, the PLCs, the Professional Learning Communities. [LB239]

SENATOR HAAR: Um-hum. [LB239]

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SENATOR KOLOWSKI: And that's kind of what you're talking about as far as giving teachers time to collaborate on... [LB239]

SENATOR HAAR: Um-hum. [LB239]

SENATOR KOLOWSKI: ...instructional methods and... [LB239]

SENATOR HAAR: Um-hum. [LB239]

SENATOR KOLOWSKI: ...assessments and all the rest within the process of the schools. And that was probably one of the most productive, positive things the Millard schools in the last 15 years have moved to. And we have great progress we've made out of that as far as curriculum instruction and assessment. The...taking your step then also to the best practices of an entire school district and the analysis to a state standard is sort of like a PLC of a district [LB239]

SENATOR HAAR: Um-hum. [LB239]

SENATOR KOLOWSKI: Districts talking to districts, would that be a comparable analogy, looking at that blending? [LB239]

SENATOR HAAR: Yeah, yeah, yeah. And I would hope, too, yeah, I would hope too that there's not a standard for the state. I mean, then you run into the same problem with stepping on the toes of local control. But there are best practices. And, again, we'll hear from at least one of those and how it operates in Ashland-Greenwood and the excitement it generates among teachers. And probably the most important thing about education to improve the quality is, it revolves around teachers, teachers that love to teach, and they keep growing in that profession. [LB239]

SENATOR KOLOWSKI: And you and I have had many discussions about local control with accountability. [LB239]

SENATOR HAAR: Yes. [LB239]

SENATOR KOLOWSKI: And that's certainly what you're talking about... [LB239]

SENATOR HAAR: Um-hum. [LB239]

SENATOR KOLOWSKI: ...is having the accountability that you can be judged by... [LB239]

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SENATOR HAAR: Um-hum. [LB239]

SENATOR KOLOWSKI: ...to show your worth on those things. [LB239]

SENATOR HAAR: And I suppose we should all write to Congress and say, fix this bill, (laughter) you know, because they've been sitting on it for a long time. [LB239]

SENATOR KOLOWSKI: That would be helpful. Thank you. [LB239]

SENATOR SULLIVAN: Any other questions? Thank you, Senator. Will you be here for closing? [LB239]

SENATOR HAAR: Oh, yes. Thank you. [LB239]

SENATOR SULLIVAN: Okay. Very good. We will now hear proponent testimony on LB239. Welcome. [LB239]

JAY SEARS: (Exhibit 4) Good afternoon, Madam Chair and members of the committee. For the record, I am Jay Sears, that's J-a-y S-e-a-r-s, and I'm here representing the 28,000 member educators of the Nebraska State Education Association. And just for the record, NSEA does support LB239. First of all, I want to thank Senator Haar for his legislative resolution in the study committee that happened this summer and the interesting hearings that we had, because we didn't do hearings. We did roundtables. And we had a number of educators who are responsible for the learning of students in the state of Nebraska talk to Senator Haar about their issues. And as you heard, it wasn't all about salary. It was about, how do we help students learn, and how do we get better at what we do every day? So again, thank you to Senator Haar for listening to the educators in Nebraska and bringing forth one of the pieces...one of the bills out there that I think puts together the big picture of how we can help our students learn to higher standards. So LB239 does basically four things. It provides the Nebraska Department of Education with funding to appoint a coordinator for educator effectiveness and educator evaluation models. It provides for a grant program for school districts to adopt an educator evaluation system from models that were developed by the 17 pilot schools that are still working and should finish up this summer and give us good data about the models that we provided and developed and designed to observe teachers and to help teachers improve instruction for students. It also redirects the use of income from the solar and wind agreements on school lands which were supposed to be allocated for performance-based pay plans beginning in, I believe, 2016. We believe that the redirection of the solar and wind on the school lands would be better used focusing on improving student instruction than on performance-based pay. In fact, there's enough

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research out there that says that if we improve instruction, students actually learn. If we pay teachers or a small part of teachers a little more money, that's not necessarily so. And then the last part, as Senator Haar spoke of, is clarifies language in statute 79-761 that specifies that mentor teachers shall not participate in the formal evaluation of beginning teachers. We know that the mentoring relationship between mentor and mentee is very important. It may feed into the evaluation process or into the process of helping educators get better in their first three years, but they shouldn't be feeding that information as the only evaluation piece. The Nebraska Department of Education has requested funding for a senior administrative position. I'm sure Mr. Halstead will speak to the budget piece that was in the department's budget and how an administrator in the department would help facilitate the implementation of a performance-based evaluation system in the state of Nebraska. For the past three years, the Department of Education, with support from NSEA and the School Administrators Association and the School Boards Association, have been developing a model or models that school districts could use to observe and provide feedback for teachers so that they can improve their instruction, because we know improving instruction is what it's all about for youngsters. I'll skip down. In recent years, national, state, and local education leaders have realized that improving teacher and principal effectiveness is the key to increasing student achievement and developing better school systems. According to educational researcher Robert Marzano, and I'm quoting: Nearly 60 percent of school's impact on achievement is attributable to the principal and teacher effectiveness. And about 35 percent of that can be credited to teacher effectiveness alone. So what we're proposing is a program that will ultimately, as you watch the wind and solar energies on school lands increase, that it would be able to help fund the position and it would help fund grants to school districts as they begin to develop and adopt an education effectiveness system that leads to school improvement. I'm going to leave to the expert what happens in school systems. Kristi Bundy, our 2014 Teacher of the Year in Nebraska, is an educator in the Ashland-Greenwood public schools and has been part of the development and implementation of the educator evaluation system in her district, Ashland-Greenwood. I got to see Kristi a number of meetings as we met with the department and others as we were trying to design a model that would be beneficial for students and teachers in Nebraska. So I'll end my testimony. You have the rest of the written words there, and be glad to answer any questions. [LB239]

SENATOR SULLIVAN: Thank you, Mr. Sears. Any questions for him? Off the hook. (Laughter) Welcome. [LB239]

KRISTI BUNDY: (Exhibit 5) Thank you. Good afternoon, Madam Chair and members of the committee. For the record, I am Kristi Bundy, K-r-i-s-t-i B-u-n-d-y. I am a middle school teacher at Ashland-Greenwood Public Schools. My testimony today does not necessarily reflect the position of Ashland-Greenwood Public Schools. What I would like to share with you today is the experience that I have had the past two years as my district and 16 other public school districts participated in designing and piloting the Nebraska Department of Education's performance-

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based educator evaluation system. The NDE's teacher/principal evaluation pilot process is focused on student growth but also has a high level of accountability for teachers and administrators. It empowers teachers to use data to make informed decisions, to set goals, and to actively progress-monitor student achievement. Possibly the most important and powerful piece that our district sees is that this system has allowed our district to develop a laser focus in our professional development that directly supports teacher action plans and consequently directly supports student achievement. The evaluation process has helped us to...us in clearly defining our focus as a district and having a system in place that promotes both student improvement and provides support for all educators. Time--I heard you mention that a couple times--is always an issue to get any new program going. So the Ashland-Greenwood school board was willing to carve out time in our school year to give teachers time to collaborate and learn from each other. Research indicates that when teachers improve, so will student achievement. And our student achievement the past two years indicates that this system is making a difference as we have reached all-time highs on our NeSA assessments in back-to-back years. This educator evaluation system I see doing three things: It supports teacher growth, it supports student improvement, and it maintains accountability for teachers and administrators. Thank you for supporting education and the work that you do for education and of course our children, the most important piece to Nebraska's future. And thank you for the opportunity to testify today. [LB239]

SENATOR SULLIVAN: Thank you, Kristi. Could you flesh out a little bit more exactly how this evaluation model works? I mean, is one teacher observing another or is it the principal leading the observation? [LB239]

KRISTI BUNDY: Well, to start out with, we had to come up with an instructional model. And our instructional model that we picked was basically based on Robert Marzano. And it basically is...it's a language. Okay? It's a language of, basically, best practices of how to teach, how to set up your lesson plans, how to get student engagement, how to monitor students, how they're doing, how to help students monitor themselves so they can kind of see their growth. This is where I start, you know, so we...it also talks about setting up real targets for the students so they know what the end plan is and so they kind of know what is expected from the beginning. And then it kind of helps monitor throughout till they come to the end product or whatever that may be. In many cases, it is the NeSA standards. I mean, those are the objectives that our state has said, this is...these are the objectives we feel is important in math and science and reading. But it's not just the core teachers. It's all teachers who come up with, you know, their targets that they believe best fit their class and their students. And so then they set up...and the whole Marzano system--which, I guess I didn't realize we were supposed to pass out stuff, I could have brought that for you--but it doesn't have to be the Marzano system. In the pilot, they could have also picked the Danielson model. And both of them are very comparable. I have spoken with Lincoln. They kind of...they have a mixture of both models, but it's still the same thing. Everything is based on best research practices for student improvement. And so that's what we spent a lot of

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our first year with, really teaching that system. What is the best practices you should be doing before you start that lesson plan, while you're doing the lesson and teaching those objectives, and what should that end product be? And then how do you differentiate instruction? And so, for this model that we have, we have student learning objectives, the pilot. There...it's in a couple phases. So I have a...learning objectives that I have tiered. I have some for my lower tier, my middle tier, and my higher tier. And they shouldn't look the same. You know? I shouldn't be a voice blurting out to my class the same thing when I have different students at different abilities. And so that's what the instructional model does. It teaches us those practices. Then another part of the pilot is professional development, like he said, the PLCs...great, great effective practice. So I pick something that I want to do better with my students. How can I improve me as a teacher, because research says if I improve myself, thus, in fact, my students will improve? And so, like, I personally chose how to give better feedback, specific feedback to my students on their progress and to set up scales for them so they can see their progress. I can see their progress. They can see their progress. And we can set goals. So it's that part. So I have...we have the student learning objective. You have the professional development. So the student learning objective is about the student's improvement. The professional development, that is about my teacher improvement. And then you have also your outside duties or your professional development. We also even have student perception data. So...and that's great. I mean, some teachers...and it was hard work. This wasn't easy. I will admit. But I think it was a good work. But then I could see what my teacher...or what my students thought of how my class was going. Then I can use that data and look at it and then also improve my instruction. So it really is focused on teacher getting better, students improving, and then that third part, you know, the student perception data, you know, and my outside work, you know, what I do, if I'm mentoring or, you know, that's also a part of it. Like today I had a teacher e-mail me. She wants to do something...you know, work better individually with students on reading. And she was wondering what I did, if she could come into my class. So that's a lot...a big part of it. But the time factor is huge. And so what we have done at Ashland...our planning...we have a planning period. Sixth grade all has the same planning period. And so we can collaborate at that time. We also...our school board has carved out a day a month and then we meet once a month either before school or after school also for our professional...our PLC times to improve. [LB239]

SENATOR SULLIVAN: Okay. Very good. Thank you. Any other questions for Ms. Bundy? Yes. [LB239]

SENATOR KOLOWSKI: Thank you, Madam Chair. Kristi, thank you so much, and congratulations on being the Teacher of the Year. That's wonderful. [LB239]

KRISTI BUNDY: Thank you. [LB239]

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SENATOR KOLOWSKI: Can I ask your specific teaching area? [LB239]

KRISTI BUNDY: I teach sixth grade language arts and science. I teach science to all sixth grade, and then my homeroom I teach the language arts, reading, writing. [LB239]

SENATOR KOLOWSKI: Great. Thank you. That's wonderful. Also, being a middle school teacher, you're automatic sainthood as far as I'm concerned. (Laughter) That's wonderful. Could you describe...from your description of all the things you've been active in and doing at the present time, describe...could you describe your own changes that have happened within your building as far as the culture and the climate over those two years, sitting back, observing, and seeing where you've been compared to where you are now? [LB239]

KRISTI BUNDY: I would say we have two different buildings: elementary, K-5, and then middle school/high school are connected. I believe elementary, probably their biggest change was with the instructional model, Marzano, just learning the vocabulary or, you know, so everyone is on the same page... [LB239]

SENATOR KOLOWSKI: Sure. [LB239]

KRISTI BUNDY: ...when we talk about a certain concept. So I think that was their big thing. In high school I can see a huge change with...it's just not one mouth teaching to the whole. It's more small group, individual instruction, differentiation and instruction and a lot more collaboration. I mean, I see a lot more--because now with fire code you have to have your door shut--people going out of their room into other rooms, talking more, you know, what are you doing, I'm having trouble with this. So there's a lot more time. I'd say that's the biggest thing in high school. I see a lot more teachers talking back and forth, whether it be a lot of same content area, but then even across content areas. I think that's the biggest change. [LB239]

SENATOR KOLOWSKI: Um-hum. [LB239]

KRISTI BUNDY: I'm not over at the elementary anymore, but when I hear the teachers talk, I think probably the biggest change there is just working on the Marzano. [LB239]

SENATOR KOLOWSKI: And you have PLCs at all levels... [LB239]

KRISTI BUNDY: Yes. [LB239]

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SENATOR KOLOWSKI: ...elementary, middle, and high? [LB239]

KRISTI BUNDY: Yes, we do. [LB239]

SENATOR KOLOWSKI: Excellent. Has your high school changed its schedule in any way? [LB239]

KRISTI BUNDY: You know, a little bit. We have changed the middle school more. We have an academic lab time, we call, instead of study hall. [LB239]

SENATOR KOLOWSKI: Um-hum. [LB239]

KRISTI BUNDY: And so that has been...you know, we've seen a lot of improvement with that. So if I have a...students in science that need help, they can come to me during that time. [LB239]

SENATOR KOLOWSKI: Sure. [LB239]

KRISTI BUNDY: And so sometimes it's related with math, and so the math teacher may have given an assessment, like an informative assessment, and he sees, you know, there's...these students have this need, these students have this need. And then we split them up... [LB239]

SENATOR KOLOWSKI: Sure. [LB239]

KRISTI BUNDY: ...between us and the resource teacher. And so I think there's just a lot more smaller group, more individualized teaching. [LB239]

SENATOR KOLOWSKI: And your middle is six, seven, eight? [LB239]

KRISTI BUNDY: Sixth, seventh, and eighth, yes. [LB239]

SENATOR KOLOWSKI: Would you talk about leadership in your building, just use that as example, or any observations you've made to the other buildings? How has that changed as far as the whole aspect of doing things? [LB239]

KRISTI BUNDY: Well, when we went through this pilot, and I helped, I was on the designing stages of it... [LB239]

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SENATOR KOLOWSKI: Um-hum. [LB239]

KRISTI BUNDY: ...I guess my first thought was, wow, how are the principals going to do this, because it's a lot more evaluating. It might be just a walkthrough. But there is a lot. It's not on...the accountability piece, or whatever you want to call it, is not based on one time coming in. They can walk in at any time. We have peer review, and it's not really to evaluate but just to talk. But we also have at the elementary a team of teachers and then a team at the high school. And so if we're feeling a lot...if teachers are feeling a lot of anxiety about all the new that's going on, then they can come to those teachers and then we go to our curriculum coordinator and our principals. I also see, because the time was a factor, and that's what we said, so we've been doing what we call flip Fridays. And so instead of having our meeting with our principal, especially with all the extra activities in a small school that your teachers do with, you know, the speech and FBLA and all of those, he does something on the computer. And then it might be responding to a little video or maybe an article in a magazine that kind of fits one of our objectives that we have for our school or school improvement. And then we respond back to it on a Google doc. And then there's, you know, then we're talking with each other on that. So we've just found other ways, I think, our administrators, because they are busy with the evaluations and they have like a computerized system that came with the Marzano... [LB239]

SENATOR KOLOWSKI: Sure. [LB239]

KRISTI BUNDY: ...that, I mean, I instantly have feedback about what happened in my room, which...I mean, teachers like that too. I mean, if you're going to come in and look at me, I want to know, you know, how can I improve myself? And so, if they see something, and they always do, I mean, they always come up with some way, oh, try this or try that. So... [LB239]

SENATOR KOLOWSKI: But your improved student performance... [LB239]

KRISTI BUNDY: Yes. [LB239]

SENATOR KOLOWSKI: ...is the center target of all you do. [LB239]

KRISTI BUNDY: It's the center, improvement. You know, I mean, and this is just a side note, but a real quick note, I had a student that just had a lot of anxiety when it comes to school. I can't teach her anything if I can't get her there. So one of her personal goals was to not be tardy and be at school. And she has not missed one day since Christmas break. She's been here every day. And she wanted to make sure I noticed that, so she's told me twice now, did you realize I've been here? (Laughter) I said, I have. And so then we have little incentives, so... [LB239]

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SENATOR KOLOWSKI: Do you have a homeroom process with your middle school or some kind of home base? [LB239]

KRISTI BUNDY: We have team meetings on Friday where we set up class goals. And then we have...Tuesdays and Thursdays we have, like, a 20-minute time where we do team meetings, (inaudible). [LB239]

SENATOR KOLOWSKI: And high school, do they have advisement in high school? [LB239]

KRISTI BUNDY: You know, they did. [LB239]

SENATOR KOLOWSKI: Counselors can only know so many... [LB239]

KRISTI BUNDY: I think so. I mean, they have, like, an advisory team. [LB239]

SENATOR KOLOWSKI: Okay. [LB239]

KRISTI BUNDY: But I don't know for sure. [LB239]

SENATOR KOLOWSKI: Okay. Thank you. Thank you so much. Congratulations again. [LB239]

KRISTI BUNDY: Thank you. Thank you. [LB239]

SENATOR SULLIVAN: Thank you, Ms. Bundy. Any other questions for her? Senator Schnoor. [LB239]

SENATOR SCHNOOR: Kristi, you talked about evaluations. Now, you were...there were always evaluation processes prior to this model that you're practicing, correct? [LB239]

KRISTI BUNDY: Um-hum. But they were...it was not...I mean, it really wasn't much of one. I mean, there was no...I mean, it was checked off. You either passed or you didn't. [LB239]

SENATOR SCHNOOR: Um-hum. [LB239]

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KRISTI BUNDY: There was no in between. I mean, our evaluators did try to give use something to work on. But it's nothing like it is now. I mean, there...it's kind of nice, because when I go in for my evaluation with my administrator, I mean, we actually have talking points we can talk about. It's not like, oh, satisfactory, satisfactory, satisfactory, satisfactory, satisfactory, satisfactory, you know, which, that's basically what it was before. So the evaluation, the accountability piece is a lot different, a lot different. It's actually a scale. And so we have something to go by. [LB239]

SENATOR SCHNOOR: Okay. And then also you talked about...I don't know if you really said mentor, but you talked about programs. And I guess I understand that as mentoring to help other teachers to attain their goals, correct? [LB239]

KRISTI BUNDY: Right. In fact we video tape. So if our principal comes in and he sees somebody doing well, if there is a goal...is to have specific targets, or if their goals is to have feedback, you know, then he asks if we will videotape. And then they put that online. We had a March Marzano Madness, where people who were doing, you know, the different...it's actually, you know--this is the instructional model--any benchmarks on here, then we could put them online. And I want to say we have, like, 62 teachers. And I think he said that there was over 180-some hits on those videos. There were...teachers were going in their and watching our own teachers teach. But there's also other videos that sometimes they put up there. So if we need help in a certain area, we can go there and look at that, those videos. [LB239]

SENATOR SCHNOOR: Okay. And where you're teaching, do you think they're going to start implementing this no matter what? [LB239]

KRISTI BUNDY: I would say, definitely, yes. We've been very pleased with it. I mean, the No Child Left Behind, the intent is wonderful. Every child should improve. But, as you guys said, to think that every child is going to be 100 percent is just, unfortunate...it's just not...because everybody is at different levels [LB239]

SENATOR SCHNOOR: It's just not realistic. [LB239]

KRISTI BUNDY: Yeah. It's just not...yeah. It's not realistic, no common sense there. [LB239]

SENATOR SCHNOOR: Yeah. Okay. My point that I'm getting at is, you did this. Your school did this and you personally did this because it's the right thing to do. It's a way to move forward to...for kids to be... [LB239]

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KRISTI BUNDY: To be better... [LB239]

SENATOR SCHNOOR: ...to be better, ultimately. [LB239]

KRISTI BUNDY: ...um-hum, to improve. And they can see their improvement. That's what they like. [LB239]

SENATOR SCHNOOR: Right. But you did this without any legislation, without any change in the laws because it was... [LB239]

KRISTI BUNDY: Because we figured it was coming. (Laugh) I mean, honestly, that's what our...yeah. [LB239]

SENATOR SCHNOOR: Right. But my point is, you did it without any laws telling you to do it, without any change in legislation. [LB239]

KRISTI BUNDY: Our...this was what...our administrator came to me and she...they said, they're going to have to do something with No Child Left Behind. There's going to be an accountability system. We might as...get in on the fronting edge of it. Why wait to make it happen to us? [LB239]

SENATOR SCHNOOR: Uh-huh. [LB239]

KRISTI BUNDY: If it's going to happen, we wanted to put our say into what that looked like. So we spent a year designing the model with other schools. And so we have our input on what's happening. And that's why our district decided to be in the pilot. And then we could decide. There was 100-some schools that started. But it's a very aggressive...I mean, it was an aggressive time line to try to get everything done. So it wasn't easy. But, like I said, they decided to do this because they knew they had...accountability was coming. And if we were going...if it's going to be made done to us, their thought was, we might as well put out input into it. [LB239]

SENATOR SCHNOOR: And your school will likely keep doing this whether there's any legislation or not? [LB239]

KRISTI BUNDY: I would say, yes. [LB239]

SENATOR SCHNOOR: Okay. Thank you. [LB239]

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SENATOR SULLIVAN: Senator Groene. [LB239]

SENATOR GROENE: Basic question taxpayer parents has: Is test scores improving? [LB239]

KRISTI BUNDY: Yes. As I said, back-to-back years, we've had the best scores that we've had on NeSA tests...on our NeSA standards. ACT, I'm not sure but, I mean, we have seen a lot of improvement. And you know what...and I think a lot of it is, too, has to do with...hope is a huge factor. When you change from, this is the test, this is your score, to this is what, you know, this is the objective, this is the end result, this is how to get there, this is where you're at. Now, this is what we need to get you where you need to be. So... [LB239]

SENATOR GROENE: So each student is comparing himself to his improvement. They're not... [LB239]

KRISTI BUNDY: Himself, yeah. Yeah, they're just...it's, what are you doing to improve? [LB239]

SENATOR GROENE: Now, what happens if the superintendent of schools leaves because he's got a better offer somewhere? How does this continue if... [LB239]

KRISTI BUNDY: Well, I think, I mean, it's pretty... [LB239]

SENATOR GROENE: Or she, I should say she. [LB239]

KRISTI BUNDY: Yeah. Well, our superintendent in our school, it's a man. But, I mean, our teachers have a lot invested in this, and our principals. I mean, I think if Dr. Kassebaum, would leave us, we would definitely still do this. [LB239]

SENATOR GROENE: That's the question I had, is that we hear collegiality around here a lot, between senators. [LB239]

KRISTI BUNDY: Um-hum. [LB239]

SENATOR GROENE: It usually means, get back here to the norm, quit doing what you're doing. Is that...is it a collegial thing where you teachers get together and manage yourselves, or is it coming from the legislators? [LB239]

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KRISTI BUNDY: Well... [LB239]

SENATOR GROENE: I mean, not from the legislators. I mean the principals. [LB239]

KRISTI BUNDY: The principals are doing the evaluating. But we are setting...like, my professional development, I'm deciding what I want to do to improve myself. Right now, we...the student learning objectives is kind of tied to our principals, what their action plan is. And so, my evaluator, hers are to improve NeSA scores. And so for my student learning objective, I'm looking at my reading scores as one of my indicators. But I don't do it just for reading. I mean, I do the same thing for science also and my writing. [LB239]

SENATOR GROENE: But you're not just answering to the principal? You answer to the group? [LB239]

KRISTI BUNDY: Right. [LB239]

SENATOR GROENE: I mean, the teachers are motivating each other? [LB239]

KRISTI BUNDY: Yes, the other sixth grade teachers, we look at what's going well, what's not going well in our collaboration time. [LB239]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony, Ms. Bundy. [LB239]

KRISTI BUNDY: Okay. [LB239]

SENATOR SULLIVAN: Could I have a show of hands for all that are still wanting to testify on this bill? Okay, very good. And you'll excuse me, I have to introduce another bill, so I'll turn this over to Senator Kolowski. [LB239]

SENATOR KOLOWSKI: Thank you. Brian, welcome. Please. [LB239]

BRIAN HALSTEAD: (Exhibit 6) Good afternoon, Senator Kolowski and members of the Education Committee. For the record, my name is Brian Halstead, B-r-i-a-n H-a-l-s-t-e-a-d. I'm with the Nebraska Department of Education. I'm here today in support of this bill. Last September, the State Board of Education submitted a budget for the next biennium to the Governor's budget office and to the Legislative Fiscal Office. In that budget was an issue to

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create a position at the Nebraska Department of Education to help lead on an effective educator initiative the State Board had undertaken several years prior to that. What you have received as a packet of information...the first page is a map of the state of Nebraska with the 17 school districts who volunteered to help develop a model or models and to test pilot a new evaluation system in Nebraska. And you've heard from Kristi Bundy as to what that did in Ashland-Greenwood, which was one of the school districts who volunteered. Not all of our school districts had the capacity to volunteer. And in that regard, as you look, there's a wide assortment. The Bellevue Public School district would be the largest school district in student enrollment. And you can look across the state and see many of those who volunteered are some of our smaller school districts. You'll see some large school districts that aren't on there because they've already created an evaluation system. As we worked on this project, the first thing the board had to do was put together teacher-principal frameworks, which is the 14-page document that makes up the bulk of that. That is what the State Board adopted. The focus is on what teachers need to know and be able to do, what principals need to know and be able to do, and to develop an evaluation system aligned to that framework. You've heard about how there are now two models that were developed. One is based on Marzano. The other is based on Charlotte Danielson, both nationally recognized experts, both largely focused on that. We, at the department, have been able to scabble together some federal funds so that we could contract with an individual, and I think we're on our third contractor since we've started, about trying to get some momentum behind this. There is no state funding in our budget for this position. And as such, that's one of the key things the board wanted to do, was at least get us a staff person who can focus their time on it, instead of us having to hire contractors to do it whenever we can. I would tell you that so far the feedback we've gotten--you've heard from Kristi Bundy--from all of the school districts is...because it's a systems approach, as opposed to, Senator Haar...the principal came in, he had a checklist, he marked yay or nay, and that's all you got. And, as you can see, when you empower the children with their learning, when you empower the teachers with their own evaluation and their own feedback, and principals who have training on how to lead and to assist in making the staff better, the things that can occur when you do it in a systematic process. So, I'm going to stop there, because I'll take some questions. I know Senator Haar mentioned a whole bunch of things, and maybe you have other questions. Does Nebraska have a waiver from No Child Left Behind? No. We're working on writing a waiver request, hopefully at the February meeting the first draft of that waiver, because right now, under No Child Left Behind, you have to have highly qualified teachers, which is based largely on just input. Do they have an endorsement? Have they passed some test that says they have some competency in this area, but absolutely nothing about, how well do they perform? How well is our professional development system aligned to providing professional development to our teachers? And largely, it wasn't well aligned until the last couple years. We've worked with the ESUCC and the ESUs. You'll notice, the map is done based on ESUs, because the ESU staff and the professionals that...are involved with those school districts working with it. So again, it's a collaborative process. But I'll stop there. I'll take any questions you might have. [LB239]

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SENATOR KOLOWSKI: Brian, thank you. I have one I wanted to ask you. You talk about Marzano and the other models that are available. I wanted to ask if you had much of a background or any look at the Breaking Ranks from the secondary school principals as well? Did that come into the discussion? [LB239]

BRIAN HALSTEAD: I wasn't involved in the designing of this. I wasn't the contractor. So you've asked me a question I don't know. I think they looked at various models out there. [LB239]

SENATOR KOLOWSKI: Danielson's, Marzano's, yeah. [LB239]

BRIAN HALSTEAD: I think the Marzano and Danielson, I think, were the ones that, when they looked at them, kind of fit the way Nebraska does our work in that regard. But I don't know that those are the only models that were looked at. So, in that regard, some of that is the...as you can see, these 17 school districts, they got to pick which they wanted to do. I believe eight picked Marzano and nine picked Danielson, or that's what it was initially. So we didn't come up with a single way, you will all do it the same way, No Child Left Behind. No. We left it to the schools to look at their instructional models that they felt best fit. I think you heard from Kristi that some of our school districts like OPS and Lincoln already have done this and they've kind of blended a little bit. It's still allying to the framework that the State Board has done, but the instructional model they're using is fit more to what they know in their school district. So again, we aren't mandating, you will all do it this way. We've left it to the local school districts to help work and develop it themselves. And largely, if you know, Senator Kolowski, some of the new senators, that's usually the approach of the department. We get the people who are actually doing the work involved in getting input on that. That's how we did it here. That's how we do it with standards. That's how we do it with assessment. We get the people who are involved with it. We get public comment on it. And members of the public have commented on it as we were going forward with the framework, so... [LB239]

SENATOR KOLOWSKI: How many districts beyond the 17 had applied originally? Did you have an application process as far as involvement? [LB239]

BRIAN HALSTEAD: I don't know. I think we just look for people, who wants to volunteer, and that's what we had. I'm not sure if we had to winnow out of a few, because, again, there's no state funds for this in that regard. So some, I think...there may have been a few more who wanted but the availability of doing it and the commitment of time and effort...so I can't speak to that. I can go back and ask if we had any that we said, sorry, that's too many. I don't think so. I think this was largely who was willing to put two years' worth of their own time and effort into it to do it. [LB239]

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SENATOR KOLOWSKI: As their models get developed and become more refined at each of the districts, what's the ESU's role in all this as you're looking at the future? [LB239]

BRIAN HALSTEAD: Well, I think that's...we have had the ESU staff involved with this so that we're not trying to redo and replicate. They have some familiarity. So, as you can see, we have a large number of school districts across the state. The ESU has involved the ability to replicate this if there is availability and leadership to do it, is the whole model we were working on. So I would think, you know, the bill doesn't say the grant fund is how we do it. If we get this bill enacted, there is funding for a person and we promulgate rules and...we may ask, should the ESUs be a part of this partnership if a school district wants grant funds, because largely, most of our school districts are already working with their ESUs on the topic. So, you know, I think one of the questions was, is this all going to come from the state or is there a matching requirement? Well, there may...we may consider that as to get some buy-in from the local school district. [LB239]

SENATOR KOLOWSKI: Your model... [LB239]

BRIAN HALSTEAD: Again, not everybody has the available resources that, maybe, Ashland-Greenwood had or the leadership to say, you know what, we are going to do this. So... [LB239]

SENATOR KOLOWSKI: As these models develop, finding leadership for the continuation in other districts, are you working with the Nebraska Council of School Administrators or the administrator preparation programs in the state to better align and develop the people that you'd like to have come into those buildings in the future and have principals' and superintendents' leadership styles match some of this? [LB239]

BRIAN HALSTEAD: Senator, I think if you look at the frameworks for teachers and principals... [LB239]

SENATOR KOLOWSKI: Um-hum. [LB239]

BRIAN HALSTEAD: ...and you go look to what the requirements are now in Rule 20 for preparation programs to be approved, you're going to see, ooh, they're largely aligned. They're kind of using the same language. The professional development that ESUs...are largely aligned to the same common language and systematic approach. I don't know as to whether any of our teacher colleges in the audience are going to step up here. But at the same time, this isn't different than what's going on at postsecondary education and how Rule 20 has been revised to let them know, this is what your candidates need to be able to do and know when they exit your

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program. And again, the system we're trying to build here as to how you evaluate staff so that they know what's expected of them and give them the feedback they need so they can get better so, yes, that... [LB239]

SENATOR KOLOWSKI: The State School Board Association is meeting as we speak. And, from that perspective, they are the ones who hire these people. What is your inroad with them, as far as... [LB239]

BRIAN HALSTEAD: I believe that we've had consultation from that organization. They have been a good partner. And, again, this isn't about us leaving any of them out. I can't tell you exactly as to the school boards in Ashland-Greenwood as the members were brought in on that and everything else. Kristi might have known that. But, yeah, the school boards need to be involved in this. They need to know how it is the administration and the teachers are moving the district forward and their children forward. So it does take buy-in from everybody. [LB239]

SENATOR KOLOWSKI: Thank you for your confirmation on all of that. Mr. Groene, please, and we'll come around. [LB239]

SENATOR GROENE: I'm the layperson. [LB239]

BRIAN HALSTEAD: Sure. So am I, Senator. [LB239]

SENATOR GROENE: I've been through a lot of new fads in education for my kids, myself. Thank god I had parents that said you had to read something every night. But anyway, this one says: Beginning in 2016, the Commissioner of Education shall annually collect data from each school district prior to February 25 and determine whether at least 75 percent of the school districts have included a system for distribution apportioning funds...attributed income from the solar. This is the first time I've seen a program that didn't work before it even started. [LB239]

BRIAN HALSTEAD: I think... [LB239]

SENATOR GROENE: I mean, we haven't even tried this yet. [LB239]

BRIAN HALSTEAD: I think, Senator... [LB239]

SENATOR GROENE: And merit pay is something that people want. [LB239]

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BRIAN HALSTEAD: ...and I think you're looking at the current statutory language for merit pay. [LB239]

SENATOR GROENE: And it's going to be struck out by this bill. [LB239]

BRIAN HALSTEAD: Absolutely. That is a prior Legislature's act about performance pay. And there is language in there that, at a point in the future, I think that's still a year or two out, where the commissioner is going to have to collect information to determine whether any school districts are doing performance pay. So under this bill, we're striking that part of it out. That was a requirement the Legislature came up with. And I'm trying to remember the year, 2008 or 2009...Senator Haar would remember because he was one of the cosponsors of that bill and the compromises that were made on the floor and amendments that were done. But that's currently in statute that this would strike out, because we're not going to use those funds for performance pay. [LB239]

SENATOR GROENE: But the frustration from the people is, we haven't even tried it. We haven't even tried the merit pay that... [LB239]

BRIAN HALSTEAD: Right. [LB239]

SENATOR GROENE: ...people have been demanding out there because we want to reward the good teachers. [LB239]

BRIAN HALSTEAD: And that's going to be up to you as to whether you strike that or you think the school...the revenue off of wind or solar energy from school lands should go to merit pay or not. That's your decision. I'm only speaking to us at the department having a staff person lead this. There is clearly going to be needs for some fundings for school districts to implement any new teacher/principal evaluation system. As to whether that's currently available or there needs to be more funding, I can't give you the answer to that. But yeah, that would be struck. There wouldn't be any data collection. The commissioner would do two years from now to see whether anybody did merit pay in their negotiated agreements. That would strike that. [LB239]

SENATOR GROENE: So what you're talking about...this bill is just a small part of it, because the fiscal note says there's no costs here, basically, except the one salary of \$127,000. [LB239]

BRIAN HALSTEAD: Of General Fund money, yeah, I think that's the way the fiscal note is written, because they believe that's the way the bill was written. But the staff person at the department would be General Funds and I...we don't have any dispute with what Legislative

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Fiscal says the costs are for that individual. That's an accurate...we're in agreement. As to if you're going to provide grant funds to school district, that is either some other funding source that we didn't have it, necessarily, in our budget issue, that's still within your purview to decide, yes. [LB239]

SENATOR GROENE: Thank you. [LB239]

SENATOR KOLOWSKI: Senator Baker, please. [LB239]

SENATOR BAKER: Brian, I think you may have answered my questions about ten minutes ago. (Laughter) I won't take you back to there. I'm specifically familiar with Norris, where it was, and also know about Beatrice since I was interim superintendent there. Those districts are several years down the road with evaluations based on Marzano to the point of having developed behaviorally anchored rating seals and that type of thing. I think you said that they would not have to accept...adopt one of the models of the 17... [LB239]

BRIAN HALSTEAD: No. [LB239]

SENATOR BAKER: Okay. Thank you. [LB239]

BRIAN HALSTEAD: No. That's not what we are envisioning at the department level... [LB239]

SENATOR BAKER: Thank you. [LB239]

BRIAN HALSTEAD: ...nor the State Board. We may look to see, okay, your evaluation system, is it aligned to the teacher/principal framework that we've outlined, which they probably already are, because I think they participated in the writing of the framework. [LB239]

SENATOR BAKER: Yes. Yes. Thank you. [LB239]

BRIAN HALSTEAD: So there may be more school districts out there right now that have evaluation systems that are going to match up to these models. But we also recognize that of the 245 school districts, they all don't have the staff nor the time to develop this on their own. And some of this is trying to take what the pilots do and then replicating it and making it fit that school district, you know, in the sense of what Norris needs is not what Scribner-Snyder needs or what Valentine needs, because they are all different in their things. But they all need to have a systematic approach, from our perspective, of making sure all of their teachers and principals are

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meeting the needs of their students, and if not, aligning the professional development system so that those teachers and principals get better every day just like we want every student to get better every day. [LB239]

SENATOR BAKER: Thank you. [LB239]

SENATOR KOLOWSKI: Senator Schnoor, please. [LB239]

SENATOR SCHNOOR: I guess the overall message I'm hearing is that, and this is speaking in very general terms, that our teacher evaluation system isn't working. [LB239]

BRIAN HALSTEAD: I think, Senator, what you probably have heard and what you're hearing from Ms. Bundy is, if the school district is still using just a onetime visit with a checklist box, that's not meeting the needs of what we need to do. [LB239]

SENATOR SCHNOOR: Well, and I would agree. [LB239]

BRIAN HALSTEAD: So in that sense, I think even her, a Teacher of the Year who has by doing this whole exercise learned even more, one of the best of the best, and the value of...even she's recognizing she needs to make changes, is somewhat a change in thought as to the 1980/1990 model of "the principal comes in for a full instructional period, fills out a checklist, and then sometime afterward sits down and tells you how well you did or didn't do," is not an effective system anymore if we're going to demand every child can learn and each day they should learn more than where they were before. So I think it's a systematic approach as to the 1980 model of "you will evaluate once each semester for a full instructional period." And I think Senator Kolowski can talk to you about the old models and where we might be better than I can on the new models. [LB239]

SENATOR SCHNOOR: Then would you say, whether this legislation goes forward or not, that our evaluation system for our teachers needs to change? [LB239]

BRIAN HALSTEAD: I think that's been the whole focus of the State Board, is how do we improve the evaluation system? And that's what this whole process of establishing the frameworks and then putting the pilots out there to learn from the pilots so that then we can put that out there for everybody else to look at...absolutely. We've kind of done that by cobbling together funds and then seeing whether anybody has their own time and energy to put into it. And that's not really a systematic process, because what if you don't have the staff nor the time nor the funds to do it? Is our response, sorry, that's your problem? No, not from the department.

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We want to assist all school districts. And where all of our school districts are on this, I can't speak to. I would like to think they're all fully down the road on this, but I would suggest, out of 245, that's probably not likely. [LB239]

SENATOR SCHNOOR: Okay. [LB239]

BRIAN HALSTEAD: There may need to be a need to lead a little bit better. And, again, we've done it with a contractor. I think we're on our third. That's not exactly long-established leadership, nor, as I think someone said, well, what happens if the superintendent leaves? Yeah, guess what, that does happen. What if the focus changes? And unfortunately, we've had education reforms that superintendents have brought in that leave with the superintendent. That's not a systematic process. And that's what...we're hoping this bill will at least let us at the department with some leadership keep that focus in the right place regardless of who's there. And the position is not just confined to this teacher evaluation system. This position would also be in connection with our postsecondary education institution, with our educational service units about professional development. So, again, it's not us telling them but trying to provide some leadership in coordinating what already exists out there. [LB239]

SENATOR SCHNOOR: Thank you. [LB239]

SENATOR KOLOWSKI: Senator Groene, please. [LB239]

SENATOR GROENE: One more question, and then I'll leave you alone. I'm assuming, with No Child Left Behind, you were here in the year it passed. And we need more funding to fill these positions, because now we've got to oversee No Child Left Behind. We get rid of old child left behind (sic). There's positions there and money budgeted. Why can't that be...those positions eliminated now or morphed into this position? [LB239]

BRIAN HALSTEAD: Well, I guess, Senator... [LB239]

SENATOR GROENE: Or do we just...is it typical bureaucracy where once we have it we can't get rid of it? [LB239]

BRIAN HALSTEAD: Well in the sense of...right now, even under...there is no staff person at the department because the federal government didn't provide funding to carry out the No Child Left Behind provisions of that. So we, at the department, have had no funding on this. We've taken some funds that were available under No Child Left Behind and were able to contract with someone. I think, even at the department, we've learned that there needs to be a systematic

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approach to this. We're not a big supporter of No Child Left Behind. Frankly, the previous Commissioner of Education sitting in the audience, the previous commissioner before that was not a supporter of No Child Left Behind. I can proudly say I believe the two United States senators who represented Nebraska voted no on it. Yeah. So... [LB239]

SENATOR GROENE: My point is, yeah, I'm not saying I support it. I'm saying, somehow the national Education Department knew what test scores we had in our schools and then came back and said, you are on probation. How did that...from North Platte High, how did those test scores get from there to Washington, D.C. and a message back to North Platte that you have three schools on probation? [LB239]

BRIAN HALSTEAD: Well, that is... [LB239]

SENATOR GROENE: Did that go through you guys? [LB239]

BRIAN HALSTEAD: That data is all collected from the school districts through us. And we, in turn, report that to the U.S. Department of Education in that regard. And our data systems are largely built on federal money from No Child Left Behind. So in the sense of... [LB239]

SENATOR GROENE: All right. [LB239]

BRIAN HALSTEAD: I can tell you that new Commissioner of Education believes Nebraska should be running its education system which means if there's staff needed at the department, they should be funded by this Legislature and not the U.S. Congress or Arne Duncan. [LB239]

SENATOR GROENE: So if you opt out, that funds are gone. [LB239]

BRIAN HALSTEAD: If you don't apply for No Child Left Behind funds and meet all of the requirements, that's probably a couple hundred million. Now, we don't have to take that federal money. You might want to talk with your school districts if they're willing to give up the millions of dollars that come from the federal government. [LB239]

SENATOR GROENE: But you don't lose it if you opt out, and the Obama administration let's you opt out, right? [LB239]

BRIAN HALSTEAD: If you don't want to take the money, yeah, you can leave \$200 million sitting in D.C. [LB239]

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SENATOR GROENE: No, what I'm saying...if they approve your plan, your opt-out plan, and there's...how many states have opted out? [LB239]

SENATOR BAKER: Waiver. [LB239]

SENATOR GROENE: Waiver, there you go, the waiver. [LB239]

BRIAN HALSTEAD: Waiver. Yeah. Okay. [LB239]

SENATOR GROENE: The waiver, right terminology. [LB239]

BRIAN HALSTEAD: I don't know the exact number, because a couple states have now lost their waiver. It's in the neighborhood of, about 45 have applied for and received...I don't call it a waiver. It's flexibility that the Secretary of Education has provided. [LB239]

SENATOR GROENE: So you're still reporting for the waiver. [LB239]

BRIAN HALSTEAD: We are still reporting under the No Child Left Behind. We don't have a waiver. That is what we're working on. I think we are taking into consideration what the secretary has asked for. I don't believe our waiver is going to read like an ESEA flexibility that other states have submitted. It's going to reflect what Nebraska value... [LB239]

SENATOR GROENE: Your waiver...but you still get the funds, they're still looking over your shoulder? [LB239]

BRIAN HALSTEAD: Assuming they approve the waiver, right. [LB239]

SENATOR GROENE: All right. [LB239]

BRIAN HALSTEAD: And that's...I'm not going to speak for the U.S. Department of Education because I'm not sure how they'll review it or see it in that regard. It's... [LB239]

SENATOR GROENE: I'm just trying to track the money. [LB239]

BRIAN HALSTEAD: Absolutely. And in that regard, that's, you know, in the sense of...the consequences attached to No Child Left Behind don't make any sense to us because they're not

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doing anything to help improve student learning or improve the staff and the school. It's just largely a point and blame and shame and that's not how we should do it. At least, that's from the Department of Ed's perspective. And hopefully that's the Legislature's perspective, too, because that's what LB438 was all about. It's not about shame and blame. It's actually about trying to help those who are struggling find and have resources and redirecting of resources to improve. [LB239]

SENATOR SULLIVAN: Okay. Any other questions for Brian? Thank... [LB239]

BRIAN HALSTEAD: I didn't know I was going to be testifying on No Child Left Behind. (Laughter) But thank you very much. [LB239]

SENATOR SULLIVAN: Thank you, Mr. Halstead. [LB239]

SENATOR GROENE: (Laugh) Should have had a glass of water. [LB239]

SENATOR SULLIVAN: Any other proponent testimony? Welcome. [LB239]

VIRGINIA MOON: Thank you. Senator Sullivan, members of the committee, my name is Virginia, V-i-r-g-i-n-i-a, Moon, M-o-o-n. I'm here representing and testifying as a proponent for this bill for the Nebraska Council of School Administrators. I'll try to be brief, because much of what I have to say has already been said. Teaching is an incredibly complex process. It's an art. It's a craft. It's a skill. But it's very, very complicated. And for many, many years, we've tried to describe it, figure out how to measure it, figure out how to teach teachers to do it, those sorts of things. But it's very, very complicated. And when I was a teacher--about 14 years, not the 20 for Senator Haar, but for 14 years--my evaluations were pretty simple. I had three in 14 years, and I knew that there were three things that I had to do: Don't send too many people to the principal, do my duty outside the door in the hall to be sure that things there...and don't forget to go to lunch duty. You know, those were kind of what was on my evaluation. (Laughter) There was never too much conversation. Usually the principal dropped it in my mailbox and I signed it. Sometimes I got other evaluations, but the principal had not necessarily been in the classroom. We have come a long, long ways. And I think that although our evaluation systems get more and more sophisticated, I don't think they're totally broken. I think school districts have tried really hard over the last decade especially to work with those models of Marzano and Danielson. Those are rubric-based models, and they provide a language that's common between the teacher and the principal to describe what's going on. And so a rubric-based evaluation is going to be something that says...describes a behavior. If you're talking about differentiation for students, one is going to say, the teacher does not differentiate--that one you should be fired for, because that's not acceptable--all the way, three or four, to, the teacher differentiates for students--all students--no

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matter what their ability is, knows what their progress is, knows appropriate strategies for that particular differentiation. That's very complicated. And these new models have 30 or more of those descriptive rubrics. So when it's time to talk with your teacher, as an administrator you have a lot of good language, because you can say, this is what we're talking about right here, and this is where I see you on this. And here's what we could do next. And then teachers can set goals like our previous testimony, in any one of those areas to move forward. I think that although there's been a lot of conversation here today about "each district can do their own thing," the most important part about that coordinator is that most of us in schools are going to use basically the same language and the same format to do those evaluations. So that coordinator and the leader at the state level can help districts go through this very time-consuming process and say, this looks pretty good, but for us this is a little bit different, so that you have something to start from and it goes faster and you can get to that end point a lot quicker. And I think that the legislation talks about coordinating training. You're always going to have new principals. You're always going to have new teachers. And you're always going to have old guys like me who are learning new strategies and new demands of teaching as we learn better about how to serve students. So I think that the position of leadership that's being discussed here is someone to help coordinate those efforts and make them go more quickly for the school districts who aren't already there and have a common language as people move back and forth from one district to another. There's language in the bill that talks about...clarifies that the mentor teacher is not an evaluator. And I think that's really important language, because when you're a teacher, having a peer that's not threatening, that's not writing your evaluation, that doesn't decide whether or not you get to teach the next year, is really important, because I'm not going to admit to my evaluator I'm really struggling with this particular thing, I can't make it happen in my classroom, how can I do that? I'm not going to say that to my administrator, because we don't want to admit that to the person who's doing our evaluation but to a mentor, teacher, another teacher in the building who has a good idea about that. So I think that language to clarify the role of a mentor is really important. I believe that this bill has the potential to improve instruction for all students across the state, and NCSA is happy to be in support of it. If you have any questions, I'd be glad to answer them. [LB239]

SENATOR SULLIVAN: Thank you, Dr. Moon. Are there questions for her? Thank you for your testimony. [LB239]

VIRGINIA MOON: Thank you. [LB239]

SENATOR SULLIVAN: Welcome. [LB239]

JOHN BONAIUTO: Senator Sullivan, thank you. Members of the committee, John Bonaiuto, J-o-h-n B-o-n-a-i-u-t-o, representing the Nebraska Association of School Boards. And I think

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about everything has been said that you could say about this bill, that's it's a good bill. The School Boards Association does want to be on record as supporting it. Especially for the new members, the Nebraska Association of School Boards represents elected school board members and elected ESU board members. The association has been around almost 100 years. It was formed in 1918 and it is interesting, because you have board members from OPS sitting next to board members from Morrill and Dundy County. And there is that similarity when you're elected officials looking at things. And it's all a matter of scale, but you're trying to look at it and do the same things in the districts across the state. I would like to just read the position of the Nebraska Association of School Boards that was acted upon at their delegate assembly in November that really covers what this bill is trying to get at. NASB supports in-service training, enrichment programs, and continuing education for professional staff; regular evaluations of performance; competency in subject areas; and demonstrated ability to instruct or manage in part as shown through student performance and should be conducted to promote professional growth. And that is what this bill is trying to get at, is...and as evaluation evolves, one of the things that school board members, when we talked about this bill...they were very aware of the fact that when you're going to do something like this, it's going to take more time. There's going to have to be more time committed by the principal and the teachers and we are asking these people to do a lot of different things. And so that time is going to have to come from some place. So I like what the discussion has been: best practices, the State Board is going to create rules, local control. All the things that School Boards Association like to see in a bill are part of this, so thank you, and I will conclude my testimony. [LB239]

SENATOR SULLIVAN: Thank you, Mr. Bonaiuto. Any questions for him? Senator Pansing Brooks. [LB239]

SENATOR PANSING BROOKS: Just interested where the...Mr. Bonaiuto, thank you for being here. [LB239]

JOHN BONAIUTO: You bet. [LB239]

SENATOR PANSING BROOKS: What...I know the teachers and the principals and everybody are so tapped on time. So how will that occur? [LB239]

JOHN BONAIUTO: That is going to be the challenge. And I think you're going to hear that in other bills that come before you this session, is we just keep adding. And I think that Senator Schnoor had a list of things that he received today at the school boards conference from an individual that shows the things that have been added to public education since the early 1900s. And we're going to have to take a look at, you know, what are the priorities? And this is one of the big priorities, is helping teachers do their job better and working with students to the best of

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their ability. And this is not something that you come out of a teacher preparation program or administrator preparation program having that kind of a skill. It's something that you do collaboratively. And that's what this is. So I think boards are going to have to figure out how to do this in supporting their teachers and administrators. It's not going to be easy. (Laugh) [LB239]

SENATOR SULLIVAN: Any other questions? [LB239]

JOHN BONAIUTO: Thank you. [LB239]

SENATOR SULLIVAN: (Exhibit 7) Thank you for your testimony. Any other proponent testimony? I would like to read into the record that we have received a letter of support for LB239 from Dr. Eric Weber who is associate superintendent for human resources at Lincoln Public Schools. Is there anyone wishing to testify in opposition to LB239? Anyone in a neutral capacity? Senator Haar for closing. [LB239]

SENATOR HAAR: Well, thank you very much for your time. It's been a good discussion, I think. Again, No Child Left Behind, OMG. (Laugh) We got to do something. The 100 percent proficiency just doesn't work. And I was mistaken. We don't have the exemption at this point, but we're working on it. And so in...really, what this...what No Child Left Behind was about is improving student performance. That's a great goal. And what I believe that my bill helps is to improve student performance by improving teacher effectiveness through collaboration. Just a really quick story: When I was about 26 years old and still going to save the world, and I'm still trying to do that, but I taught for four years at Tech High School in Omaha. It was a tough inner city school. I had Johnny Rodgers in my chemistry class, by the way. And things weren't working so well. I was teaching chemistry, physics, and another science course. And so I gave all of these, some of the best students at Tech High School, and they were the best students, a reading test. And the average reading level was fourth grade. And so there was a parent-teacher meeting. By the way, Ernie Chambers' brother, Eddie, was teaching at the junior high at the time. And so our principal got up and he said, and I really think he believed this, but kids at Tech High were getting the same opportunity as children anywhere. And so I got up (laugh) and related that kids in my classes, some of the best students, had a fourth grade reading level. When I came to Tech High School, because I requested that school, I was the perfect teacher. On my teacher evaluation, I had all the check marks, and after that parent meeting, of course, I became very average with lots of things to improve. (Laughter) And it didn't improve student performance at all, what happened back then. And what we're talking about now is improving student performance by improving teacher effectiveness. And part of that is through the...how we evaluate teachers and through collaboration. One thing real quickly, I think the wind thing hasn't worked out very good, the wind for teachers, because we were anticipating that wind would develop much quicker in Nebraska and that a lot more dollars would accumulate. I think this is a

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really good use of that money instead. And if we had absolutely exceptional administrators and teachers across the whole state working at the highest levels and not caring about their own personal life, every school would be doing this on their own. (Laugh) But I think we have to realize that it takes resources to do this. It takes coordination from the State Department of Education. And so I think we need to give the State Department of Education and schools resources to do this, to improve student performance by improving teacher effectiveness through collaboration. [LB239]

SENATOR SULLIVAN: Any questions for senator? Thank you, Senator Haar. [LB239]

SENATOR HAAR: Thank you so much. [LB239]

SENATOR SULLIVAN: That closes the hearing on LB239. We will now move on to LB54 to be introduced by Senator Scheer. Welcome. [LB239]

SENATOR SCHEER: (Exhibit 1) Thank you. It's nice to be back in the welcome confines of the Education Committee. Senator Sullivan and colleagues on the Education Committee, I'm here to...my name is Jim Scheer, S-c-h-e-e-r. I'm here to introduce LB54. I represent District 19 in northeast Nebraska. The intent of LB54 is simply to codify a statewide transfer of college credit agreement. And that was originally adopted in 1995 and I believe was revised partially but not completely during that span of time and then again in 2013. It's known as the Nebraska Transfer Initiative. I'm not trying to dictate what they do, just simply trying to codify it in law so that it is there and it remains in place and so that all the players continue to play and any agreement is made by everyone, not just some. And having said that, I do want to also make sure that...a couple things. The bill is not intended to try to make the Coordinating Commission the first avenue for any type of dispute that may become a part of...as far as credit transfers. Certainly it is my intent, and it would be the intent of the bill, that that would be--which it is now--the last realm of...place of recourse for mediation, not the first, and that it allow any institutions to work among themselves to try to resolve those type of conflicts before involving the Coordinating Commission as a...really, the last effort or last-ditch extent to try to solve a problem. There does have to be, obviously, which is real life, a place where a final determination is made and that is given to the Coordinating Commission. This is not changing that, but it is not trying to imply that it is the only one. The institutions are certainly welcome to work these things out among themselves individually without having to work exclusively through the Coordinating Commission. I do have an amendment that I would provide the committee. And it was drafted on behalf of the Coordinating Commission. There is concern...part of this also has to do with the data that is being promulgated and actually is housed and has been developed through the university system here in Lincoln. This bill does not intend nor want to deal with the costs of that. That is a separate issue. That is not an issue I'm trying to work with in this bill. And so, in

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doing that, the Coordinating Commission wanted to make sure that it was an encouragement to develop the...and maintain the Web-based transfer tool that is assisting both the institutions and students. But this is not a requirement under this bill. That may be at some point in time, but that would be another bill at a different time, and it's not this one. And with that, I would entertain any questions from any of the committee members. [LB54]

SENATOR SULLIVAN: Thank you, Senator Scheer. In your statement of intent, you indicated that the Nebraska Transfer Initiative, initially adopted in 1995, was revised in November of 2013. [LB54]

SENATOR SCHEER: Um-hum. [LB54]

SENATOR SULLIVAN: What was the process for the revision? Who drove that and how was that accomplished? [LB54]

SENATOR SCHEER: Actually, at that point in time, it was a little before my time. But I believe it was all the institutions themselves. As I recall, and my mind is not a steel trap, but I believe there was an initial attempt to do some changes in between those two time dates where several of the institutions had signed on but not necessarily all of them. And so they actually had been working on a revised agreement for quite some time, but it just came to fruition in 2013, is my understanding. [LB54]

SENATOR SULLIVAN: And none of that was in statute? [LB54]

SENATOR SCHEER: No. It was not. [LB54]

SENATOR SULLIVAN: Okay. And that's what...one of the things you're attempting to do. [LB54]

SENATOR SCHEER: Yes. [LB54]

SENATOR SULLIVAN: Okay. Any other questions for the senator? [LB54]

SENATOR GROENE: Just a quick one. [LB54]

SENATOR SULLIVAN: Senator Groene. [LB54]

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SENATOR GROENE: I agree with this. Kids go to community colleges and the English class is just as good as UNL's. But just the red flag that...I'm going to get people calling me. You got the word...the phrase common core in this law twice. Please take that out and use different words. [LB54]

SENATOR SCHEER: Well, I guess I'm not exactly sure it was in there, but I'll be glad to take a look at it. [LB54]

SENATOR GROENE: Yeah it is. It says "limited to the credit hours identified in the common core of general education" purposes. Couldn't we use terms like base courses or something like that? [LB54]

SENATOR SCHEER: Well, that...well, I understand your concern, but those are more terminology that you do with higher education that doesn't...that's not implicative. [LB54]

SENATOR GROENE: I understand. You know what we're going to get phone calls about though. (Laugh) [LB54]

SENATOR SCHEER: I understand. And sometimes it takes those to explain it. But these are terminology used in the higher education, not that in the K-12 education or the initiative by the Department of Education on a federal level. [LB54]

SENATOR GROENE: Thank you. [LB54]

SENATOR SCHEER: Yeah. [LB54]

SENATOR SULLIVAN: Okay. Anyone else? Senator Scheer, will you be here for closing? [LB54]

SENATOR SCHEER: Well, my committee is done, so I'll just sit and wait and hopefully it will not take quite a while, so... [LB54]

SENATOR SULLIVAN: Then you can just stay right here. (Laugh) We will now hear proponent testimony on LB54. Welcome. [LB54]

MIKE BAUMGARTNER: (Exhibit 2) Thank you. Madam Chairwoman, members of the committee, my name is Mike Baumgartner, M-i-k-e B-a-u-m-g-a-r-t-n-e-r. And I am the

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executive director of the Coordinating Commission for Postsecondary Education. The transfer of credits for Nebraska students is an issue that requires our attention, particularly in this era when many students take dual-credit courses and attend multiple schools before earning a degree or other postsecondary award. About 9,000 Nebraska students show up as transfer students every year in the federal IPED system. Nationwide, a recent study showed that 42 percent of community college students lost 10 percent or more of their credits when transferring, and over one-third of college students nationwide go to more than one college during their careers before they earn a degree. The Coordinating Commission is already required by statute to facilitate credit transfer guidelines for Nebraska's colleges and universities...public colleges and universities. In 1995, the Commission worked with these schools to create the Nebraska Transfer Initiative which established guidelines for a common core--sorry about that, but that is what it's referred to--of general education courses that would be transferable from a Nebraska community college to a Nebraska four-year institution. November 2013, the state's public colleges and universities, along with the majority of the state's private not-for-profit schools revisited the Nebraska Transfer Initiative and pledged to continue their partnership. Since then, the University of Nebraska, the State College System, and the state's community colleges have continued to work together to develop updated transfer agreements and to make that information easy to find and understand for students. They are particularly working on a new piece of technology that will really benefit students, when it's put together, to help them understand exactly where there courses will transfer from one institution to another. However, current statute gives no one responsibility for ensuring the implementation of the Nebraska Transfer Initiative or any of the other agreements, for that matter. They are guidelines and, therefore, participation is voluntary. Nebraska institutions often implement transfer agreements on a case-by-case basis between institutions and sometimes at a college or departmental level. Nationwide, a majority of states are replacing fragmented transfer agreements with statewide policies. Thirty-six states guarantee an associate degree earned at a public in-state institution will transfer to any other public institution in the state, and 35 states guarantee that lower-division courses will transfer. LB54 would place Nebraska among those states. It should be emphasized that this bill calls on the Coordinating Commission to work with postsecondary institutions to develop transfer policies such as the Nebraska Transfer Initiative. The postsecondary institutions together would ultimately determine which courses are equivalent and make up the transfer core curriculum. Ultimately, what is most important to us is that Nebraska students are awarded appropriate college credit for the work they have completed and have a clear understanding of the transferability of the college courses that they complete. We believe this would best be accomplished by the formulation of state policy, whether that involves the Coordination Commission or not. Thank you. [LB54]

SENATOR SULLIVAN: Thank you, Dr. Baumgartner. Short of putting this in statute as per Senator Scheer's attempts, could the current process continue? [LB54]

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MIKE BAUMGARTNER: Yes. The current process could continue. This moves it, though, from a guideline to a policy. Right now, if you look at the Coordinating Commission statutes, it talks about guidelines. Guidelines are voluntary. This is an opportunity to make it a state policy that everybody participate and take the credits. [LB54]

SENATOR SULLIVAN: Um-hum. And they could participate per the requirement of the statute, but with...would there and could there be some flexibility in terms of who takes the lead or what institution is the primary one, or does that make any difference, or... [LB54]

MIKE BAUMGARTNER: Sure. There could be flexibility for that. [LB54]

SENATOR SULLIVAN: Okay. [LB54]

MIKE BAUMGARTNER: We are a Coordinating Commission. [LB54]

SENATOR SULLIVAN: Um-hum. [LB54]

MIKE BAUMGARTNER: And the institutions have developed this and have redone this process on their own. [LB54]

SENATOR SULLIVAN: Um-hum. [LB54]

MIKE BAUMGARTNER: And so it's not a case where we want to come in and insert ourselves. We do want the state to have a statewide policy like other states. But certainly it can be led by the institutions or one of the institutions, however they decided to come together to do it. [LB54]

SENATOR SULLIVAN: Okay. Thank you. Any questions for him? [LB54]

SENATOR PANSING BROOKS: Senator. [LB54]

SENATOR SULLIVAN: Yes. [LB54]

SENATOR PANSING BROOKS: This is all sort of new to me. So I guess my thought is, I presume that the University of Nebraska has to jump through many hoops to be a Big Ten school. So then I think, well, if some of the community colleges want their credits to automatically be accepted--and I don't know if this is right or not--but automatically accepted by the University of Nebraska, then it seems to me that there could be votes, if each person gets one

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vote for the...on the commission, I think it just...I'm wondering whether it could hurt the association with the Big Ten, and if there's something to that as far as...I just don't know the relationship of all of the schools, be it community colleges versus...and I don't know if that's an uncomfortable question to even ask, but that's what I'm asking. [LB54]

MIKE BAUMGARTNER: No, I don't see any issue with that, because the other states with Big Ten schools also have transfer policies, some of them legislated, some of them on a voluntary basis. But it's no difference if you're going to Ohio State, University of Illinois. Illinois has an extensive system of transfer agreements. Indiana has legislation that sets a common core of general education courses. So this wouldn't have an effect on that at all. [LB54]

SENATOR PANSING BROOKS: Thank you. [LB54]

SENATOR SULLIVAN: Is it fair to say that there have...there has been quite a lot of effort on the part of all the postsecondary institutions to come up with this agreement? [LB54]

MIKE BAUMGARTNER: Yes. Um-hum. [LB54]

SENATOR SULLIVAN: Okay. Very good. Any other questions? Senator Morfeld. [LB54]

SENATOR MORFELD: If there have been a lot of efforts so far to come up with these different agreements, then why is this necessary? And maybe that's a...maybe I missed something. [LB54]

MIKE BAUMGARTNER: Um-hum. This puts into, again, state policy what are currently guidelines. The guidelines that have been developed are good guidelines. This is something that would make that more concrete. And there are probably other institutions or people here that might want to speak to that more clearly from where they're sitting. But this is simply an opportunity to say, we've invested these state resources or local resources, student dollars, we've all agreed that this is a core of general education courses at a lower division that everybody can accept. At some point, the students have made their decisions based on that. We don't want any public institutions to say, well, except, you know, we've made some major curricular reforms and I'm sorry that you took that course of study, but you're going to have to repeat three/four courses. So this just formalizes what, right now, is a solid agreement. But it makes it a more formal process. [LB54]

SENATOR MORFELD: Um-hum. So, in your opinion, sir, current guidelines are not sufficient or adequate... [LB54]

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MIKE BAUMGARTNER: I think that... [LB54]

SENATOR MORFELD: ...because, I mean, otherwise you wouldn't be here, obviously? [LB54]

MIKE BAUMGARTNER: No, I think that it would be better if it were an explicit state policy that these were the courses that have been adopted by the colleges themselves and will be recognized across each of the colleges. [LB54]

SENATOR MORFELD: And then leading...so, based on that answer, what problems have you seen so far then? Can you give us some concrete examples? [LB54]

MIKE BAUMGARTNER: Specific that I have seen here? No, not in my time here. But, I mean, what we get is a lot of requests that...or we get student complaints about transfer. Generally, this can be worked out. [LB54]

SENATOR MORFELD: Um-hum. [LB54]

MIKE BAUMGARTNER: You can come up to an agreement with that. So, can I give you an exact concrete example? No. Not in my four months here. [LB54]

SENATOR MORFELD: Well, and the reason why I ask the question is not that I'm opposed to this. I started out at community college and transferred to University of Nebraska, so I see some value in this. [LB54]

MIKE BAUMGARTNER: Um-hum. [LB54]

SENATOR MORFELD: And I was also a part-time academic advisor, so I've seen some transfer issues occur. So I think it's useful. I'm just wondering, from an upper-level view, how this has played out to be such a problem that we need legislation making it from guideline to policy. [LB54]

MIKE BAUMGARTNER: Um-hum. [LB54]

SENATOR MORFELD: And I think you've already answered...unless you have anything to add on that, I think you've already answered it. [LB54]

MIKE BAUMGARTNER: Not really. No, I don't, no. [LB54]

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SENATOR MORFELD: Okay. Great. Thank you. [LB54]

MIKE BAUMGARTNER: Um-hum. [LB54]

SENATOR SULLIVAN: Senator Pansing Brooks. [LB54]

SENATOR PANSING BROOKS: Well, I was wondering, what percentage of the time do the...are the courses denied? And are...is there a goal to have all courses accepted, or...I just am interested. [LB54]

MIKE BAUMGARTNER: The goal would be for all lower division general education courses so by the time you've taken 60/64 hours as an associate degree student, you shouldn't have to repeat any of the 30-34 general ed courses that every student has to take and that have been agreed upon as a core here. I can't give you a percentage of time. We don't collect those statistics. The only way you could really do that is to do a transcript study, although every one of the colleges and universities here could probably give you a good sense of how their students are encountering problems or not encountering problems. [LB54]

SENATOR PANSING BROOKS: And so the curriculum is the same at each of the institutions? [LB54]

MIKE BAUMGARTNER: The curriculum...the courses that they have put together within a general ed common core are similar enough that they will accept those for the lower division general education. Now, that's only a small part. It's about one-quarter of what the student will take to get a bachelor's degree. But that's across the board in the Nebraska Transfer Initiative. That's what the schools have said, you know, we have this number of courses, about 34 credit hours, that are very similar and that we will currently accept across the board. [LB54]

SENATOR PANSING BROOKS: Okay. Thank you. [LB54]

SENATOR SULLIVAN: Senator Groene. [LB54]

SENATOR GROENE: Thank you, Chairman, or Chairperson. The...I'm from North Platte. We've got Mid-Plains Community College. What I hear from young people is, it's not the core classes. It's, I'm going to nursing school here and now I'm moving to Omaha or Lincoln. It's the biology class, the chemistry class, the accounting class, when they go down there that it gets rejected. And they spent the money for that course. This doesn't fix any of that. [LB54]

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MIKE BAUMGARTNER: This will not fix lower division major courses. That still has to be done on an individual program basis school to school. I mean, there are states that do do that statewide, and I understand that the University Medical Center and the community colleges have just completed an agreement on an associate degree RN to BSN. So that can be done and they are doing it. But in order to look at every program individually, that's really beyond the scope of a statewide transfer agreement simply because there are so many differences in the programs offered at each institution. [LB54]

SENATOR GROENE: But that...so it still is a problem. [LB54]

MIKE BAUMGARTNER: That would still be a problem. [LB54]

SENATOR GROENE: They invest in that. You know, they're working hard. They pay for a chemistry class. [LB54]

MIKE BAUMGARTNER: Right. Yeah. [LB54]

SENATOR GROENE: And it's meaningless when they go to a different school when they decide to become a chemistry teacher or something. [LB54]

MIKE BAUMGARTNER: Um-hum. Yeah. [LB54]

SENATOR SULLIVAN: Senator Kolowski. [LB54]

SENATOR KOLOWSKI: Thank you, Madam Chair. Mike, thank you for being here today. And from my previous life, many years in public education, especially high school principal, there's a great deal of expectation on the part of parents that a system in a state is coordinated and does these things and does it very well as far as the transferability. And I think we need to be very honest with the parents, with the counseling services, and everything else that we do so they understand and don't spin their wheels or lose money by having these nontransferable situations happen across the state. Speaking from many years of sitting with many parents over many situations that were not favorable, and they're the taxpaying public that expects, even thinks, that these things should be worked out. So, I guess, my message, or what I have seen, would be the expectation to all levels of colleges--community colleges, colleges, and universities in our state--to try to get that act together, because it's really "impactful" on the price for all parents and what they're paying for their kids. The better we do that, the sooner we do that, to the greatest degree that we can do that, and still be legitimate at all levels, we'll be serving our public a lot better. Thank you. [LB54]

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MIKE BAUMGARTNER: I agree, Senator. Thank you. [LB54]

SENATOR SULLIVAN: Senator Schnoor. [LB54]

SENATOR SCHNOOR: All right. I got to back way up on this. So there's classes that transfer. There's some that don't. And this basically gives us a baseline for every student and every college within the state of what transfers, correct? [LB54]

MIKE BAUMGARTNER: This would transfer the courses from the community colleges to the public four-year institutions. Now, within the Nebraska Transfer Initiative, most of the private, not-for-profit institutions have also signed on, giving them that baseline as well. But the bill would only affect the public institutions and participation by the private institutions would be voluntary. [LB54]

SENATOR SCHNOOR: Okay. Are dual credit high school classes factored into this as well? [LB54]

MIKE BAUMGARTNER: To the extent that they are credited as college-bearing courses within the core, yes, they should be transferred. [LB54]

SENATOR SCHNOOR: Okay. [LB54]

SENATOR SULLIVAN: Any other questions? Thank you for your testimony. [LB54]

MIKE BAUMGARTNER: Thank you, Senator. [LB54]

SENATOR SULLIVAN: Further proponent testimony on LB54? Anyone wishing to speak in opposition? Welcome again. [LB54]

STAN CARPENTER: Thank you, Senator Sullivan. Members of the committee, again, I'm Stan Carpenter, S-t-a-n C-a-r-p-e-n-t-e-r, and I'm the chancellor of the Nebraska State College System. And I'm here to testify in opposition to LB54 today. First, I want to say that the Nebraska State College System has had a longstanding and strong articulation agreement with the Nebraska community colleges regarding transfer. As was indicated earlier, these agreements were voluntarily entered into by the state colleges and the university and us. And we had great confidence in the educational quality of the courses that are offered by the community colleges and we don't anticipate any kind of problems with those in the future as well. The Nebraska state

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colleges currently accept both the associate of arts degree and the associate of science degree indicating that they satisfy, for the Nebraska State College System, our general education programs. Senator Scheer brought this bill forward this year and last year, and they're thoughtful bills, and we listened to what his concerns were last year. And we thought about what kind of solutions we might find to his problems. And we've worked carefully with the university and the community colleges to try to solve the issues that he discussed. And as a result, we now have in place a system that went online today at 11:00, which is the Transfer Evaluation System...or, that's the software that is being used. And it's called the Nebraska Transfer. The Nebraska Transfer program utilizes TES, or the Transfer Evaluation System, and sets forth the credit policies for all 16 Nebraska postsecondary institutions, along with the specific details of how individual courses transfer from one institution to another in Nebraska. The set of common courses that you referred to before, the Nebraska Transfer Initiative, was kind of where we started as we looked at the program. And when we looked at that, we found that there were some anomalies now that we need to deal with and some courses may have some different numbers and so on and so forth. And so we will want to evaluate that for the consistency of the course alignments to ensure that the initial intent of the document is intact. But I don't think that will be any kind of problem. But I have to take note of the fact that the transfer credit policies, from my perspective, are in the purview of the constitutional authority given to the Board of Trustees of the Nebraska State College System. Transfer credit policies are an integral and important part and component of the academic program and the curriculum we provide and are clearly part of the governance and management of the authority of the Board of Trustees. Both regional and programmatic accrediting bodies also hold us accountable for these policies. And as institutions of higher education, it is ultimately our responsibility as to what we will and will not accept for transfer. So in good conscience, it's very difficult for us, I think, to abdicate that role, even though the intended outcomes of this bill are laudable. And we are...work hard to make sure that transfer credits work. If its doesn't work for gen ed, we see if we can make it work for credits towards graduation or even programmatic credits as well. We have had a positive working relationship with the Coordinating Commission for Postsecondary Education in Nebraska, but it is a coordinating body. And by constitution, it cannot invade the authority of the Board of Trustees for management or for governance. I don't have any objection...we have no objection to working with the Coordinating Commission to bring the sectors together to talk about transfer issues to see if they can help us move those issues along and have no problem with the Coordinating Commission if they want to establish a link to the new transfer Web site that we have. And let me give that to you so you can go take a look at it if you like. It's transfer.nebraska.edu. And as I said, that went live today at about 11:00. That was a collaborative effort between the university...led by the university and the state colleges and the community colleges as well. That would provide an additional resource for parents and students to find out about transfer policies and what transfers and for what purpose and what doesn't. It's important to us to note that we don't object to a shared system here. It's what we want to do. Nor do we object to any kind of transparency or accountability for our transfer issues. But I believe it's

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important for the State College Board of Trustees to have the autonomy to govern their institutions according to the constitution. Ultimately, it's important for us to be able to control the degrees that we provide to our students. So we're...we will work closely with our public postsecondary brothers and sisters in this matter, trying to strengthen transfer credit opportunities regardless of what happens to this legislation. And let me just say--I know that the red light is on and I'll stop--but in our fiscal note we indicated that there was no impact on us and that's because, at this point, the P-16 Initiative has paid for the work that's been done, the software and so on and so forth. I understand that the university will be testifying later and looking to see if there can...garner some financial support for this initiative, and we would support that, and I'd be happy to answer any questions you might have. [LB54]

SENATOR SULLIVAN: Thank you, Dr. Carpenter. Respecting your desire to have autonomy for your Board of Trustees in this effort for directing your own educational initiatives, but recognizing that this has been...the Nebraska Transfer Initiative has been this joint effort, but it in and of itself, whatever and however it's formulated, has not been in statute... [LB54]

STAN CARPENTER: Correct. [LB54]

SENATOR SULLIVAN: ...would that change your mind? I mean, if it was still...if it was developed in such a way, simply, as Dr. Baumgartner said, to make it clear that as a state, we're buying into this policy? [LB54]

STAN CARPENTER: Well, Senator, I think at some level that sounds good. And it seems like a reasonable response. But I think when you're talking about higher education, and you're talking about degrees awarded by colleges and universities, and you're talking about credit that is earned either at that college or that university, it's up to that college or university through the Board of Trustees to determine that those courses, in fact, merit credit in their institution. So I think it's much better if we can work together voluntarily as we have since 1995. And I think we came together again several years...a couple ago to reinstitute that Transfer Initiative, and I believe that was really under the leadership of the P-16 executive council, Senator. And we put that together. So I think a voluntary organization in Nebraska would be best served to the institutions, the public institutions of Nebraska. [LB54]

SENATOR SULLIVAN: Thank you. Any other...Senator Schnoor. [LB54]

SENATOR SCHNOOR: Two questions: (1) I guess, simply, do you think we're, as a Legislature, we're overstepping our bounds based on what you said about your board of directors or board, I don't think you said trustees... [LB54]

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STAN CARPENTER: Board of trustees. [LB54]

SENATOR SCHNOOR: ...but that that should be their job? [LB54]

STAN CARPENTER: Well, Senator, I would never say that the Legislature oversteps its bounds. (Laughter) [LB54]

SENATOR SCHNOOR: Not publicly. (Laughter) [LB54]

STAN CARPENTER: However, I think the board has certain inherent authority granted to it in the constitution that gives it the right to govern itself, in a way, to make sure that credit is earned or accepted. [LB54]

SENATOR SCHNOOR: Okay. I got...message received. Okay. My second question: You mentioned the P-16 Initiative... [LB54]

STAN CARPENTER: Yes, sir. [LB54]

SENATOR SCHNOOR: ...and I haven't heard that term in several years. Can you...I mean, we don't need to get in a lengthy discussion, but can you talk about that a little bit? [LB54]

STAN CARPENTER: Well, for several years the P-16 Initiative was very active under the leadership of Governor Heineman. And there were certain things that occurred as a result of that, not the least of which was, from our perspective in the State College System, the reduction in the number of credit hours that it takes to graduate to 125. But that was an initiative that P-16 talked about. We took it back to our board. The board debated it and came to the conclusion that we required too many credit hours for graduation. Anyway, in the last several years it has been fairly dormant. And the university has just recently hired a person to kind of head that up and try to bring that back to life. And I think it would be a good thing if we could bring P-16 back to some active role. [LB54]

SENATOR SCHNOOR: Okay. Thank you. [LB54]

STAN CARPENTER: Yes, sir. [LB54]

SENATOR SULLIVAN: Senator Cook. [LB54]

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SENATOR COOK: Thank you, Madam Chair. And thank you for coming today. [LB54]

STAN CARPENTER: You bet. [LB54]

SENATOR COOK: Congratulations on your new tool launching. [LB54]

STAN CARPENTER: Thank you. [LB54]

SENATOR COOK: This proposal appears to also provide information for students or families that might want to transfer to not-for-profit... [LB54]

STAN CARPENTER: Yes, ma'am. [LB54]

SENATOR COOK: ...postsecondary universities in the state. Your tool is for state... [LB54]

STAN CARPENTER: It's for the public institutions... [LB54]

SENATOR COOK: ...for the public institutions only. [LB54]

STAN CARPENTER: ...all 16 public institutions in the state, yes. [LB54]

SENATOR COOK: All right. Thank you. [LB54]

STAN CARPENTER: Yes. [LB54]

SENATOR SULLIVAN: Senator Kolowski. [LB54]

SENATOR KOLOWSKI: Thank you, Madam Chair. Dr. Carpenter, just to double-check on the flow of all the different organizations that you're talking about, some of the criticism I sometimes hear is more directed at the university, the university system and being a Big Ten university and playing a different role than everyone else in the state. And they have a right and they have a role. They have...they do that. As you talked about, your board and all the directors, your trustees, and the decision making at the college level...in the same way, the community college talks about the same thing. I have to come back to the expectation and the way the taxpayer thinks about what's out there compared to what may be there. There's an expectation that there's the transferability and the coordination among all these ends to get to where people want to be.

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Each one of your institutions generates dollars through credit hours. That's the name of the game. Everybody knows it. We've all played it. I wrote my life full of checks out for that in my own time. But we need to try to be as transparent and clear to the parents that are paying the bills, looking at it and wanting to send their kids to college, wherever they might want to go in whatever corner of our state, because it really gets frustrating for those consumers to see the sometime disjointedness... [LB54]

STAN CARPENTER: Um-hum. [LB54]

SENATOR KOLOWSKI: ...of what you have been trying to joint together over all these years. And I hope we can do a better job of being as clear as possible to those parents and those students. And part of that has to come with the school districts, with their counselors and the realization of trying to direct kids to the proper location depending on the student's background and skills and abilities they have. But I hope we don't forget that part when we're only thinking, sometimes, about generating those hours. It's really crucial to the...to all levels of our society, but especially the middle class and poorer segments of our society. [LB54]

STAN CARPENTER: Senator, I could not agree with you more. It's our hope through this new tool, and the university can talk about this when they're here as well, but it's our hope through this tool that it makes it easier for students to be able to look online and say, gee, will this transfer...will English 101 at Western Nebraska Community College transfer to Chadron State College for its English 107 course. That's our hope. That's my understanding of how this is working or will work with this new software system and the new Web site or the new Web portal. We are really all about transparency and accountability. We want students to know that what course they take somewhere else will transfer or it will not... [LB54]

SENATOR KOLOWSKI: Sure. [LB54]

STAN CARPENTER: ...if it won't, because it's painful for us when we have to deal with students who are upset or parents who are upset and we have to explain, well, it didn't work because of X, Y, Z. But again, I will remind everyone that if a student comes to us with an AA degree or an AS degree from one of the Nebraska community colleges, that satisfies all of our gen ed requirements. And if they come to us with an AAS degree, it also satisfies the requirements for a bachelor of applied science at Peru State. [LB54]

SENATOR KOLOWSKI: Thank you. [LB54]

SENATOR SULLIVAN: Senator Groene. [LB54]

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SENATOR GROENE: What's your relationship with students...they don't just transfer from the community colleges to four-year, they're back and forth. What's your relationship with the university of Nebraska when a student from Chadron State wants to go to UNL? [LB54]

STAN CARPENTER: Well, we don't like it. (Laughter) [LB54]

SENATOR GROENE: That's what a lot of perception is, that's why you won't... [LB54]

STAN CARPENTER: No, I'm just kidding. I'm just kidding. [LB54]

SENATOR GROENE: ...that you want to keep them once you've got them. [LB54]

STAN CARPENTER: Yeah, of course we do. Senator, I have not heard a great deal. In fact, I have not heard any issues in terms of transferability of our students to the university... [LB54]

SENATOR GROENE: Back and forth. [LB54]

STAN CARPENTER: ...whether it's Lincoln or Kearney or anywhere else. I have not heard any issues about that. It has not come to my attention. Now, that's not to say it hasn't happened. But I have not heard of any. [LB54]

SENATOR GROENE: Now, the horror stories I've heard is when you went to a Hastings College or a Midland Lutheran, trying to get credit with the public schools. [LB54]

STAN CARPENTER: Um-hum. [LB54]

SENATOR GROENE: Does this new format you have...are they involved in this, too? [LB54]

STAN CARPENTER: They are not to my knowledge. I think this is all just the 16 public institutions. And I'm not certain what the plan is, whether or not they would be drawn into this or not. [LB54]

SENATOR GROENE: As a taxpayer and a parent, we don't really care. [LB54]

STAN CARPENTER: Sure. I understand. [LB54]

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SENATOR GROENE: I mean, we want our children to get a...it's not us against them. [LB54]

STAN CARPENTER: Right. [LB54]

SENATOR GROENE: We are people. [LB54]

STAN CARPENTER: Yeah, and, you know, I... [LB54]

SENATOR GROENE: And you're not working...there's no plan to work with the private schools? [LB54]

STAN CARPENTER: Senator, I can't say that I've been down at that kind of granular level with this issue. But I know that Tip O'Neill is here, and I don't know if he plans to testify or not, but our relationship with the private institutions is good, and if they wanted to figure out a way to work with this, I'm sure that we would sort that out. [LB54]

SENATOR GROENE: Thank you. [LB54]

SENATOR SULLIVAN: Okay. Seeing no further questions, thank you for your testimony. [LB54]

STAN CARPENTER: Thank you, Senator. Appreciate it. [LB54]

SENATOR SULLIVAN: Further opposition for LB54? Anyone wishing to speak in a neutral capacity? [LB54]

SUSAN FRITZ: I feel like I've been talked about, so it's time I'm up here. (Laughter) [LB54]

SENATOR SULLIVAN: Welcome. [LB54]

SUSAN FRITZ: (Exhibit 3) Thank you. Well, good afternoon. I'm Susan Fritz, S-u-s-a-n F-r-i-t-z. I'm the executive vice president and provost and dean of the Graduate College with the University of Nebraska System. I'm here to offer neutral testimony for LB54 on behalf of the university system and its four campuses. First and foremost, I wish to acknowledge Senator Scheer for highlighting the commitment of the university, the state colleges, and the community colleges to transferring credit in postsecondary education. As you heard earlier, as more students blend their college coursework, we have increased our ability to help them navigate the systems

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and take courses that count toward their degrees. Campus efforts supported by lawmakers demonstrate effective partnerships to our constituents for certain. We also appreciate the senator's acknowledgement of the need for a Web site to serve as a guide and resource for students in planning and executing transfers between postsecondary institutions. The 16 public postsecondary institutions already have begun this important work which you heard about earlier. Attached to my testimony is the home page of the Nebraska...excuse me, of the transfer.nebraska.edu transfer tool. We officially launched this transfer tool this morning with more than 64,500 course equivalencies representing our 16 institutions' course transfers with each other and with postsecondary institutions across the country. These relationships represent a total of 4,908 partnerships among Nebraska institutions and institutions beyond Nebraska. The university and its partners have quickly and effectively led this effort among our public postsecondary institutions. We have evolved from 16 different mechanisms for informing students about transfer to one single system that gives current and consistent information. Through collaborative decision making and joint training, we were able to expedite adoption of Transfer Nebraska. I invite you all to spread the word regarding this transfer tool among current and future students, parents, adults returning to school, and anyone else who could benefit from this one-stop shop on transfer. Continuing the collaboration of the collaborative Transfer Nebraska Web site comes with a cost, however. Limited P-16 funds, as you heard earlier, have been used to purchase the software license for the 16 institutions for the remainder of this school year. Beginning July 1, 2015, continuation of the software license will be \$140,000 annually, and that covers all of the 16 public institutions in Nebraska. Staff to coordinate and support the Web site's transfer course equivalency consistency for all Nebraska public higher education institutions, promote the development and use of the transfer tool, and provide ongoing assistance and training will be \$70,000 annually. Therefore, the University of Nebraska will be requesting that a fiscal note be submitted for \$210,000 annually. The remaining portion of my testimony addresses other parts of the bill. While the university supports the concept and spirit of transferability, various aspects of the bill appear to be problematic. Most problematic is the expansion of the statutory authority this bill gives the Coordinating Commission for Postsecondary Education with regard to transfer credit. For the Coordinating Commission for Postsecondary Education to move from a role of facilitating statewide transfer-of-credit guidelines to facilitating policies as the bill is presently written undermines the role of faculty governance and undermines the authority of the institutional boards that provide oversight in Nebraska. Additionally, the university would like the opportunity to work closely with the state colleges and community colleges to refine the common core of general education courses listed in the Nebraska Transfer Initiative. Curriculum and categories of general education have changed since the agreement was written. And in order to provide the most benefit to students, these components need to be commonly negotiated among all entities. Further, faculty must be involved in this process, as ultimately, it is the faculty who verify that students have the knowledge and skills required to attain various degrees. We request that the committee forego reference to the Nebraska Transfer Initiative list of transferable courses until this work is done.

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The university's goal with the Transfer Initiative will be to have students transfer with as many credits as possible that will benefit them in their majors and fulfill degree requirements. We will continue to work closely with the community colleges and will focus on increased program-to-program agreements for students in a selected pathway. As you can see, course-to-course transfer is a necessary foundation to this more advanced transfer sequence from the community colleges to the four-year and through reverse transfer from the four-year to community colleges. In summary, the university is committed to increased degree attainment in higher education as a state and national goal. Transfer helps with this goal. Through the transfer tool Web site and increased course and program transfer, we hope to increase affordability as more courses will count toward degrees, increase access for students who start their careers at community colleges, and decrease time to degree and increase college completion. Thank you. I'm happy to answer questions. [LB54]

SENATOR SULLIVAN: Thank you, Dr. Fritz. [LB54]

SUSAN FRITZ: Certainly. [LB54]

SENATOR SULLIVAN: So this extends to talking about transfers to other universities out...and institutions outside of Nebraska as well? [LB54]

SUSAN FRITZ: Yes. It also includes transfer outside of Nebraska. These are all of the transfer agreements that the public higher ed institutions in Nebraska have. [LB54]

SENATOR SULLIVAN: Very good. Also, regarding the dollars that the university has expended for this under the umbrella of P-16, if this bill weren't here, how would you...how does the university propose to continue this agreement? Are you asking for those dollars in your budget request to the appropriations committee? [LB54]

SUSAN FRITZ: Not for this year. It is highly likely, if we're not able to receive funds this year, we would ask for them next year. [LB54]

SENATOR SULLIVAN: Okay. Okay. And then also, I'm still struggling with...I can...as I asked Dr. Carpenter, I can understand the need for all of you to keep your autonomy in these areas. But is there value, assuming we could have some arrangement that you agree on, is there value in putting this topic and arrangement in statute where it is not now? [LB54]

SUSAN FRITZ: It is hard for me to see the value in putting this into statute. I think that we have excellent working relationships among the 16 public higher ed institutions. I think that that will

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only increase. I think this last year we saw marked increase and will continue to see that. If I might digress slightly, Senator Kolowski asked the question about transparency. The TES program or the transfer.nebraska.edu...the next generation of this software has something in it called a degree audit. And that will allow individuals who use this transfer.nebraska.edu to actually put in all the credits that they have from an institution and look to see how it will transfer to another institution to a specific degree. That's the next generation. They're not ready for full release of that, but they are beta testing it. And UNL is one of the beta sites. [LB54]

SENATOR SULLIVAN: Okay. Very good. Senator Baker. [LB54]

SENATOR BAKER: Ms. Fritz, I am going to ask you a question. You don't have to answer. [LB54]

SUSAN FRITZ: Okay. [LB54]

SENATOR BAKER: I am wondering if sometimes there is a feeling on the part of four-year schools that the classes taken in community college don't have the same rigor as they do in four-year schools. That's the question. You don't have to answer if you don't want to. Is that belief out there? [LB54]

SUSAN FRITZ: Well, Senator Baker, let me speak to that if I could. I began teaching in higher ed 20 years ago as an assistant professor. And I would say that that possibly was a prevailing attitude at the...in that time. I do not believe that is the case now. I think that what many of us have come to realize as faculty members, a long time ago, actually, is that the transfer of credit is the way of the world. It's...the students that we are seeing today, many of them transfer courses in. Some of this is so that they can graduate on time. They may not be able to get a course. Some of it may have to do with their location to campus and they want to continue to advance to complete their degree. There are lots of reasons that we are seeing students exercise transfer. And so it's not an exception. And many, many times I've worked with faculty in my previous role as associate dean in the College of Agricultural Sciences and Natural Resources, to work with the colleagues at the community college. If a course was not accepted, what are the ways that we could strengthen that course offered at a community college so it would be accepted for transfer? [LB54]

SENATOR BAKER: A follow-up question: Do you have any data that shows success of people who transfer in after earning an associate degree at community college versus those who were with the university for the first two years as far as their graduation rates? [LB54]

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SUSAN FRITZ: Senator Baker, I don't have that data. [LB54]

SENATOR BAKER: Okay. [LB54]

SUSAN FRITZ: I can give you anecdotal evidence. I had the good fortune to work with students. I see that President Chippis is here. I use one of his students as an example, came to us from Northeast Community College, and all of the student's credit hours transferred in. And the student graduated with a teaching degree in four years, two at Northeast, two at UNL. [LB54]

SENATOR BAKER: Thank you. [LB54]

SUSAN FRITZ: Certainly. [LB54]

SENATOR SULLIVAN: Any other questions for Dr. Fritz? Thank you for your testimony. [LB54]

SUSAN FRITZ: Thank you. [LB54]

SENATOR PANSING BROOKS: I'm sorry. I think I do have one more. [LB54]

SENATOR SULLIVAN: Oh, I'm sorry, did I overlook you? [LB54]

SENATOR PANSING BROOKS: No, you didn't. Sorry, Senator. Thank you. [LB54]

SENATOR SULLIVAN: Do you mind? [LB54]

SUSAN FRITZ: No. [LB54]

SENATOR PANSING BROOKS: I guess I'm just interested in, as a public institution, at the University of Nebraska, are there requirements that the Big Ten has that some institutions may not require their students but would make it difficult to accept every single credit that everybody wants to be accepted? I know that there are institutions across the state and across our country that have different rigorous standards for their students. I'm not here to argue which ones are that way at...in our state of Nebraska, but there's no question that that happens across this country. So how does that figure into Nebraska in a Big Ten? I know that we need funding from that group and that we have to meet certain standards to be part of that, we went through a lot of rigor to be

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able to become part of the Big Ten, and that we get great benefits as far as funding for research and all sorts of other areas. So how does that all figure into this? [LB54]

SUSAN FRITZ: That's an excellent question, Senator. And let me start out by saying that I'd like to make the distinction that the University of Nebraska-Lincoln is the Big Ten campus, not the University of Nebraska system. [LB54]

SENATOR PANSING BROOKS: Yeah. Okay. [LB54]

SUSAN FRITZ: So one of our four campuses is a Big Ten campus, not all of our campuses. And so I would...while I am not in the Big 10 meetings, what I would say is back to some of my testimony that faculty make the decisions on transferability of coursework. And so I would be surprised if the Big Ten dictated how courses would transfer. I would think that would be outside their purview. [LB54]

SENATOR PANSING BROOKS: Okay. Thank you. [LB54]

SUSAN FRITZ: Certainly. [LB54]

SENATOR SULLIVAN: Senator Kolowski. [LB54]

SENATOR KOLOWSKI: Thank you, ma'am. Dr. Fritz, thank you for your testimony today. And I couldn't pass this up in the sense that...talking about the Big Ten. Coming from Illinois where the junior college system was born at Joliet community college... [LB54]

SUSAN FRITZ: Yes. [LB54]

SENATOR KOLOWSKI: ...and knowing that most freshmen and sophomores in the state of Illinois are in community colleges, not at Northern, Southern, Eastern, Western Illinois State or University of Illinois, Champaign or Chicago. They're in community colleges because that's the feeder system. [LB54]

SUSAN FRITZ: Um-hum. [LB54]

SENATOR KOLOWSKI: The vast majority are there. That's been long established in the coordination and the transparency and all that has been worked out many years. We're young here in Nebraska with community colleges; 1969-70, when we were born, in those...it's a

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different situation. So we're only 40/45 years. But again, I state the expectation is now a Big Ten expectation, like all those other schools to the east of us, that we would have our act together on these things, because we would like to also have community college students from Illinois transfer to Nebraska to take their courses in Lincoln if they could do that. So I hope we don't get into the turf battles that I saw so well when Paul Kennedy (phonetic) dragged me around as a graduate assistant back in 1969 to watch the birth of the community college system, the metro community, metro Tech Community College...in fact, we had that "tech" name in everything at that time. It's a different situation now. We've got to grow. We've got to be open to those things. And so I thank you for your Big Ten aspect and the work we do at the university. But, again, think about the perceptions of the parents, the kids, all those that would desire to go there, and how can we deliver that to the best of our ability and most economically with quality for every student? Thank you. [LB54]

SUSAN FRITZ: Thank you very much. If I...and I might add... [LB54]

SENATOR KOLOWSKI: Sure. [LB54]

SUSAN FRITZ: ...to your comments. I would say to you that we have encouraged every department in the University of Nebraska, so all four of its campuses where it's appropriate, where undergraduate degrees/programs are housed, that they publicize on their Web site, in the course syllabi, there is information about what it takes to...what courses are required for a 120-hour degree so that if someone from a community college is looking to transfer in, they can identify the courses that they need to take. They can back that up to transfer.nebraska.edu, and they can find what courses they need to take at their community college if that's where they're at so that that is a known. And that's probably one of the most exciting things about this, is we have unbuttoned 16 different books. We've opened them up and we've laid them out there for the public to see. [LB54]

SENATOR KOLOWSKI: I'm looking forward to looking into it. Thank you so much. [LB54]

SUSAN FRITZ: Thank you. [LB54]

SENATOR KOLOWSKI: Thank you for sharing. [LB54]

SENATOR SULLIVAN: Senator Groene. [LB54]

SENATOR GROENE: Thank you, Madam Chairman. This is just what you introduced today? Or would a counselor from Mid-Plains Community College...student says, I've got it laid out: Two

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years I'm going to be here, two years in Lincoln. And I want to take this course study. A counselor at Mid-Plains can look on that Web site and say, these are the courses that will transfer for this field of study? [LB54]

SUSAN FRITZ: Absolutely. [LB54]

SENATOR GROENE: And that's been in place how long? [LB54]

SUSAN FRITZ: The transfer.nebraska.edu? That information...much of it existed before, but it existed in various places. And so we've put it in one locale. [LB54]

SENATOR GROENE: Since when? [LB54]

SUSAN FRITZ: Today. [LB54]

SENATOR GROENE: Oh. All right. Today. (Laughter) [LB54]

SUSAN FRITZ: All right? And...yes. This morning, in fact. But then also the reverse has been for probably at least a couple years that the four-year program the student would aspire to transfer to, that curriculum would be published either on the Web site or in the bulletin of courses or both. So it would be known. [LB54]

SENATOR GROENE: Because that's needed to be done, because I'm a cheerleader for community colleges because it's full of kids that aren't poor enough for scholarships...for the Pell Grants, they weren't valedictorian, the parents don't got enough money to send them to Harvard, they're B students, and they're working their way through college. And that's why they're in the community college, because they've penciled it out, that two years there and two years at Lincoln works for them. They're in that niche, and they don't want assistance. But I want to make sure, when they do spend a dollar on a credit hour, it's not wasted. [LB54]

SUSAN FRITZ: We want that as well. [LB54]

SENATOR GROENE: Thank you. [LB54]

SUSAN FRITZ: Certainly. [LB54]

SENATOR SULLIVAN: Senator Pansing Brooks. [LB54]

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SENATOR PANSING BROOKS: I guess I just have one more. So are there economies of scale at the four-year institutions or are those planned, because when you accept a student and they're on a four-year plan, obviously you figure out how much the cost is going to be for tuition and figure it out. So, when somebody comes in after two years, there would be an economy of scale lost there. You would, of course...a four-year institution would hope that the student would come four years. So a student that ends up coming two years, is that figured into the whole thing? I presume it is, but... [LB54]

SUSAN FRITZ: We have talented professionals at our...on our campuses who have prepared themselves to be experts in what's called enrollment management. So they can look at patterns of behavior, past patterns. They can chart out trajectories and they can make those estimates based on good information that can help then with numbers of upper-division course that would be needed in the schedule of classes. [LB54]

SENATOR PANSING BROOKS: And I would just add that I think that student...that the counselors are doing a good job at the schools, since I have one currently in high school and two that were also there previously, at least at letting people know that going to one doesn't automatically mean going to the other. I don't know. So I would just add that to the whole. [LB54]

SUSAN FRITZ: Thank you. [LB54]

SENATOR SULLIVAN: All right. Any other questions? Thank you, Dr. Fritz. [LB54]

SUSAN FRITZ: Thank you. [LB54]

SENATOR SULLIVAN: Welcome. [LB54]

TIP O'NEILL: Well, thank you, Senator Sullivan, members of the committee. I'm Tip O'Neill. That's spelled T-i-p O, apostrophe, N-e-i-l-l. I'm the president of the Association of Independent Colleges and Universities of Nebraska. I'm testifying in the neutral capacity today, LB54. First of all, testifying neutral for...we're not as impacted by the bill as the public sector is. Second, we feel very strongly that a board of trustees' authority with respect to the granting of credit and diplomas is very important. It's actually the college or university's seal of approval in terms of what a student knows. And that's why we would not testify in favor of this bill. However, there are certain things that we like very much about the bill. First of all, that with respect to the facilitation of transfer of credit, that we would be involved in a committee that would discuss the issues. And that is part of this bill. And we, of course, were...all 14 of the institutions that I

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represent were signatories to the Nebraska Transfer Initiative that was just "reimplemented" two years ago as part of the Nebraska P-16 Initiative effort. And so I'm proud to say that we are all part of that effort here in Nebraska to facilitate the transfer of credit between community colleges and four-year institutions. You know, we award 41 percent of the bachelor's and advanced degrees in this state and enroll more than 33,000 students. So we are a big part of the educational effort in this state. The other thing that we like in this bill is the part of the language that said that the commission, the Coordinating Commission, shall develop and maintain a Web site with information supplied by the postsecondary educational institutions to serve as a guide and a resource for students relating to transfer-of-credit policies. And I assume that means all postsecondary educational institutions in the state. And if...I guess I would recommend that if we're going to appropriate money for institutions to provide information to students regarding transfer-of-credit policies, I would ask that you appropriate money to all institutions in the state that are part of a transfer of credit policy agreement in the state, because I would like to see the private, nonprofit institutions of Nebraska be part of an informational effort relating to students. I think it's important that a student at a community college in North Platte also know what the requirements might be for that student to transfer to Nebraska Wesleyan in addition to the student knowing what requirements there might be to transfer a degree program at the University of Nebraska-Lincoln. With that, I'd be happy to answer any questions you might have. [LB54]

SENATOR SULLIVAN: All right. Thank you, Mr. O'Neill. Any questions for him? All right. Thanks for your testimony. [LB54]

TIP O'NEILL: Thank you. [LB54]

SENATOR SULLIVAN: Any other testimony in a neutral...oh, yes. [LB54]

DENNIS BAACK: Yes. [LB54]

SENATOR SULLIVAN: Sorry. Welcome back. [LB54]

DENNIS BAACK: Thank you. Senator Sullivan and members of the Education Committee, for the record, my name is Dennis Baack, D-e-n-n-i-s B-a-a-c-k. I'm the executive director of the Nebraska Community College Association. I just thought I'd come up and give just a little bit of history. I was actually in the position that I'm in when this was first signed in 1995. I'm probably the only person in the higher ed sector that's still in the higher ed sector at this point. And it actually was an initiative that was kind of initiated by the community colleges in working with all of the academic officers from all the various institutions including the not-for-profit publics. We were very...or privates. We were very...they were involved in these discussion all along, too. And they were also initial signers to the initial transfer agreement. All of them except Creighton

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signed it, the initial one. But Creighton has signed the revised version. So we have had this around for a long time. They have all been wonderful to work with. I think we have worked together very, very well over the years. And I think we've come up with some very good agreements on what we're doing. And, Senator Groene, to your point about the common core, I noticed that language right away. And I thought, boy, you guys are going to catch it over that. (Laughter) So I would suggest that if we go forward with this, we use the...in the transfer agreement--this is a copy of the transfer agreement right here--we use the general education core curriculum instead of common core. And that kind of gets us away from those...from that wording, because I know that stirs up things. I think that...it seems to me that we have worked together for the right kinds of reasons and we've moved forward a lot in the 20 years that I've been involved with it. And I think that it's worked very well being on a voluntary basis. And I don't...I know that, Senator Morfeld, you asked about whether it should be in statute. And my concern when you put it in statute is, as we move forward and we keep doing things, do we then have to come back every single time we change something in that general education core or change some transferability thing? Do we have to come back and change state law when we do that? And that gets to be very cumbersome at that point. It seems to me that the university and the state colleges and the private not-for-profits have been very cooperative with us over the...in the past and that we've worked very closely together and I think we can continue that working relationship without this being in state statute. I think that we're all committed to doing that. We would like to see the discussion brought. We'd like to see the AS degree, the Associate of Science degree, also put in there as we work. And we're working with them on those kinds of issues. There are other things that need to be transferable and we're working on those. So I think we've always worked very closely together. Another question came up about the transfer...the students who transfer in the university and whether they have any data on that. The University of Nebraska-Lincoln used to track that data, and I'm not sure whether they still do, but they used to track that data very closely to see how the community college students did when they came to the university. And they performed as well as if not just a little bit better than students who started at the university. So they did very, very well when they came to the university. They kept very close tabs on that. So I think our students perform well. I think the question came up about whether or not they think those courses are not as rigorous. I think that was a debate. Twenty years ago that was certainly a debate. But it isn't anymore. I think that we've worked together so closely with them in aligning curriculum with what they do. And if they find a course of ours that doesn't have the rigor that they think they need to have, our faculty sit down with their faculty and we usually are able to come to some kind of consensus as to what our courses ought to include. And then they will be transferable. So they have been very good to work with, and with that I'd be happy to answer any questions if there are any. [LB54]

SENATOR SULLIVAN: Okay. Thank you, Mr. Baack. Any questions for him? Senator Pansing Brooks. [LB54]

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SENATOR PANSING BROOKS: Thank you, Madam Chair. I was just wondering, Mr. Baack, if you feel that the Web site is sufficient for now or is that...do you...are you familiar with the Web site, or with this... [LB54]

DENNIS BAACK: Yes, I am. And I think it's a very good start. I agree with Tip O'Neill. I would like to see those schools included also. I think that would be a good addition to that. And I think it's a good start. When this thing came into existence, it only came into existence over the general education requirements. What was expected of the student at that time when they came into this agreement was, yes, your general education requirements will move on. Your 30 credits of general education stuff, we can just about assure you those are going to move on. Now, if you're going to stay and complete your associate's degree, if you know where you're going to go, you need to start working with that institution to make sure your other credits that you're getting toward your associate degree will transfer so that they were told that and counseled that way so that they would be doing the right kinds of courses that would transfer. So...and I think it has worked fairly well. But now, with this Web site, I think that the students are in a perfect position to be able to look at the Web site and see what's going to transfer and what isn't going to transfer. [LB54]

SENATOR PANSING BROOKS: Okay. Thank you. [LB54]

DENNIS BAACK: Um-hum. [LB54]

SENATOR SULLIVAN: All right. Thank you for your testimony. [LB54]

DENNIS BAACK: Um-hum. [LB54]

SENATOR SULLIVAN: Anyone else wishing to testify in a neutral capacity? Senator Scheer, for closing. [LB54]

SENATOR SCHEER: Thank you, Senator Sullivan. I'm trying not to utilize too much of your time, because I know this took longer than I certainly expected. But there's a couple things that I'd like to bring out after listening to the discussion. First of all, nothing changes with this bill. Everything that is going on right now that is working along so well...and there's this big concern if this bill passes that this is going to cease. Nothing stops that. This bill doesn't tell anyone they can't do anything. In fact, it encourages it. But what it does do, it puts into policy educational premise that we all agree upon. Education can't be siloed. And that's what I'd...when I heard some of the concerns today, that's what I thought of, all due respect to President Carpenter. Yes, that's the state institution, but they can't exist as a silo. The university system can't exist as a silo.

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The community college system cannot exist as a silo. Kids, adults, people of all ages, are going in and out of various institutions, and they have to be able to rely upon those credits counting towards their graduation. I'll tell you that the transfer system, that is now eight hours old, I think is a remarkable step forward. I truly do. I think that will help a lot. But what this bill addresses is the institutions that are all tax supported. I think, as several of the senators have talked about, there is an obligation for tax-supported institutions to work together to make sure that students go through as quickly as possible, not trying to take as long or work as many courses to develop premiums or tuition for those students to take longer than they should to graduate. The part of taking away the jurisdiction of Board of Trustees or the Board of Regents...that's not the case. They still have the same ability to work things out now. But when there does become a reason...an area of dispute, at some point, somebody has to make a decision of what happens. The commission is the last resort, not the first resort. And I think that's a needed point as we move forward. If institutions, which they all said how well we're working together...they can continue to work well together. That's the whole point and the option. What this does, though, it sort of guarantees that. It doesn't make getting along optional. They have to get along. They have to work well together. That's the point of the legislation, just to make sure that as a tax-supported entity, we are all working for the client, for the student, to make sure they get the best bang for their buck, they move through as quickly as possible without any undue restrictions on the educational portions. There...if there is an inclination on the part of the committee, I have no problem if you would like to put...use this as a vehicle for funding the Web site, if that so...is your inclination. It would make sense if you would like to utilize it as a vehicle to do so. I don't have a problem with that. Somebody has to pay for it. Now, you can either go through appropriations next year as part of the university system, or it can be freestanding via this bill if that's what you choose you would like to do. You know, everything has a cost. I realize that. And I think each of you realize that. It is a very helpful tool. It's a beginning. It's not the end. And as we move forward, yes, things are going in the right direction. But I'm going to be perfectly candid, that hasn't always been the case at all. And I'd like to see it...to continue and be maintained, the cooperation that we have now. And how we guarantee that is by virtue of LB54 and make this policy now. By making it policy, then the universities, the community colleges, and the State College System all will work together because it now is policy. It's not optional. It's now a requirement. That's what we're really talking about. And I think our taxpayers in the state of Nebraska would agree. They want everyone to get along. They don't want different parts of the state system working against each other, and not necessarily against each other, but not together. You know, we can't afford silos. We've seen what that's done in the Health and Human Services. We've seen what that's done in the correctional facilities. You can't work in vacuums. These are all educational systems. We all need to work together. They are...there is...they can even do a better job, as they've all said. No one is perfect. We can all do a better job. But a help...I think this help ensures that they will continue to do so. That's my hope. Thank you.

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SENATOR SULLIVAN: Thank you. Any questions for Senator Scheer? Thank you very much. [LB54]

SENATOR SCHEER: Thank you. [LB54]

SENATOR SULLIVAN: Yes. (See also Exhibit 4) In appreciation of the fact that my legal counsel and my committee clerk have no opportunity to leave this table, we're going to take a five-minute recess, (laughter) very rigid, and we will resume. Hope you don't mind, Senator Davis. [LB54]

RECESS

SENATOR SULLIVAN: We will now resume the hearing and go on to the last bill of the day, LB144, which is being introduced by Senator Davis. Welcome, Senator. [LB144]

SENATOR DAVIS: (Exhibit 1) Senator Sullivan, it's like old home week in here with a bunch of new faces. (Laughter) So, welcome to all the new people. Good afternoon, Chairman Sullivan and Members of the Education Committee. I am Al Davis, D-a-v-i-s, and I represent the 43rd Legislative District. I am here today to introduce LB144. All of you are aware that Governor Ricketts continues to call for property tax relief across Nebraska. LB144 is designed to offer just that to taxpayers across the state. This bill would gradually reduce the property tax levying authority of the community colleges over the next four years from the current 11.25 cents to 6.25 cents in fiscal years 2019 through 2020 where it would be capped. The loss in revenue to the community colleges would be offset in this bill by a General Fund appropriation, which is yet to be determined and could come from a recommendation from this committee. I'm recommending that the appropriation from the General Fund be designated as replacement revenue for the first year of this action, and that the Education Committee would have the flexibility to determine how they would like to fund the program in the ensuing years. In 2013, I introduced LB651 which completely repealed the levying authority for community colleges. That bill, as well as this one, came from listening to constituents who have long felt that the property tax supporting community colleges has become onerous and provides very difficult...very different benefits across the taxing district. As a new senator, I introduced the bill without a great deal of understanding and wisdom about school finance and the difficulties of finding appropriate funding. LB651 simply asked for too much too fast and died in committee due to the unrealistic fiscal note. Nebraska's six community colleges fill an important niche in our state's overall educational system, but the burden of funding them is applied unevenly across the state. It is obvious that community colleges are great economic engines for host cities and satellite campus locations, but they provide far less obvious benefits to Nebraska citizens who live in remote and isolated areas of the district. It is fair to say that no one wants to pay taxes. But it becomes harder

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and harder to justify those expenditures when there are meager benefits accruing to the taxpayers in question. This is the reason that community college funding is usually the number one property tax complaint I hear across my district despite the fact that it takes a smaller slice of the pie than local school funding or county expenditures. There are three sources of revenue available to our community colleges: tuition, state aid, and property tax. Tuition must be somewhat market based, and there is very little additional revenue that can be raised in that manner especially in our smaller and more rural community colleges, which are affected by the declining enrollments in many of our rural K-12 school districts, as these are sources of many of their students. State aid plays a significant part in community college funding. But unfortunately, the current formula for funding the community college system is very similar to the TEEOSA formula, allocating state funding based on needs minus resources. The runaway growth in rural agricultural valuations has boosted the resource side of that equation in all community college districts, but in a disproportionate manner depending on the amount of agricultural land which the taxing district maintains. Therefore, in highly agricultural districts, even if the community college budgets were frozen, more and more revenue must be raised at the local level to compensate for the declining state aid. That is why the dramatic rise in agricultural valuation over the past several years has not brought about significantly lower community college levies across the state. I did hand out a handout which will demonstrate to you that state apportionment has decreased since 2008 when ag valuations started to go up. I met with several western Nebraska county commissioners and the president of Western Nebraska Community Colleges last fall to discuss the problem of taxation. County commissioners are close to the ground and have a good feel for the overall ability of their constituents to pay. And they have become deeply concerned about the increasing need for community college funding. Western Community College's administrators also recognize the need for reform. I also met with the Community College Association Board of Directors. This board acknowledges a significant problem with funding but, again, are hamstrung with the current funding formula as it exists. As a former member of the Education Committee, I was part of the visioning process which took place across the state over the last several months. Over and over, I heard there was a need in Nebraska for career academies and that we had hundreds of job openings in the trade sector. Nebraska needs its community college systems. They provide vital training which we must have if we are to retain our attractive business climate. But we cannot continue to place the burden of training our welders, electricians, nurses, and the like on the backs of property taxpayers who are already overburdened. If the Governor and the Legislature are committed to addressing the problem, they must begin investing more funding into the facilities and programs that make the training possible. We know this state must remain competitive, that agriculture also competes in an international market. And when our property taxes are two or three times those of neighboring states, the competitive advantage will accrue to states with better...who better manage their tax burdens. When I introduced the bill in 2013, I wanted to show the contrasting contributions made by each county for each student they enrolled in the community college. To do this, we took the property tax asking per student and divided it by the number of students enrolled from each

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district. At that time, Scottsbluff County contributed \$380 per student to support the Western Nebraska Community College. Wheeler County contributed \$30,065 per resident student to Northeast Community College. If anything, I am sure we would see even greater distortion in light of two years of relentless valuation increases at the county level. It is simply unsustainable. I have handed out to you some information from the Legislative Fiscal Office that shows the 2014 levy rates for each community college, the property valuation for the community college area, and the total number of dollars levied for community college area. I've also handed out some data from the Coordinating council (sic) on Postsecondary Education. We have heard over and over that property tax relief is a priority for this Legislature and Governor Ricketts. I greatly appreciate the Governor's attention to the property tax problem which was not a position shared by his predecessor at the Governor's Mansion. I also strongly support the Governor's intention to hold the overall state budget to 3 percent. We have heard the argument that ag land valuation should be reduced from 75 to 65 percent evaluation. Unfortunately, that plan results in extremely variable benefits to taxpayers depending on which K-12 school district the person resides in. But significant property tax relief could be made available to most in agriculture by dropping the levying authority of the community college. Ratcheting down the levies for community college systems over the course of five years will reduce their local resources and drive up the needs side of the formula, which would result in additional state aid to the community college. This provides a much more consistent tax savings to Nebraska's agricultural producers, doesn't damage the community colleges, and would drive down the cash reserve, which are laudable goals for the Education Committee to consider implementing. Following me will be county commissioners from the Nebraska Panhandle who can give you more personal observations about their tax burden. While I know that the Community College Association will be opposed to this bill, I also know that they recognize that reform must occur, and I'm sure they would be eager to work with you on long-term solutions. LB144 is the first step in that reform process, and I urge you to consider it carefully, amend as necessary, and advance the bill to the floor. I would be happy to answer any questions. [LB144]

SENATOR SULLIVAN: Thank you, Senator Davis. You indicated that you had had conversations with the Community College Association and that, in spite of the fact that my former predecessor, Senator Adams, worked really hard to develop a new funding formula for the community colleges, are they...do you think that that's one of the solutions that they see to lessening the burden of property taxes for community colleges, is to rethink the formula? [LB144]

SENATOR DAVIS: I think what...in the discussion that I had with them, they said they would like to have some time to work on some new idea. [LB144]

SENATOR SULLIVAN: Um-hum. [LB144]

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SENATOR DAVIS: The problem with the formula, of course, is some of the community colleges are growing much more rapidly than others so their needs are greater and it becomes harder and harder to funnel the money out. [LB144]

SENATOR SULLIVAN: Um-hum. Um-hum. [LB144]

SENATOR DAVIS: But when you have this TEEOSA-type formula in place and you've got these rising valuations, the rural community colleges, which don't have increasing enrollments, are having to rely more and more on the property tax basis. So I think that they certainly recognize the problem. I know the administrator at Western Nebraska Community Colleges certainly does so. And Mr. Baack said, you know, some years ago the Legislature overfunded the formula and there was significant tax relief at that time if that was something that would be possible to put in place. But, you know, what I'm really looking for is a long-term, sustainable solution... [LB144]

SENATOR SULLIVAN: Um-hum. [LB144]

SENATOR DAVIS: ...not just a couple year bounce and then we're back to high levies again. [LB144]

SENATOR SULLIVAN: Um-hum. And, of course, in your proposal you've left blank the amount of state support. Any guesstimate on what you feel it would take in terms of increased state support for the... [LB144]

SENATOR DAVIS: Well, without knowing what their budgetary needs are going to be, it's really hard for us to speculate on what that might be... [LB144]

SENATOR SULLIVAN: Um-hum. [LB144]

SENATOR DAVIS: ...and what, you know, what the valuation increases have been for the last year. I really can't speculate on that. But I would think by the time the year is up, the Education Committee could put something like that together. Or I could certainly find the figures for you. [LB144]

SENATOR SULLIVAN: And you're thinking that those additional funds would be...you proposed to have them come from the Cash Reserve? [LB144]

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SENATOR DAVIS: I would have them come from the Cash Reserve. [LB144]

SENATOR SULLIVAN: But that's not sustainable over time. That's a onetime increase in funding. [LB144]

SENATOR DAVIS: Well, I'm not taking the entire amount away, which I think is maybe several million dollars. [LB144]

SENATOR SULLIVAN: Um-hum. [LB144]

SENATOR DAVIS: I mean, if we were to take the whole thing away...it seems to me it was maybe \$80 million the last time I proposed this two years ago. I'm proposing just to cap it and start reducing it. [LB144]

SENATOR SULLIVAN: All right. [LB144]

SENATOR DAVIS: So we're taking only 10 percent maybe per year away for the next five years. [LB144]

SENATOR SULLIVAN: Okay. [LB144]

SENATOR DAVIS: So it's not going to deplete the Cash Reserve. [LB144]

SENATOR SULLIVAN: Okay. Okay. All right. Any questions? Any other questions for Senator Davis? You'll be here for closing? [LB144]

SENATOR DAVIS: I will. Thank you. [LB144]

SENATOR SULLIVAN: Okay. Very good. We will now hear proponent testimony in support of LB144. Welcome. [LB144]

STACY SWINNEY: (Exhibit 2) Thank you, ma'am. Greetings to you all, and it's an honor to be here and see our system as it's designed to work. We have a problem. We bring it to the people that can fix it. And we truly do appreciate the opportunity. [LB144]

SENATOR SULLIVAN: Well, we're glad to have you here. [LB144]

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STACY SWINNEY: My name is Stacy Swinney. It's S-t-a-c-y S-w-i-n-n-e-y. The past four years I've been a county commissioner in Dawes County. And last year as we were working on our budget...we have a total, as I passed out there as a pie chart that I might refer you to. Dawes County total taxes levied is \$13,211,677. Now, the pie chart indicates several different aspects of where the money goes. Our first item there is Dawes County for \$2,792,638. That represents Dawes County's budget for everything. We run our road department, our construction projects, our judicial system, the courthouse, Veteran's Service office, everything out of that \$2,792,000-some. When we realized what the ratio is of the different aspects or the different pieces of the budget, we see that this year, Western Nebraska Community College has levied \$771,502, which is 27.6 percent of the same amount of money that we run the whole county on. That figure is up from \$733,000 last year. It's a 9.5 percent increase from what their levy on our tax base was last year. Some of the contributing factors for the need of this LB...or, well, in the first place, I want to make clear that this is not an attempt of any kind to discredit or take away anything from our community colleges. This is a look at the funding sources for them. We are pleased with the quality of education, everything that comes out of our community college. This is a look at refunding, "relooking" at the funds of support from it as it's related to real estate taxes. The current funding system is the result of a district court...Nebraska Supreme Court decision, overturns, and appeals in 1974, 1975, 1976...40 years ago. The original mill levy then was approximately 1.5 compared to over 10 now. This system has been and is a runaway train. The needs of the high school graduates and the numbers of available schools are very different now as compared to 40 years ago. Funding needs to be reevaluated and adjusted to fit today's economy and needs. By the current system, real estate taxpayers put more money into WNCC in western Nebraska than into the entire road budgets to fund all road and bridge projects in their counties. The state highway allocation makes up about half, but the taxpayers' levy was, last year in Dawes County, was \$680,000. And Nebraska...the Western Nebraska Community College took \$733,000. We ran...we run 750 miles of road on less money than we pay for community college. The ratio...this is just a ratio. It's just to show comparisons. Community colleges are growing and working closer to state colleges. And the funding sources should be comparable. Nebraska WNCC is the biggest contributor of graduates to Chadron State College. It would be nice to see more cooperation between Chadron State College and WNCC in the funding of those things. Western Nebraska counties could give each and every graduating senior in the county in excess of \$7,500 to go to the college of their choice for the same amount paid to WNCC. Last year, Chadron and Dawes County, Chadron and Crawford schools, graduated 70 seniors. And we gave \$733,000 to WNCC. We had four seniors that went to WNCC. When they got there they still paid full tuition. So the cost of what it costs the county to keep the doors open there doesn't go towards the tuition. And it's over \$10,000 per student if you figure it that way. We saw a need for this as county commissioners. And about several months ago, we contacted Senator Davis. We set up meetings with WNCC board. And I've enclosed a letter here. I don't have time to read it. But there is a letter here that we wrote to Senator Davis asking him to introduce this bill and to work with us on it. In closing, Governor Ricketts...community colleges see a natural increase

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in their budgets by the increase in land valuations, even with slightly lowering mill levies, which encourages spending. This entire system can be improved and realigned...realignment of sources and needs and those who benefit from the colleges. Governor Ricketts has focused on overall real estate tax decreases. This bill provides fair and equal tax relief to all who pay real estate taxes in the ratio in which they pay by mill levies. Of all the efforts in this real estate tax reduction introduced this year, this is the basic plan: across the board tax relief. There...this is where this committee could set the bar. We ask you to please advance and support our efforts to the floor. We question that maybe...we hope that the broad spectrum would include looking at funding in Revenue Committee as much as Education Committee. But I'd be pleased to expand anywhere. Thank you, ma'am. [LB144]

SENATOR SULLIVAN: Thank you, Mr. Swinney. Any questions? Tell me a little bit more about, first of all, the value that you think you receive from Western Nebraska Community College. I mean, is...do you think you're getting your bang for the buck, so to speak? [LB144]

STACY SWINNEY: Actually, I live in Chadron, so...or near Chadron. And our Chadron State College is near and dear to us. [LB144]

SENATOR SULLIVAN: Um-hum. [LB144]

STACY SWINNEY: And there are several things that we're doing very well there. Whoever comes out of WNCC that continues their education, most of the time they go on to Chadron State. They have...something near and dear to my heart is the veterans program. Chadron State is...has national recognition in being a veteran-friendly college. Last year, WNCC also received recognition: the top few of the colleges in the nation in veteran friendly. Those kind of things, they are important to us, and... [LB144]

SENATOR SULLIVAN: Um-hum. The bottom line into...achieve this real property tax relief and maintain that service that you...and value you have a Western Nebraska Community College means more state support. [LB144]

STACY SWINNEY: It does. We met with the Board of Directors at WNCC. And they have a...just for an example, they have a lineman program there. And they're very proud of it, and it works very well. They've picked up scholarships and sponsors through the power companies and other people that need those services from...well, now, one of the things one of the commissioners suggested to them is, initiate a program of chemical applicators. Okay, that's a big need in our company...in our country right now. And the president of the college said, you know, we missed the boat on that agriculture thing several years ago. And he wrote down there that, okay, if we expand the program into current needs, more current needs, that should pick up

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help on the tuition side with the chemical applicators like...Simplot and some of the big chemical people, they should be willing to put some money into that program to have people trained that they can draw out of there. There's ways to expand this, and I think that is one of the things that are...the tuition is a small part of the cost of keeping the college going. If we can boost those tuition things by boosting enrollment, then I think we're on the right track. We're seeing a 9 percent to 10 percent increase in the cost in the mill levy, the bottom line. We saw 10.86 percent increase in valuation last year. And that's across our area. And the college lowered the mill levy about one-half mill, and we still saw a 10 percent increase in the write-a-check amount of their budget. So even with the lowered mill levy, the increase in valuations ate that all up. We're not talking about cutting it off. We just need to slow down this increase like it is. We're talking about an annual cost of living index at 3 percent or near that. Okay? And we're seeing a 10 percent increase in budget needs of that and other things. But if we can slow this down and phase it out over a period of five years...not phase it out, we're going to phase back half. If we could take the amount of money that we spend on WNCC and refund it through the state school aid or somehow else, refund that in the real estate taxes, we could lower the write-a-check amount in Dawes County by 8 percent. So your taxes would go down 8 percent if we did not have this levy. We're not talking about that. We're talking about...that's what we'd like. But we're talking about taking it down halfway in the next five years. There should be a trend here of some way to reduce this rather than having it keep increasing at this rate. [LB144]

SENATOR SULLIVAN: Um-hum. Okay. Senator Groene. [LB144]

SENATOR GROENE: I see Senator Davis...thank you, Chairperson...Madam Chair. I'm...I'll get the terminology down here yet. (Laughter) But anyway... [LB144]

STACY SWINNEY: You're digging deeper, sir. [LB144]

SENATOR GROENE: It's the first time I got it right...second chance. But anyway, Senator Davis gave a chart here on state aid full-time equivalent students. But I don't see equivalent, which would have been very handy, the equivalent chart over the last ten years, how many dollars were collected by each community college in property taxes, because my concern with the community college is where the money is going. I know unbelievable insurance plans and unbelievable retirement plans. And that's my concern, if we can take a look at that, too, because that money is going somewhere. But did you put a chart together, Senator, or the county commissioners, about the dollar amount over the last ten years of the property taxes that have been collected, because you just have one total as far as I can see on what you...\$771,000? What was it ten years ago? [LB144]

STACY SWINNEY: Well, what I have is on the last page of your...of the handout. [LB144]

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SENATOR GROENE: Oh, it's underneath there on yours. All right. [LB144]

STACY SWINNEY: That's what I have for WNCC. The... [LB144]

SENATOR GROENE: It has assessed value. All right, it has the money amount collected, too? [LB144]

STACY SWINNEY: In the 2012/2013 year were at \$9 million, well, over \$9 million. This year it's gone up...sufficiently put it over \$10 million in the... [LB144]

SENATOR GROENE: I guess my point is, I'm a taxpayer. If we switch it to the state, it doesn't control the spending. The tax dollars are still going up faster than inflation. And anyway, it would have been nice information. [LB144]

STACY SWINNEY: One thing that I've heard in meetings, sir, is how we can justify that kind of an increase in that budget and there's a decrease in enrollment. So somehow we need to turn that around. And there's been several different programs in our area to communicate Western Nebraska Community College and the Job Corps and the Chadron State. There's been some things that we've tried to do or that they've tried to do that I don't know very much about. But there is some cooperative efforts there that...and the quality of the education and the programs is not at all what we're concerned with. And as far as my county is concerned in this LB...we're talking about funding from an increase in state aid. What we've heard is that state aid comes from sales tax and income tax at a state level, most of it, I mean, generally, and that 75 percent of the state income tax and sales tax is generated around Omaha and Lincoln. Now, we are a long ways from Omaha and Lincoln and it's hard to get a bigger piece of that pie to deal with our local problems in western Nebraska. [LB144]

SENATOR SULLIVAN: Okay. Any other questions for him? Yes, Senator Schnoor. [LB144]

STACY SWINNEY: Sir. [LB144]

SENATOR SCHNOOR: I don't necessarily have a question, but just a point of clarification. You talked about...I mean, you stated the obvious. Valuations have increased, you know, an unbelievable amount, but levies went down, but your check was higher. I mean, and that's not just for you. That's happening everywhere. [LB144]

STACY SWINNEY: Yes, sir. [LB144]

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SENATOR SCHNOOR: You know, and I can only speak for the Scribner-Snyder area because that's what I know, but the overall cost of everything just...has just gone through the roof. You know, as a farmer, I know that inputs have just skyrocketed. And will they come down? I hope so, because when corn comes down and cattle comes down, you know, hopefully inputs will follow, but you just never know. But the same things are happening in school districts. In the, you know, Department of Roads, you know, all their inputs have skyrocketed as well. And will they come down? Time will tell. But, so, you know, so I guess it's just to clarify to everybody that, you know, that's why the levies have...may have decreased but the actual check amount has increased for everybody. And so the question is, how do you try to trim that? And you can only hope that all the school boards, the...and those boards of directors are trimming as best as they can. But I don't know exactly how you trim any more, with the cost of everything the way it is. [LB144]

STACY SWINNEY: In our county, sir, in 2012, we had a devastating fire that burned 200,000 acres across two or three counties up there, took a lot of pasture, took a lot of forest, and did a lot of things that actually and realistically dropped the valuations that should have been...you know, if a guy can't use a pasture for another two years, but he still pays the same taxes on it, well, the drought of six years, those kind of things all add into the need for some relief. And I might point out also that the Chadron School on that pie chart there is the biggest piece of that. They are at 105 mills at the Chadron school. And last year, our Chadron school was rated second in the state only behind Elkhorn for preparation for the seniors to go on to college. We're second in the state rated. Of our 70 college seniors, or of our 56 seniors in Chadron last year, 40 percent of them tested in the top 10 percent of the state...or national, nationally in the top 10 percent. So we understand the importance and how high cost 105 mills, but we're getting bang for the buck in that 105 mills. That's where we're...if we could get that kind of performance in every aspect of this pie, we would have very simple jobs. [LB144]

SENATOR SCHNOOR: Agreed. [LB144]

SENATOR SULLIVAN: Any other questions? Thank you so much for coming all the way. [LB144]

STACY SWINNEY: Thank you. Appreciate the opportunity. [LB144]

SENATOR SULLIVAN: Further testimony in support of LB144? Welcome. [LB144]

ROBERT POST: (Exhibit 3) Thank you, Madam Chairman and senators. My name is Robert Post, R-o-b-e-r-t P-o-s-t. I'm a commissioner from Banner County. I'm the vice president of NACO, that's Nebraska Association of County Officials, and a member of Nebraska Cattlemen. I

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disclose these positions to inform you that my testimony is mine alone and is not reflective of these positions. I will, however, tell you that I believe I represent the taxpayers of Banner County and perhaps more. This is a property tax bill. I'm sure you've all heard that property taxes are too high over and over and over. I personally know how hard these taxes are to pay in the ag sector and I'm sure all other areas also struggle. I believe in a plan that requires four steps. Briefly, the first step is to get the valuations right. We need to be doing that on an income-based approach and not on sales. Number two, we need to stop unfunded mandates, which they're working on. Number three is to get the TEEOSA formula for this...for the K-12 schools fixed. And finally, remove funding from the community colleges from property tax. I gave you some handouts here, and so if you want to...on the second page, if you want to look at column A, you were wanting some more data. I will first say that the green columns are data provided to me and the yellow are calculated. But if you look at column A, which is WNCC's total valuations, and that is for all of the area that they serve, their valuation is up 74 percent. And if you look at the column F, which is just Banner County valuations, our valuations are up 107 percent. And I think what that reflects, and what I wanted to show you there, is Banner County is pretty much all rural, where WNCC's area would include some municipalities with some commercial businesses and more residences. So I think that just shows that the burden is actually more on rural properties. I know you've had a long day and I'm just about done here. I'm sure you'll be pleased with that. The bottom line is, this is a permanent shift off of property taxes unlike previous methods where the state rebates to the counties with the Tax Relief Fund and then removes it unexpectedly. That happened to us in 2012, I believe, or '11. The Governor decided that we're going to say more money to the counties, and so just instantly, overnight, we lost \$30,000 to \$40,000 just like that. I don't want that to happen again. I don't ever want to see that again. This is a way to remove those tax needs from personal property on a permanent basis. We don't ever want this to come back on property tax. Personally, I would just as soon it would all shift, but I realize that that's probably going to be very difficult to do. But somehow or other we need to get this off of property tax and allow property tax to pay for the things that it was originally planned for, which is services to property. I ask that you please allow all the senators the opportunity towards property tax relief, and I ask you to please advance this to the floor. Thank you. And I'll take any questions. [LB144]

SENATOR SULLIVAN: Thank you, Mr. Post. Questions? Senator Morfeld. [LB144]

SENATOR MORFELD: Sir, first, thank you for coming so far out. My house is only five minutes away, so I have a lot of respect for the folks that come down and drive here. (Laughter) So... [LB144]

ROBERT POST: (Laugh) Well, I left...I got here at 1:00 this morning. I had to get things arranged at home so the cattle could be taken care of while I was gone, so... [LB144]

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SENATOR MORFELD: Yeah. Well, I certainly appreciate you coming down here, because it's good to hear from folks affected by this and particularly elected officials. So I guess, for me, this is more of a philosophical question. I mean, I...you know, WNCC, from everything that I've heard, provides a great education, critical education, for some needs out in your area. But then, at the same time, I also heard you say you'd as soon that it just be all taken off the property tax rolls. I mean, don't you think, to a certain extent, that there should be some skin in the local game, I guess, as far as providing some resources for these critical educational needs? [LB144]

ROBERT POST: Well, in reality, yes. Skin in the game is good. But... [LB144]

SENATOR MORFELD: And granted, I know that you guys pay--I'm sorry to interrupt you--I know that you guys pay, you know, obviously some income tax and some sales tax. So, I mean, there's still skin in the game, but property tax may be more indicative of more local skin in the game. [LB144]

ROBERT POST: Well, it's just that if you go back and study property taxes in Nebraska, there are several articles written about it. Property tax was originally designed to service property. That means roads and infrastructure that supports the property. [LB144]

SENATOR MORFELD: Um-hum. [LB144]

ROBERT POST: And somehow the K-12 got dumped on it. And then the next thing...and, you know, community college got dumped on it. And then we've got service units that got dumped on it. And we've got NRDs. I will say that NRDs do service property, so they probably can justify being there. But these others, when you look at the history, it's not that...I'm not against WNCC at all. They do a great job. [LB144]

SENATOR MORFELD: Yeah, no, I acknowledge that. [LB144]

ROBERT POST: All the community colleges do. It's just that this funding...it's not what it's supposed to do. It never was. In fact, Nebraska didn't used to have a property tax. And there's been several wars over the years since the '70s about whether we keep it or we don't keep it. And, honestly, we're at a point now where the property taxes are just unsustainable. I've brought a property tax statement but, you know, it probably wouldn't mean too much to look at. But it's...when I figure what I got to have to pay those property taxes out of each calf that I sell, it's pretty scary. [LB144]

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SENATOR MORFELD: So, sir, this goes back...I mean, so I appreciate that and I understand that. And I understand the history of property taxes as well, but from a policymaker point of view...and I know this bill isn't to remove community colleges off from tax rolls. I get that. But say we did do that and we did remove other things that weren't for servicing the actual land or the property of...would you be in favor of me then increasing income taxes by a significant amount to offset that? Do you think that would be a more fair tax system? [LB144]

ROBERT POST: Sales tax is the fairest tax there is. If you got it, you spend it. If you don't have it, you don't spend it. And I...you know, I guess I'd have to say that agriculture has some exemptions and, you know, you may have to look at some of that, but if you have it you spend it. [LB144]

SENATOR MORFELD: Yeah, I mean, I guess... [LB144]

ROBERT POST: And that affects everybody. [LB144]

SENATOR MORFELD: Yeah, it does. And I would...and I won't get into it today because this is getting a lot...a little bit off topic, but I would argue that for the folks in my district that's not necessarily true with the sales tax. But thank you very much and I appreciate it. [LB144]

SENATOR SULLIVAN: Senator Schnoor. [LB144]

SENATOR SCHNOOR: I think...overall, I think we all need to be...I think the comment was brought up about Western Nebraska Community College, and I think that was merely used in the example because that's what you have out there for community college, correct, Senator Davis? You know, it's...I think we need to just be careful that we aren't putting them down for what they're doing. That's just the example because that's what's there. Is that...am I correct, Senator Davis? [LB144]

SENATOR SULLIVAN: Wait, you can't...okay. [LB144]

SENATOR SCHNOOR: Sorry. [LB144]

SENATOR SULLIVAN: That's all right. Okay. [LB144]

ROBERT POST: Well, that's...my data is basically WNCC and Banner County and that's what I have. That's what I know. And, yeah, I'm not...but if you look at the chart, that is the funding.

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The blue line is the funding from the total area levy for WNCC for the last ten years. And the orange is the Banner County asking without WNCC's asking added to it. And, you know, you look at the graph and it looks like WNCC is, you know, pretty crazy there and we're pretty level. But the gap, what I want to say is, the gap is not that huge. They're doing a good job. I looked at this data and I've analyzed it on many more pages than this. And if I wanted to find something wrong with them, I couldn't. The only data that I can find that flaws WNCC is the cost per pupil. And I think that just reflects that it costs so much to keep a building open and it costs so much to have that infrastructure, so much to have the teachers there, and their cost per pupil is high because they don't have enough kids coming there. [LB144]

SENATOR SULLIVAN: Senator Groene. [LB144]

SENATOR GROENE: Which towns are in Banner County? I forget. Hayes... [LB144]

ROBERT POST: Harrisburg. [LB144]

SENATOR GROENE: Harrisburg, that's it? [LB144]

ROBERT POST: Yeah, unincorporated village. [LB144]

SENATOR GROENE: And you got a school there? [LB144]

ROBERT POST: We have a K-12 school. [LB144]

SENATOR GROENE: How many kids graduate a year? [LB144]

ROBERT POST: Well, that's been slipping. And I'm guessing this year there will probably be...I'm guessing the average enrollment is maybe 15 per class, so you've got 15 times 4. [LB144]

SENATOR GROENE: Well, my point is, which the county commissioner from Dawes County, and I hear it from the counties north to me which are in (inaudible), the ranchers I know up there, they're paying, if you divide the asking money from the big community college into the students that graduate from their schools, they're paying \$10,000/\$20,000 a student. [LB144]

ROBERT POST: Yeah, it... [LB144]

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SENATOR GROENE: If they gave that money...that's the problem. If they gave that money to each student as a scholarship, they could go to Harvard, some of them, with as high as it gets. You get up in Hooker County and Grant County and Logan County, it's an unbelievable proportion of how much money the citizens pay per student. And that, I think is a problem. I really do think that is a problem. But I don't know how you fix that. [LB144]

ROBERT POST: Stacy did that calculation. I don't guess he shared it. I don't believe he shared it. [LB144]

SENATOR GROENE: If you had one student go to Mid-Plains out of that 15, you've paid \$241,543 tuition. [LB144]

ROBERT POST: Yeah. [LB144]

SENATOR GROENE: That's...there's just something unfair about that number. And I'm a big fan of community colleges, but there's...and I'm sitting in North Platte in Lincoln County and we have it right there. We benefit. We get the jobs. We get everything. But those counties around us, the 17 counties...I don't know how you fix it. It's just one of those things that ain't fair in life. But... [LB144]

ROBERT POST: Yeah. I think that's why it just...the funding just needs to come from a broader source. It's just too...it's too confined to just put it in such a small area on such a small classification. I just think it needs to come from a broader source. [LB144]

SENATOR SULLIVAN: Any other questions for Mr. Post? Thank you so much for your testimony and for coming all this distance. [LB144]

ROBERT POST: Thank you. Appreciate it. Let's send this thing to the floor. Let everybody get a chance to look at it. (Laughter) [LB144]

SENATOR SULLIVAN: Further testimony in support of LB144? Welcome. [LB144]

LAVON HEIDEMANN: Senator Sullivan, members of the Education Committee, for the record, my name is Lavon Heidemann, L-a-v-o-n, Heidemann, H-e-i-d-e-m-a-n-n. I'm with Farm Bureau and I come before you today on behalf of that organization. Nebraska Farm Bureau members have a longstanding policy of supporting what Senator Davis is trying to do in this bill. Our policy states: Inasmuch as the community colleges increasingly serve students' educational needs throughout the state, we believe that property tax funds for community college should be

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replaced with state General Funds. We certainly appreciate the work the committee is doing in looking at funding education in Nebraska across the board. And we know that this facet of funding is merely a piece of the puzzle when we look at the tie between property taxes and education. We remain committed to working with the Education Committee, the Revenue Committee, and the rest of the Legislature as you grapple with these funding issues. If we can be of assistance or provide additional information, please let us know. With that, I'd be happy to answer any questions you might have. [LB144]

SENATOR SULLIVAN: Thank you, Senator Heidemann. So where do you think the money should come from? [LB144]

LAVON HEIDEMANN: (Laughter) That's a good question. The Legislature this year has a huge task before them, because there is a lot of priority right now on trying to find some property tax relief especially on ag land. And there is a problem. And we've heard that problem. And you can't run from that problem. I've been here before, and I understand that when you have a lot of needs and you have limited resources, you're going to have to work together. This is an ongoing...this is my former Appropriations Chair hat put on. This is an ongoing expense. And Farm Bureau says, General Fund money. If you're going to do this, you need to realize that it is ongoing expense and it probably, in my opinion, needs to come out of the General Fund then at that time. But there's a lot of things on the Revenue Committee's plate this year, the Education Committee--and you will be part of this--and the Appropriations Committee. You need to figure out how to hopefully make something work, because we do have a problem. There are other priorities, too, also, that I understand that this Legislature has before it. But there is a problem out there that needs to be addressed. [LB144]

SENATOR SULLIVAN: And when you think about, and you know as well as any of us what...the population of rural Nebraska continues to decline, but we still have students out there that need to be educated. How do we balance that? Are we...do we need to...and maybe this is an unfair question to you. And maybe some others will be coming forward. Is it time that we looked at different educational models to deliver education in different ways? [LB144]

LAVON HEIDEMANN: The only thing that I can tell you is that the burden put on property tax in the rural areas and agriculture has got way, way out of whack. And you heard from the county commissioners. I could bring farmer after farmer up here and tell you that it's not right. When corn was \$7 and \$8, we knew it wasn't right. And now that corn is \$3.50 and we can't even get \$3.50 anymore, it's not only not right, we can't make it work anymore. And we support...there's not been one negative thing said about community colleges. And we're not going to do that, because we in the rural parts of Nebraska understand the importance of community colleges...as anybody do. And we're proud of them. But the burden put on ag land supporting community

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colleges is just...is not proportional for what we really get back out of it. So we would appreciate anything that the Education Committee can do. And we're not...sit here as somebody from Farm Bureau. We don't have all the answers. But it's something that needs to be looked at and maybe be part of the puzzle. But, you know, there are other things that are out there, too, that the Legislature could look and say, this is a better priority, this is more bang for the buck. But this needs to be something that needs to be looked at. [LB144]

SENATOR SULLIVAN: Thank you. Any questions for Senator Heidemann? Thanks for your testimony. [LB144]

LAVON HEIDEMANN: Thank you. And I thought Appropriations worked long, hard hours. (Laughter) [LB144]

SENATOR SULLIVAN: Any further testimony in support of LB144? We will now take testimony in opposition to LB144. [LB144]

MIKE CHIPPS: (Exhibit 4) Well, I've gone from good afternoon to good evening. (Laughter) [LB144]

SENATOR SULLIVAN: Welcome. [LB144]

MIKE CHIPPS: I pledge myself, Tracy, and all of you that I won't have as long a meeting as these at our college, okay, anymore. I'm Mike Chipps. I'm the president of Northeast Community College. It's nice to hear that...and I'll spell it out, M-i-k-e C-h-i-p-p-s. I've been in Nebraska community colleges for over three decades, 34 years. And I love Nebraska. I'm from Grand Island originally. So I think I speak from the heart, not just from the head, on these issues. I'm not an out-of-state guy that came in to share my thoughts. But Madam Chair and Education Committee, this is a serious issue. It's very difficult. And I'm going to go through my script and read it because I have a ways to go in a short period of time and I've tried to summarize it for you there in yellow so you won't lose it among all that white paper you got today. LB144 proposes to take the current property tax levy lid from 11.25 down to 6.25 over a five-year period, which...I want to acknowledge Senator Davis and as...what he's trying to do with the property tax relief bill. But lowering property taxes and correspondingly lowering the ability to fund Nebraska community colleges, as proposed in LB144, would be devastating to one of the state's primary economic development engines which I believe is just the opposite effect that our great state wishes to create. Without appearing to be in a defensive posture or position, let me explain not only the impact but the potential effect of actions of property tax reduction when it comes to...specifically to your local--and I'll call it--community's college. In the fifth year, when fully implemented, the state would need to augment the current budget with an additional \$120

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million in state aid per year in order to maintain our current funding levels. This is in addition to the \$95 million the state already provides in current state aid. The total cumulative effect of this bill over five years is approximately \$300 million, assuming current levies and budgets remain static. First, implementing this bill would directly affect current and future students.

Affordability and accessibility...more of the cost would shift to students. Nebraska currently has the tenth lowest tuition and fee rate in the nation. As a comparison, Iowa ranks 39th. Only 5 percent of Iowa's total budget comes from local property taxes. As a result, their tuition and fees are more than 1.5--actually they approach almost 2--times as much as Nebraska. And even though tuition is low here in Nebraska compared to some other states, nearly 60 percent of our students rely on federal financial aid in comparison to 38 percent of community colleges across the nation. This speaks to the extremely high financial need of our students here in Nebraska. Number two, it reduces services for high need, underprepared students. Given our state's declining population and the growing number of jobs regarding some form of college education, it is critical to retain that students have historically struggled and have had difficulties in core academic areas. This requires more one-on-one services, intrusive advising, and tutoring, and these services are very difficult, longstanding, and sometimes not possible to maintain without some form of adequate funding. The next major piece is, implementing this bill would directly affect communities and, more specifically, rural communities. And I know that's something that you're grappling with. Regarding local control...now, as property taxes begin to account for even a smaller part of the budget, community colleges lose more local control and correspondingly reduces the board's ability to respond to local work force and employer needs. We're really boots-on-the-ground folks, people, and the issue is, is that those boards are right out of those communities, and so we need to respond quickly if we're going to continue to sustain and grow our rural communities. The next one has to do with that. It's community growth and rural revitalization. Without work force training and community development from local community colleges, many of our communities and the small businesses which make up our economy definitely would not be successful. Consider all the essential highly skilled providers in your community who get their education from a community college from EMTs to nurses, auto mechanics, plumbers, electricians, and utility linemen, just to name a few. Implementing this bill would directly affect career and technical education for business and industry especially in rural Nebraska. And as a side point, we really need to address that issue of seven students that we address out of any of these rural high schools. It's so much bigger than that. You know, we cannot at Northeast serve 22,000 credit/noncredit students in our service area primarily and say there's only seven coming out of those rural high schools. And that's another discussion at another date. The next one is career and technical education. Reduced funding causes institutions...that would begin reverting back to becoming a junior college offering primarily transfer education. And it's hard to keep up with the technology and equipment. It's necessary in these highly technical fields. And this would include programs in areas of local high need, such as machining, welding, construction, electrical, and the list goes on and on. Correspondingly, it would be much less expensive and much more profitable to offer mostly gen ed courses. The

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next major hitter is, implementing this bill and bills like it would create the opposite effect for your community colleges. The statewide average attributed to our community colleges amount to 4 percent of the local property taxes to educate our future work force. In addition, community colleges are not funded like other taxing entities, as a property tax offset is what we would need from the state to backfill any losses. So community colleges are relatively a minor investment by the state and by the people of this state for a maximum return to the state's economy. Loss of these funds undermines the community college's ability to impact local economic development activities and correspondingly spur revitalization. And the fact that I'm running out of time...I can certainly go to the summary. In closing, the changing paradigm is that many, if not most, people need highly technical, high-demand skills. With a two-year or less education, those individuals are projected to earn more than many bachelor degree graduates. Technical skills are the currency in the new economy, and those students who best match their skills, abilities, and interests with the knowledge they will have creates a competitive advantage. I guess a special thank you for listening. I know your ears have to be tired. It sounded like the microphone was tired as well just a minute ago. And I just think that you, as a Legislature, have to make some very difficult choices, and I just wish you well with the wisdom that you're going to have to have when it comes to what you need to do with your community colleges. Thank you. [LB144]

SENATOR SULLIVAN: Dr. Chipps, I heard you say that you want that...you don't want to diminish the local property tax input too much because that lessens the ability of your local board to have input on what is needed for the local area. I've also heard that...you gave quite a laundry list of some of the career and technical areas that are needed. You didn't mention, but probably they are represented in many of the areas you talked about, but you didn't mention agriculture. And I also heard our previous testifier say that they are...agriculture is carrying too much of the burden and they think they aren't getting enough... [LB144]

MIKE CHIPPS: Bang for the buck. [LB144]

SENATOR SULLIVAN: ...bang for the buck. [LB144]

MIKE CHIPPS: It's okay. [LB144]

SENATOR SULLIVAN: And then I also heard the Governor say that he wants a focus on career and technical education, but I didn't really hear him talk about putting too much...too many more dollars into that. [LB144]

MIKE CHIPPS: Um-hum, um-hum. [LB144]

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SENATOR SULLIVAN: So I'm just...I guess I'm asking for a reaction, because those are some of the things that we have to grapple with in responding to some of these concerns. [LB144]

MIKE CHIPPS: I've talked to the Governor three times now, twice as Governor-elect...no, actually once as Governor-elect and twice as Governor. And I said, Governor, I really appreciate your platform on pro business. But the issue is that you want community colleges run alongside of that. And he says, well, Mike, we're giving you three, three, and three. It's three for the university, three for the state colleges, three for community colleges. This discussion tells you that that three isn't the same three as the other two because they depend totally on state aid and tuition. And one of the big issues that we're dealing with, and I've seen it across the United States, and I'm very concerned about, Senator Sullivan, is the issue of states moving more to either state aid or less state aid and actually turning it over to the students. In my notes, I talk about the issue that in neighboring states...you know, you're looking at Iowa is at about \$160, give or take, a credit hour, and largely because they've lost state aid. And a number of them are putting it on the shoulders of the students. And yet, in 1947, the Truman Commission really created the community college movement to be able to put it close to all Americans--you know that, Senator--and put it within actually 50 miles. He ran out of money before doing it. But secondly is...the issue is, it was supposed to be affordable and accessible. And I don't know what this...Nebraska. They would love to replicate what Nebraskans have done and continue to do to support our students. We're still keeping that at 21 percent. Northeast, we're at 31 percent. You remember the old 40-40-20. Some of you folks that have been around since...for a number of years remember that intent of the Legislature when community colleges were started, and you've kept it pretty close to that. But now it's 31...it's 21 on the student tuition, 31 on the state aid, and 47 percent on the property tax. And it is getting a little bit out of kilter. We still are underneath that maximum levy, Senator. And that's what that 11.25...we're still running at 9.9, and so that even includes our capital which...not all of us are running, charging out...I don't want anybody to think that we're all out here pressing the window on the maximum levy that our board can require. Keeping it local is important. And I hope you do keep it there, because other states are going in a different direction and turning it into a state community college system, which, frankly, with all due respect, you lose the ability to deliver to business and industry like we should and to our communities. [LB144]

SENATOR SULLIVAN: In spite of the fact that we have fewer and fewer property owners carrying the load for that? [LB144]

MIKE CHIPPS: I know. That's why I said it's going to take an awful lot of wisdom. I wish I did have a perfect answer for this. But I will tell you this, that you're getting a lot more bang for your buck that a lot of people are still counting on like in Valentine with Senator Fischer. She mentioned the seven students. We could send them to Harvard like you said, Senator Groene. But it's so much bigger than that. When I took her...from 2000 to 2004, I took her the stats, that we

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served a variety of students up in those 13 counties that she had that she never even thought about, your EMTs, your nurses, all these things that are happening that people just don't see it. And I was in Ainsworth last week, and they said that same thing, Senator. They said, we never...I put a PowerPoint slide up and showed them the courses that we're doing, because they want a regional presence out there. They want more for their tax dollar. And I said, that's fine. My board understands that. But here's what we're doing right now. They couldn't believe what we're providing on their behalf. But they said, you just don't know how to tell your story. That's part of your community college issue. But we're doing an awful lot. Just...people are still thinking of the seven high school students. And that's what Ainsworth High was struggling with just when I talked to them. So it's very complex. And I'm sorry. I just think you folks...dividing the baby is going to be kind of interesting. I'll put it that way. [LB144]

SENATOR SULLIVAN: Did you have a question, Senator Groene? [LB144]

SENATOR GROENE: Yes. Mr. Chipps, what bothers me with education all of...I love education. We need it. [LB144]

MIKE CHIPPS: I know you do. [LB144]

SENATOR GROENE: But the exploding cost of it... [LB144]

MIKE CHIPPS: I know. [LB144]

SENATOR GROENE: I mean, your growth rates, I'm...you know, I probably met you 15 years ago when I came down and testified the first time at the community college board hearing, first time anybody showed up for your budget hearing for years. You didn't know what to do with it, a citizen there. [LB144]

MIKE CHIPPS: Yeah, but you brought 39 others with you. (Laughter) [LB144]

SENATOR GROENE: Yeah. They started following. But anyway, yeah...but the exploding the costs...why is it...I mean, I understand you need the contracts and the healthcare, but it seems like nobody knows how to say no to the costs...or nobody in education knows how to control the costs. How do we do that? I understand that, like, Mid-Plains, we started branch...placing brand new buildings: Imperial, Valentine, Broken Bow. I mean, you name it. When does that return on investment get to the point where...how much money do we spend to find that last student? I mean, it seems like we're...nobody in education knows how to control it. How does the...how do

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we control it? How do we make you control that cost, start being efficient with our tax dollars?
[LB144]

MIKE CHIPPS: I understand your concern. I really do. And one of the things, I think, that Mid-Plains has done is actually reduce the levy. But it still increased the cost. And that's the problem. And I know that the Legislature has, in its wisdom, set various maximums...caps for us. So that still is in place. Whether that needs adjustment, that's what you folks are going to...hopefully are going to look at. I know that our board uses wisdom in determining they don't need the 11.25 even though we could charge 11.25 there. So they are watching that because they have to pay those taxes just like me. I think one of the major concerns is that...have you ever, and I...and this is not against the university or against state colleges by any means, but has anybody ever just done how much of the state's money goes into the university? How much goes into the state colleges? How much goes into community colleges? Four percent in the property tax piece is part of our piece of that pie. But it's getting so much focus. What happens with schools? What is the percentage of schools? Where is that going? Where is it going with county commissioners? With...and they say it's low, but it's still in the cities. You know what I'm saying? And we are the economic...I'm not defensive about it. We just are the economic development engine that is really going to change especially rural America and rural Nebraska, because we are out there. But I understand you have a very difficult task, and I'm very glad I'm not a legislator right now.
[LB144]

SENATOR SULLIVAN: All right. Thank you, Dr. Chipps. [LB144]

MIKE CHIPPS: Sorry, Senator Sullivan. [LB144]

SENATOR SULLIVAN: Senator Schnoor. [LB144]

SENATOR SCHNOOR: Well, you are saying if this bill were to pass that all this money is going to disappear. And that's...I don't believe that's the intention of it, that all of a sudden you're not going to have any money to fund community colleges. The intent, I believe, is to take the property tax burden off of the landowner... [LB144]

MIKE CHIPPS: And shift it. [LB144]

SENATOR SCHNOOR: ...and essentially shift it somewhere else. So, you know, you're giving us all this doom and gloom, here, that these things are going to happen. And I don't...that is...I believe that's not the intention at all of this. [LB144]

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MIKE CHIPPS: You've been around a long time, but I have, too, 30-some years in Nebraska as far as in community colleges and all my life, to say the least. But the point is, is that intent doesn't turn into dollars. Those are Xs. And as far as I'm concerned, they mean nothing until there is something that is put in place to see how we're at least going to replace those. And then when we become more on the state roll, to what point is the state going to eventually say, well, we got you up at that percentage, now let's just control you. And I don't mind that. I just don't think that that's what Nebraska wants. They want local control. And that's what's real important. So... [LB144]

SENATOR SCHNOOR: But conversely of what you just said is, the Legislature has to start somewhere to reduce property taxes. So, I mean, we have to do something. But, you know, it's not just that all this money is just going to disappear. [LB144]

MIKE CHIPPS: I'm listening to you. And I appreciate your response. The proof is in the pudding, my friends. (Laughter) [LB144]

SENATOR SCHNOOR: I mean, there is...there are always unintended consequences that are going to happen. But the intent, I believe, is to help those landowners that are paying a heavy burden right now. [LB144]

MIKE CHIPPS: One point, last week, is that I talked to Dennis Baack about legislative intent on another topic. And that was not the legislative intent when whatever we were talking about was put into place. They just missed it. And I'm here to tell you I've seen it many times. So that's why you got what I sent you. [LB144]

SENATOR SCHNOOR: Okay. [LB144]

MIKE CHIPPS: But thank you very much. [LB144]

SENATOR SULLIVAN: Any other questions for Dr. Chipps? Thank you so much for your testimony. [LB144]

MIKE CHIPPS: Thank you, Senator. [LB144]

SENATOR SULLIVAN: Welcome. [LB144]

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PAUL ILLICH: Thank you. I was going to say, good afternoon, but it looks like I need to say, good evening. (Laughter) Madam Chair and Education Committee, my name is Paul Illich, P-a-u-l I-l-l-i-c-h. I'm the new president of Southeast Community College. Dr. Chipps mentioned that, you know, he was speaking on behalf of someone who has been in Nebraska for a long time and is very familiar with everything that happens here, how things work. Well, I can tell you I've been here all of about seven months, so I'm going to be speaking to you on behalf of...well, actually on behalf of Southeast Community College and all the community colleges but from an outside perspective. And one of the things I wanted to start with, because I heard some very interesting discussion...one of the things that attracted me to Nebraska was, you had a three-source funding model. We also had a three-source funding model. And I had 17 years of experience, and I would never want anything less than a three-source funding model. And I'll tell you exactly why. In the mid-2000s, there was a push to really reduce that tax levy. And the state really...they absolutely had the intention to do that. And they wanted to do that. And they didn't change the rates. They did not change. They decided to go ahead and keep those three sources intact with the same rates. And what happened was, basically, there was a really tremendous spike in two things: public health and public school expenditures. The college that I was at, we had to, in order to offset...the end result was dramatic declines in the funding of higher education. The only way we could have kept our programs, basically all of our programs, intact and continue to meet the needs of our local communities...we had to balance the tax levy with...the increase in the tax levy with the increases in tuition. That was the only thing...the only way we could possibly make that to stay afloat. Maybe the college would have had to close down altogether, had they not had that flexibility. So that was just my experience. And having gone through that, I can tell you that the proposed funding model, the proposed bill, would really move very much in the direction of a two-source funding model, which I think, with all of the good intentions, that really takes away the opportunity for the local communities to allow themselves to invest. The other point I wanted to make...so, for example, in tuition, not to be doom and gloom, but if, for whatever reason, the state was not able to offset those drops, in SCC we'd go from \$58 to \$133 in that time frame in order to offset that. The...in other colleges...about \$15 per quarter hour would be our increase. Other colleges it's somewhere around \$20 to \$30, as high as \$30. The other thing I'll tell you, being new to Nebraska...and I'll tell you, I've really enjoyed my time here. It's a great state. But being new to Nebraska, one of the things coming in as a new president, I have a 15-county service area--we sort of heard about what happens to the outside areas--15-county service area, I only have a presence in three of the counties. I've gone on a 15-county tour in the last month, and I've heard this same thing over and over: We're paying taxes; why are you not offering services and programs? In terms of agriculture, I've got an ag program that was...an ag center designed for 70 students. It's got 250. I've got over 200 to 300 students on a waiting list for our welding program. I've got a two-year waiting list for my RN program and other programs. And so what I've been telling them out in the community: We absolutely are going to look at expanding. We're going to go after those ag programs. We're going to find out unique ways. If we need to put learning centers out there, we're going to do it.

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We absolutely...there's no reason to have two-year waiting lists. And these are real waiting lists. You could be the most qualified registered nursing candidate, and you've got to wait two years. And I've got employers all over the place telling me...and I'm a researcher by training, so we're studying this for sure. But what we know is, we've got tremendous demand. So I'm going to need to expand. I've got the lowest tax rate among the six community colleges. We're sitting at 6 cents per \$100 of valuation. And I can tell you right now, to expand to where we need to go, I'm going to absolutely have to look at other ways to fund operating expenses and expansion. So with that, I'll stop and take any questions that you have. [LB144]

SENATOR SULLIVAN: Thank you. Could you tell me again your last name? [LB144]

PAUL ILLICH: Yes. Illich, I-I-I-I-c-h. Thank you. [LB144]

SENATOR SULLIVAN: Illich. Okay. All right. Thank you, Dr. Illich. Appreciate your comments. Any questions for him? With respect to agriculture, what areas are you seeing this big interest in? [LB144]

PAUL ILLICH: You know, what's really interesting is we have six different ag tracks. And our strongest demand, without a doubt, is what we call our diversified track. So we've got employers wanting...they want graduates that know a little bit about everything. So with the courses...with the GIS becoming very popular, we just started a brand new program called Precision Agriculture, Precision Ag. And there's a lot of interest in that to really increase the productivity through science. So I would say the diversified track, but I just went to...I just came back from a couple places. I was in Cass County and got an earful there about, you know, hey, SCC, where's your presence out here? But I was in Plattsmouth, and they really talked about the need for all kinds of ag programs. I can't tell you exactly which particular track they were most interested in. But I can tell you they want it. They said, you know, if we actually send students to Beatrice or especially Lincoln, they do not come back. So they really want...they want a presence closer by. And, you know, that's why we're there. We got a very simple mission in community college, very, very simple. We're there to meet the demand, employer demand and student demand for higher education. While that's a simple mission, it's complicated, because if you don't know what the demand is, how are you going to meet it? So that's what I'm out doing. And the first thing I saw was, whoa, I've got tremendous opportunity. I've got to expand. I've got the lowest tax rate. I need to get this thing right. [LB144]

SENATOR SULLIVAN: All right. Any other questions for Dr. Illich? Senator Groene. [LB144]

SENATOR GROENE: Just a general question, everybody involved... [LB144]

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PAUL ILLICH: Sure. [LB144]

SENATOR GROENE: But the reality is anybody who's been funded by property taxes the last 20 years, it's been pretty lucrative funding with the valuations going up. The money has just rolled in. Wages have gone up. I know my head administrator at Mid-Plains went from \$100,000...he's \$200,000 in the last...the salaries. It's been used. I mean, it's very lucrative. I can understand. And it's just a reliable source. We're...but on the other side of that, Southeast has always been the one that's been praised that you've kept your mission as vocational. In my area, the kids who want to be welders go there. The kids that want to be decent mechanics go there. You've been wonderful that way. I wish some of the other community colleges wouldn't have went the college route. But anyway, wouldn't it be better to maybe have that where the state has more of the funding? We force spending controls on the college because it just isn't money automatically there. And maybe wouldn't it be...we go back to, instead of this, a formula where one-third has to come from tuition, one-third has to come from the state, and one-third has to come from the property taxes--I know we're talking another formula and nobody likes those--but anyway, something to slow this growth of spending down? The best line in a movie I ever heard was, follow the money. The money has been pumped into it. Where's it going? I mean... [LB144]

PAUL ILLICH: Well, I got a couple... [LB144]

SENATOR GROENE: You've got a good mill levy, too. You guys do a wonderful job there. [LB144]

PAUL ILLICH: Sure. And I... [LB144]

SENATOR GROENE: And we do the second best at Mid-Plains. [LB144]

PAUL ILLICH: Yeah. No, I appreciate your comments. Let me just make a couple of points. Well, one is, you know, you made the point that we at Southeast Community College have done a really good job of being careful with our vocational...or focusing on vocational. I will tell you that our fastest-growing area has actually been in the...what we would describe as arts and sciences, which is a little difficult to interpret. And it's because many of those "arts and science" students are actually going into the health sciences or other programs, but they have to get their prerequisites out of the way. [LB144]

SENATOR GROENE: Vocational. [LB144]

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PAUL ILLICH: But I will tell you, one of the incredible things about blending arts and sciences, or what we did at one point, as Dr. Chipps pointed out, was junior colleges with vocational...it's a tremendous opportunity to really do some unique things. But I can tell you this. And arts and science courses, they generate profit. We're not in the profit-making business. I can take that money that I've generated for a student that's going to UNL or going...they want to transfer. I can take that money...in fact, you've got to remember that our vocational students also take arts and sciences in most cases. They have to take those core...some of those core classes. I can take that profit and I can push it into...that's one of the ways we can really expand our vocational programs. We can keep low-enrollment programs that we would otherwise not be able to afford. For example, an RN course might cost you, on average, about \$10,000 per section to operate. And so blending the two and seeing them working together generates tremendous opportunities. And I'm sorry, you made a second point. I talked too long, so I kind of forgot my second point. [LB144]

SENATOR GROENE: About splitting the funding and that, but I had another question. Why can't you expand your welding to...you can't find the instructors or a facility? [LB144]

PAUL ILLICH: Well, I can tell you right now, you raise a great point. Oh, I know what I was going to go back to. Why can't we expand the welding? I've got...I just did a...I just spent two hours in our...I'm trying to get to every single program at my first year and I'm getting about halfway there. Look, I spent two hours. Half of...what I can tell you is this, is that I...they said, we're completely full. We're teaching at 10:00 at night and then I've got employers going, I don't understand why you can't expand. So the answer is, we have no room on the Lincoln campus. We just hired a firm to come in and do a facilities master plan. We're going to find out where we need to be. But right now, the answer to that question is, we simply do not have the space. But that's not a reasonable explanation. We got to create the space. The other potential reason why we may not be able to expand is, while we have the lowest tax rate, well, that could be somewhat at the expense of being able to put ourselves in a position. And we're going to look at that and see, you know, maybe we can do it within the budget. Maybe we have to expand. But we're going to have additional...welding programs are expensive. They're going to generate...I mean, they cost money instead of generating revenue. So, great question, why can't we expand? Not only...maybe we need to look at not only expanding in Lincoln but other areas as well. Thank you. [LB144]

SENATOR SULLIVAN: Okay. Senator Pansing Brooks. [LB144]

SENATOR PANSING BROOKS: Thank you, Madam Chair. Dr. Illich...I don't think I pronounced it right. [LB144]

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PAUL ILLICH: Close enough. (Laughter) [LB144]

SENATOR PANSING BROOKS: I was just wondering...do all the students take general ed requirements at Southeast Community College? [LB144]

PAUL ILLICH: Just about..there are a couple of--I can't remember exactly--but there are a couple...there are a few exceptions, but almost in every program a student would have to take a...they vary, but they have to take some general education requirements. So, for example, in Milford, we have a lot of heavy technology programs. And they still have to take, you know, your English, mathematics, and other gen ed type courses. They do...like I said, they do vary and that variation is dependent upon what the program thinks is best suited for that particular occupation. [LB144]

SENATOR PANSING BROOKS: And what about another...career academy classes, classes that are the joint combination with the...LPS right now that you're working on? [LB144]

PAUL ILLICH: Right. And the question... [LB144]

SENATOR PANSING BROOKS: So are...do those kids also have to take general ed courses? [LB144]

PAUL ILLICH: Well, the way it's set up right now is that the career academy is...it's a...you know, they go to their junior and senior year. And some of those...of course, when they go into...if they leave the career academy and they go into Southeast, depending on the degree, they would have to take the gen ed. Some of them can take the gen ed as dual credit while they're in the career academy. And some of them are...you know, we've got 16 tracks: health sciences, business, education. So some of them are what you'd call gen ed. We're not necessarily calling them that, but there's quite a few that would be, you know...they're the same courses. [LB144]

SENATOR PANSING BROOKS: Thank you. [LB144]

SENATOR SULLIVAN: Any other questions for Dr. Illich? Thank you so much for your testimony. [LB144]

PAUL ILLICH: Thank you. [LB144]

SENATOR SULLIVAN: Welcome. [LB144]

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RANDY SCHMAILZL: Thank you. Good evening, committee. Randy Schmailzl, R-a-n-d-y S-c-h-m-a-i-l-z-l. I'm the college president at Metropolitan Community College in Omaha. And I'd like to go over a series of informational points with you today and certainly then answer your question. There's only two ways at Metro that our board can set revenue sources. One of them is tuition. And one of them is property tax. Currently, our property tax...7.5 General Fund and 2.0 Capital Fund for a total of 9.5 cents. That's \$95 on \$100,000 home or piece of property. We are not part of the Nebraska Community College Association. So I am here to represent Metro on my own. But we are close with the community colleges. We work together and we share information. Two times in the last 13 years Metro had a property tax increase. One of them was when we lost \$8 million in state aid in August and we had to raise our property tax 2 cents. We were ready to open school. We had over 16,000 students registered, and we were within days of opening the school. The second time, the college decided that for the trades we were going to build three buildings, new buildings. We haven't had a new building for the trades program in a long time if forever. So we have a career education building, a applied technology building, and a career strategies and spillover for our welding and that in another building. This is at the Fort Omaha Campus. The cost of this building project was going to be \$90 million. This was the largest private and public funding opportunity in community colleges in the nation. We worked locally with our funders. We raised \$45 million in private donations in six months. And we, in turn, had a funding strategy that included our 1 cent capital. When we raise property tax 1 cent, it generates \$5 million at Metro. Earlier today, there was a question about valuation increases and that. At Metro, since 2002, our valuation has gone up 11 percent. Our enrollment has gone up 46 percent. Last year, the valuation increase was \$500,000. It went from \$40,800 to \$41,400, so \$6,000 in reality. We're funded through property tax on 46 percent of our budget, state appropriations 28 percent, tuition and fees 25 percent, and then other revenue 1 percent. The total funding from our property tax is around \$51,500,000. That's the Capital and the General Fund added together. In Omaha, I do not hear much about property tax. I hear a lot about sales tax and income tax, because...I'd encourage you to look at where the bulk of the state's sales tax and income tax comes from. And the nice thing about property tax for Metro and our constituents is, we receive what we levy dollar for dollar. When we increased 1 cent, we got all \$5 million. Running the state appropriations through the funding formula is not going to be very good for Metro Community College. And I say that because we only get 28 percent of the state aid. We are very happy with the funding formula now. We've worked on it. Senator Adams worked on it. But we also knew in the future we were going to have to do this. I think there needs to be continued conversation, because I don't want to lose the momentum at Metro that...we provide service to the high schools now. Millard is starting a early career college that we're going to help fund through some of our property tax. We just opened up a career academy in Fremont High School, which is a great opportunity for people in Fremont. Our role at Metro is to not try to build buildings if at all possible. We are one of the lowest costs in education in the state. We cut our budget about \$1.2 million this year. It wasn't easy, but we needed to do that to get our revenue source in line. We have significant cash reserves, but when you look at our cash

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reserves compared to our number of students, we're the lowest percentagewise among any of the community colleges. I would encourage you to take a hard look at the options with property tax and the options with state aid, and...I think that which includes sales tax and income tax. I just don't see it as that easy of solution. And I'm not trying to threaten anybody. I just really don't see it as that easy a solution and would like an opportunity for others and myself to work with the Education Committee to come up with a solution that does cut property tax, that does help state aid. And with that, I'll stop. My red light went on. So... [LB144]

SENATOR SULLIVAN: Thank you, Dr. Schmailzl. Any questions for him? Tall order for us, isn't it? [LB144]

RANDY SCHMAILZL: Thank you. That's the great thing about being last towards the evening. (Laughter) [LB144]

DENNIS BAACK: Senator Sullivan and members of Education Committee, for the record, my name is Dennis Baack, D-e-n-n-i-s B-a-a-c-k. I'm the executive director of the Nebraska Community College Association here in opposition to LB144. This isn't the first time I've fought this issue since I've been on board with the community colleges for about 22 years now...probably about the 10th or 11th time that we've had this issue come before the Legislature. So it's something that we have dealt with over the years. I'm also here testifying today not only for the Community College Association, but also for the State Chamber. One of the reasons the State Chamber, I think, is opposed to this is they see the value of the community colleges out in all of the parts of the state especially for work force development and what they want to see for their members and that their business and industries can get the kind of work force that they need to have. And they rely on community colleges to train those folks. And I think if you start cutting back on the funding that we get, I think that makes it more difficult. And I know that you're talking about replacement and stuff, but I've been around this business for...well, 30 years ago I was a freshman sitting in your shoes at this committee 30 years ago. So I've been at it for 30 years. And it works out great when you have a nice reserve. And you can all look at that and say, well, we ought to use some of that for this...use up those dollars. But I will tell you, in the next few years there's going to be a down cycle again. And in that down cycle, one of the things that gets cut in state budgets is higher education, because there's one of the few discretionary places that the state can cut, because you can't cut Medicaid. You don't cut school aid. There's not very many dollars out there that are discretionary for the state to cut. So they would...so then there would be a reduction of state funding in those years. And it's going to put extreme pressure on tuition. And I will tell you that I think Central Community College...their president told me that if they would...for every penny that they are reduced in property tax authority, they would have to raise tuition by about \$32 or \$33 a credit hour to make up that difference. That's what the difference would take. So I think it's...I know you have tough decisions ahead of you. There have been tough decisions in this body before. The body has always managed to work their way

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through that. And I know that it was said earlier that the most fair tax is the sales tax. I question that. It's not fair to the people who are on lower income. It's probably the most regressive tax you can have for people with lower income. So I'm not sure that's the fair tax. Income tax is certainly a fair tax also, but you've also got a tax code and stuff that allows exemptions and cuts and these kind of things in it. If you don't work all those out, it's not necessarily that fair of a tax. So there's a lot of decisions that you have to make as a Legislature. But I will tell you that if you take on this responsibility, after the end of five years, by cutting us back to 6.25 cents, it would require the state to put in about \$120 million of extra funding per year for community colleges just to keep us at the level that we are today. That's under the assumption that everybody stays exactly as they are today. But as you heard from Dr. Illich from Southeast, he needs to grow. He needs to grow. He needs to offer more sections of classes. He needs to cut down on waiting lists. He's going to have to grow. Facilities are going to have to grow when that happens. When they get more students, facilities are going to have to be built and stuff to accommodate those students. So...and I...you know, they talked about the agriculture programs. We have some strong...Northeast Community College has a very strong ag program. And all those ag programs are very well connected to UNL's East Campus and they all transfer their credits and stuff to that. And it works out very well for the students and for both of the college and for the university. So we do a lot of things for the state, I think. And we're an economic driver for that. And then the county commissioners talked about, well, they're elected officials so they are closer to the action going on with their taxpayers. My board members are locally elected. And they're taxpayers, too. And there's farmers and there's business people. And they're very aware of what they do with property tax. They are aware of that. And they try to be as careful as they possibly can in raising that property tax. But they also need to meet the needs of their local school and what they provide to their communities. And the whole idea about, you know, there's only seven high school students that are graduating from high school...that's a very small portion of our demographic in community colleges. Our average age runs in the late...in the high 20s. I mean, we're not...that's just a small demographic of who we serve. We serve a lot more people than just initial high school graduates. So our needs are different. I think the fact that we have property tax keeps the community connected with the community and community colleges. And with that, I will stop, because you've had a long day. [LB144]

SENATOR SULLIVAN: Just one other thought, since you are representing the State Chamber in this: They certainly do see the need for your programming to fill some of these job needs across the state. [LB144]

DENNIS BAACK: Um-hum. Yeah. [LB144]

SENATOR SULLIVAN: But yet they are opposed to any more state support via an income tax or an increase in the income tax. So I'm just wondering where they think that this additional support for programming is going to come from. [LB144]

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DENNIS BAACK: Yeah. You know, the thing about it is that I happen to serve as the chair of the education committee for the chamber, and we actually have a meeting kind of to talk through those issues. But it wasn't scheduled until later this week, so we haven't had a chance to do that. And I don't know if they're going to have any proposals as to how they would replace that. You know, I don't know yet. [LB144]

SENATOR SULLIVAN: Um-hum. [LB144]

DENNIS BAACK: But I do know that they're concerned. And when you look at WNCC and what they provide for Cabela's, it's huge. That's a huge factor in what they do. [LB144]

SENATOR SULLIVAN: Um-hum. Yes. [LB144]

DENNIS BAACK: And Cabela's relies very heavily on them for training. Their workers that go to work in their Austin store are trained by Western Community College. They...they're trained...they train their people all over the country as they open up new stores and warehouses. And they depend very heavily on them and would be very concerned if the funding stuff isn't able to follow. [LB144]

SENATOR SULLIVAN: Um-hum. But it does beg the question, that has statewide impact. So perhaps there should be... [LB144]

DENNIS BAACK: It does. Um-hum. [LB144]

SENATOR SULLIVAN: ...more state support. I know there's a balance. [LB144]

DENNIS BAACK: Yeah. There is. You know, and at one time we had a formula that was pretty much predicated on 40 percent coming from property tax, 40 percent from state aid, and 20 percent from tuition. And the tuition number was 20 percent on purpose by the Legislature, because I remember Senator Warner...when we went to that formula, I went to Senator Warner and said, should those students be paying more? Should we...you know, I had just started this job. And I went to him and I said, should students be paying 25 or 30 percent? And he said, no, he didn't believe so, because access was really important. And we need to make sure that they have that access to higher education. So we don't want them paying too high a tuition. Well, that's gotten out of whack. You've heard, I think, we're about 47 percent property tax and state aid is in around 30, and then about 23 percent comes from tuition. So we're still a little out of whack. And when we had that formula, we actually had a trigger in that formula that if the state got to their 40 percent level, if they ever funded us at 40 percent from state aid, then any

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additional dollars they put into our formula would automatically go back as property tax relief. And that's how it happened back in Senator...or, in Governor Johanns' administration. He was looking for a way to provide property tax relief. We went to him and said, okay, you're just about to that 40 percent level. If you put a couple more million dollars in and then you add more, you're going to get property tax relief for that. And that's exactly what happened. The levies dropped from, you know, 7 or 8 cents at that time down to 1 and 2 cents and for two years. Well, then the state got into tough times, and they took the dollars away again. So those kind of things...and we're working towards a new formula now. We're actually going to have to do that in the next year. We're going to be working on that. Hopefully, we might have something for the Legislature by next session. I'm hopeful we can come to agreement. Metro is in on the discussions and we're going to try to come up with a new formula. And we may be able to put some kind of trigger, like...in that again to allow that to happen. And then you've got another avenue. Rather than just a rebate program, you have another avenue for the state to get dollars out to all of the taxpayers in the state. Yeah. [LB144]

SENATOR SULLIVAN: Okay. Any other questions? Yes, Senator Kolowski. [LB144]

DENNIS BAACK: Okay. [LB144]

SENATOR KOLOWSKI: Madam Chair, thank you. Dennis, we haven't even...you've been here a long time, but we haven't had one mention of the President's possibilities (laughter) of the community college issue. [LB144]

SENATOR GROENE: You almost made it. [LB144]

DENNIS BAACK: Yeah. [LB144]

SENATOR KOLOWSKI: And, yeah. That's all I'm going to say about it. [LB144]

DENNIS BAACK: Yeah. [LB144]

SENATOR KOLOWSKI: But that's a whole nother factor. If it ever came true, that fixes...comes into this whole mix that... [LB144]

DENNIS BAACK: It is another factor. But it also would be...it's also going to come with strings attached. [LB144]

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SENATOR KOLOWSKI: Absolutely. [LB144]

DENNIS BAACK: And I listened to all this discussion today about No Child Left Behind. And my biggest fear would be...is that they go to a program like that and they institute No Child Left Behind kind of legislation for community colleges. That would be my fear. The strings attached to that, I wouldn't want to touch. [LB144]

SENATOR KOLOWSKI: I understand. Thank you. [LB144]

DENNIS BAACK: Um-hum. [LB144]

SENATOR SULLIVAN: Senator Groene. [LB144]

SENATOR GROENE: A couple of you said, well, the state is...we're going to have an economic downturn. Those in agriculture know it's coming. (Laugh) [LB144]

DENNIS BAACK: Right. [LB144]

SENATOR GROENE: But as an individual taxpayer, my income taxes go down, my sales taxes go down, but my income on that farm has not yet gone way down, and I'm stuck with a high property tax. You guys might be nice because your budgets are pretty even. But those guys' budgets are in big trouble... [LB144]

DENNIS BAACK: Um-hum. [LB144]

SENATOR GROENE: ...because you've got to pay those property taxes...has no relation to how much money you made. That is the big...when the economic downturn comes... [LB144]

DENNIS BAACK: Yeah. [LB144]

SENATOR GROENE: ...you're going to really have a revolt out there on property taxes if that happens. And I'm just saying, it's...property taxes is all we hear. And that's not because we're here to criticize the community college system. [LB144]

DENNIS BAACK: I...no. [LB144]

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SENATOR GROENE: You're just part of that picture... [LB144]

DENNIS BAACK: Um-hum. [LB144]

SENATOR GROENE: ...of that pie... [LB144]

DENNIS BAACK: Sure. [LB144]

SENATOR GROENE: ...on this property tax issue that we're hearing out there. [LB144]

DENNIS BAACK: Yeah. [LB144]

SENATOR GROENE: So it's...I don't know. [LB144]

DENNIS BAACK: Yeah. That's absolutely true, and I...I mean, I farmed for 20 years, so I know how that is. And it isn't based on your income. And the Legislature has looked at property taxes. In my years I know we looked at doing it on income-based. The problem you have with that is, for the entities that rely on property tax like schools and those, you have too much fluctuation in it, and it's really difficult to have any... [LB144]

SENATOR GROENE: And where I heard...the biggest complaint was the 80-year-old lady that retired, and her retirement...that was fine when she was 65. [LB144]

DENNIS BAACK: Right. [LB144]

SENATOR GROENE: But it hasn't kept up for 20 years. But that property tax they're paying on that house...it's not just farmers. It's... [LB144]

DENNIS BAACK: Um-hum. No, it's not. No, you're absolutely correct. And we do have a ...and there is a property tax issue in their state. There's no doubt about it. And we do have to do something. I used to not be an advocate for rebates and stuff. I always thought, I don't know if that's a very good idea. But in actuality, to get those dollars out to all of the people that probably deserve some tax relief, it's probably one of the fairest ways that you can do it, because even doing this, you know, for the first...if you start reducing it by a penny each year, it's not going to be equally across the state, because, you know, there's only one area that would be impacted the first year, and then there's three the second, you know? And you'd never get down to Southeast as

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they exist today. Now, they're probably going to have to go up at some point. But as they exist today, they wouldn't get anything out of that. [LB144]

SENATOR GROENE: That's typical government, isn't it? Punish the guy who does a good job? (Laughter) [LB144]

DENNIS BAACK: Yeah. [LB144]

SENATOR SULLIVAN: Any other questions for Mr. Baack? Thank you. [LB144]

DENNIS BAACK: Thank you. [LB144]

SENATOR SULLIVAN: Any other testimony in opposition for LB144? Anyone in a neutral capacity? Senator Davis, for closing. [LB144]

SENATOR DAVIS: I've got a book, too. I'm going to read it to you tonight. (Laughter) You know, I think this has been really good discussion, but I do think there are a couple of points that I'd just like to make. And I'm just going to take my own personal experience. So in 2004, we bought a ranch. And we paid \$200 an acre for that ranch. And at that time, the levy for Western Nebraska Community College was 0.099620. So today, when you get to these appraised valuations at \$800 an acre, the levy is 0.100533. So the levy has actually gone up from 2004. But that levy in 2004 was on \$200 land. This is on \$800 land. The point being, it's just an unsustainable thing. And I understand and appreciate what the community colleges do. I think they do a good job. They're good entities. But we have to fix the problem somehow. Now, it...I have to say it really galls me to hear the State Chamber come in and say, you know, you've got to leave this in place, when they are the ones that want to cut income tax, which is the only real other source of revenue available to us. And that's just ingenuous and it's offensive to me. If we're all in this together, we have to work on it all together. I think this proposal is a good one. As to Dennis' comment of Southeast not being able to take advantage of that, isn't that the little bit all about needs versus resources, I mean, the TEEOSA formula in some respect, so they're below that, so they aren't in need of the revenue? I don't understand the significance of what he's trying to say there. Community colleges are great entities. What we're doing is unsustainable. You made reference to corn prices. Ag valuations, one way or the other, are probably going to reverse at some point. And then somebody is going to have to fix the problem. And how are you going to do it? Are you going to do it by an infusion of cash? Are you going to do it by restricting? Are we going to drive up tuition rates again? I don't know. I think, to get back to the 40-40-30 would make people in agriculture happy, if that was a doable thing...40-40-20. But to go on the way we are is unsustainable. And this is one option that's available to you to start

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putting in place some restrictions and help our people in agriculture and our homeowners and folks who really need the property tax break. Thank you. [LB144]

SENATOR SULLIVAN: Any questions for Senator Davis? Thank you very much. [LB144]

SENATOR DAVIS: And thank you for your patience. I appreciate that. [LB144]

SENATOR SULLIVAN: Yes. This closes the hearing for today. [LB144]