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Appropriations Committee
February 14, 2018

[AGENCY 51]

The Committee on Appropriations met at 1:30 p.m. on Wednesday, February 14, 2018, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on the budget for Agency 51, University of Nebraska System. Senators present: John Stinner, Chairperson; Kate Bolz, Vice Chairperson; Rob Clements; Robert Hilkemann; John Kuehn; Mike McDonnell; Tony Vargas; Dan Watermeier; and Anna Wishart. Senators absent: None.

SENATOR STINNER: My name is John Stinner. I'm from Gering and represent the 48th District. I am Chairman of the committee. And I'd like to start off by having members do self-introductions, starting with Senator Clements.

SENATOR CLEMENTS: I'm Rob Clements from Elmwood. I serve Cass County, parts of Sarpy and Otoe County, District 2.

SENATOR KUEHN: John Kuehn, District 38. I represent seven counties in the south-central part of the state.

SENATOR HILKEMANN: Robert Hilkemann, District 4, west Omaha.

SENATOR STINNER: John Stinner, District 48, all of Scotts Bluff County.

SENATOR WISHART: Senator Anna Wishart, District 27 in west Lincoln.

SENATOR WATERMEIER: Dan Watermeier from Syracuse.

SENATOR STINNER: At each entrance you'll find green testifier sheets. If you are planning to testify today, please fill out a green sign-sheet and hand it to the committee clerk when you come up to testify. If you will not be testifying at the microphone but would want to go on record as having a position on a bill being heard today, there are white sign-in sheets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. To better facilitate today's

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proceedings, I ask that you abide by the following procedures. Please silence or turn off your cell phones. Move to the reserve chairs when you are ready to testify. Order of testimony will be introducer, proponents, opponents, neutral, and closing. When we hear testimony today we will first hear from representatives of the university. We will then hear testimony from anyone else who wishes to speak on the university's budget request. We ask that when you come up that you first spell your first name and last name for the record. Be concise. It is my request to limit your testimony, at least for the first ten testifiers, to five minutes. Then we will probably revert to a three-minute testimony. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to testify. We need 12 copies. If you have written testimony but do not have 12 copies, please raise your hand now so the page can make copies for you. I do want to explain one thing, that this is the budget request, is in the green folder that we turned out. So if you are a proponent, you would be a proponent for the cuts. If you're an opponent, you would be against the cuts. Because we are testifying on the budget, the budget right now demonstrates cuts that are forecasted for the university. So...and I'll try to, as we go along, try to reemphasize that fact. With that, we'll begin our hearing with the University of Nebraska president, Hank Bounds. [AGENCY 51]

HANK BOUNDS: (Exhibit 1) Good afternoon, Mr. Chairman, members of the committee. Thank you for the opportunity to be with you. I'm Hank Bounds, H-a-n-k B-o-u-n-d-s, and I am president of the University of Nebraska. Today I'd like to have a conversation with you about Nebraska's future, about what kind of university and state that we'd like to leave to our children and to our grandchildren, about what we see on the horizon for our communities and our work force and what our plan is to get there. And I would like us to...I would like for us to talk candidly about the hard choices we face and the consequences and results from some of those choices. Senators, I don't think it's an overstatement to say that there really has never been a more important time for this conversation. In my view, we are at a defining moment in Nebraska's history and we have a choice to make. Are we going to reaffirm the partnership between the state and its public university that has opened the door of opportunity to young people and driven economic growth for almost 150 years? Or will you decide that you no longer see the value that the University of Nebraska provides and make it harder for us to offer affordable, excellent education to our 53,000 students? You've made hard choices before and,

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without doubt, you have...you'll have to make those again. And I'm particularly thankful to the members of this committee and its Chairman. I know the work ahead of you is difficult. I want you to know that the university has been and will be a partner in helping you manage this challenge. But in my view, if we want Nebraska to compete, if we want this to be a place where our children and our grandchildren will live and work and raise a family, if we want to build a work force that will sustain us into the future then we have to invest in one of the primary economic drivers of our state, and that's the University of Nebraska and, frankly, all of higher education. I've been asked about the idea that the university can't take a cut, and let me just say that it's the Legislature's job to decide what kind of future you want for Nebraska. The university will manage whatever...will manage the consequences of whatever choice you make. But I want to be completely candid with you about what those consequences are. You've probably read news stories about the proposed cuts that we've announced in the past few days and I will review those with you in a few moments. First, let me provide some history that has brought us to this point. The budget proposal before you now represents the third cut to the university in, roughly, the past year. Under the Governor's recommendation, our funding would be cut an additional \$11 million this year and \$23 million next year. These represent one-third of the Governor's proposed cuts, even though we make up only 13 percent of state spending. And they come on top of cuts we took last year which, combined with our unavoidable cost increase, created a shortfall of \$46 million before these additional cuts. We've made difficult choices to close the gap and I would remind you that we have very few levers to pull when it comes to managing our budget. I've heard the suggestion, and I think that this committee has heard in testimony over the past few weeks, that the university has greater flexibility than other agencies in tapping alternative funding sources to deal with reductions in state dollars. That's not accurate. Certainly we are fortunate that the private sector has invested so generously in the university and that our faculty attract federal research grants to support their work, but those dollars don't pay for what you think of as an educational enterprise of the university. Donors invest in scholarships and initiatives that grow our state, not in utilities. Research grants support research. They can't be used to keep an Extension Office open or fix a leaky roof. Our day-to-day operations are funded by two main sources: state funding and tuition. So in balancing a shortfall, we've had to turn to a mix of unappealing options. First, we launched a university-wide Budget Response Team to rethink the way that we do business. These teams have examined our operations in human resources, IT, facilities, energy, purchasing, and a number of other areas, and they've done really

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extraordinary work in finding \$30 million in administrative cuts. In fact, maybe their work has been too good because the difficulty resulting from these reductions isn't always obvious to those on the outside. But we will lose more than 150 jobs in this process and the truth is that rebuilding our operation requires diligence and time. The best example that I can give of this of this work is in the area of IT. We have several billion attacks on our IT infrastructure every day, more than 60 million direct attacks on our IT infrastructure, and more than 2,000 phishing attacks on our infrastructure. We can't make a mistake. If "cybercriminals" get it right once, we would have a security disaster on our hands. Second, we made the difficult decision to increase tuition by 5.4 percent this year and 3.2 percent in 2018-19. Next year's increase was intended to help students and families plan, but it was contingent upon no further reductions in state fundings...in funding. Unfortunately, we will have to revisit that figure. And these decisions come at a time when Nebraska's future work force demands greater accessibility to higher education, not less. Every single analysis that I've seen shows that a college degree is the surest pathway to economic mobility. Do we really want to close the door for our young people? Do we want to price out kids just because they weren't lucky enough to be born into a family of means? Is it wise to increase their student debt loads and make it harder for them to contribute to economic growth when they graduate? That seems exactly the wrong message to send for an institution that was founded on the principle that a university education should be accessible not just to the wealthy but to the sons and daughters of farmers and ranchers and middle-class families who dream of a better future for their children. Third, we've burned cash. As I testified to you last year, I have significant concerns about our cash position. One of the most important financial ratios that we monitor is days of cash on hand. This is a measure of operating flexibility and cushion. We dropped almost nine days' cash between 2016 and 2017 as we dealt with previous budget cuts, and we will drop additional days during the next two fiscal years. That trend puts us in the company of Kansas and not many other of our peers in neighboring states. We are now more than 50 days of cash below the average among institutions that have the same bond rating as us. That matters. Think of a bond rating as a report card for an institution's financial strength. We are saving millions of dollars in financing costs when we issue bonds to build new buildings and renovate existing facilities. That, I fear, will change. There's no question we will use more cash to manage additional budget cuts. And I want to make this really clear. Closing an academic program isn't like shutting off a light. We have a responsibility to help students in the affected programs finish their degrees and we have employment obligations with our facility. We will

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have no choice but to cash flow the process. We will do this even though Moody's has warned us that sustained erosion of cash could lead to a bond rating downgrade and the cost increases that would result as a consequence. When the Governor informed me of his proposed cuts, I convened university-wide leadership teams to begin discussing our options. Each chancellor was tasked with identifying programmatic cuts to reach the \$23 million rebasing proposed by the Governor for next year. I am providing specifics of these cuts per the Chairman's direction. However, I can't speak to all of the proposals today because we've not had an opportunity to properly communicate with students, faculty, staff, and stakeholders. But I can tell you how we propose to address slightly more than \$9 million of the reduction. I also want to note that each campus has unique processes that will be followed as part of our shared governance process. These recommendations are on the very front end. We have a long way to go through campus processes. These cuts will be vetted thoroughly. They may change. They may grow. But remember, we're at just north of \$9 (million); we have \$23.3 million in total to get to. So at UNL, the initial campus proposals include: closing the Haskell Ag Research and Extension Center in Concord; reducing the Rural Futures Institute budget by \$1 million; eliminating the Bachelor's of Science in electronics engineering program; eliminating the Bachelor's of Arts and Master's of Arts in art history programs; eliminating the business, marketing, and IT education field endorsements and world language subject teaching endorsements; and eliminating the Bachelor's of Arts, Bachelor's of Science, Master's of Arts, and Doctor of Philosophy in geography. At UNMC, the initial campus proposals include: eliminating the Developmental Neuroscience Division educational research and clinical programs in the Munroe-Meyer Institute; consolidating College of Medicine staff; reducing our nursing didactic off-site courses in Kearney, Norfolk, and Scottsbluff; closing the dental hygiene program in Gering-Scottsbluff and consolidating training in Lincoln; eliminating faculty postdoctoral researchers and staff in the College of Pharmacy; eliminating two research faculty in the Fred and Pamela Buffett Cancer Center; eliminating public health faculty and support staff in the College of Public Health, eliminating the community-oriented primary care concentration in the College of Public Health; eliminating the adult gerontology clinical specialist track in the Master of Science in nursing program; and eliminating the Master's in Forensic Science degree and program. At UNO, the initial campus proposal includes: eliminating the career development office in the College of Business; reducing 75 percent of distance and continuing studies programming at Offutt Air Force Base; reducing the state-supported budget of the Nebraska Business Development Center,

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including closing the Scottsbluff office; eliminating program support for KVNO radio; and eliminating faculty, key faculty lines in work force areas like finance. At UNK, the initial campus proposals include merging the College of Arts and Humanities and the College of Natural and Social Sciences; eliminating the men's baseball, tennis, and golf programs; reducing the police force by one officer to nine instead of ten; and eliminating the driver's education program. It's difficult for me to capture the full impact of these cuts. In numbers alone, they will impact approximately 100 FTEs. They will upend dozens of lives. And they will reduce the number of people living in our communities, buying groceries at local stores, and sending their children to our schools. Our momentum of producing 11,000 new graduates for the work force each year will be impacted. We will have to work that much harder to maintain our record of returning \$6 for every \$1 you invest in us. We will have to retreat at the very time we are becoming a global powerhouse in feeding the world, keeping our war fighters safe, and treating cancer. If the numbers don't resonate, let me try to articulate the very real ways these cuts will impact people in your backyards. Earlier I mentioned that we are losing positions at the Buffett Cancer Center and the College of Public Health. Let me first state that of all the academic health science centers in the country, we are ranked number 11 overall and number 4 in quality and safety of care. You should also know that UNMC is the safety net hospital in Nebraska. Yet cancer rates in our state are significantly higher than the national average. We are the highest in the United States in age-adjusted prevalence of cancer in men and number 14 among women. These are driven by unusually high rates of colorectal cancer, lymphoma, leukemia, brain tumors, esophageal cancer, and kidney cancer. It is particularly painful to know that Nebraska has one of the highest rates of pediatric cancer in the country and the second highest rate of pediatric brain cancer. The incidence of childhood tumors in Nebraska has been increasing over the past decade. We rank low in early cancer detection. We've been unable to provide adequate colorectal cancer screening. We are 16th lowest in the country in mammographic screening. A direct result if an abnormally high incidence of breast cancer, particularly in young women. And unlike in other parts of the country, the incidence of pancreatic cancer, bladder cancer, malignant skin tumors, liver cancer, thyroid cancer here are increasing at an alarming trend. I think most Nebraskans would consider these statistics unacceptable. I point out these facts because the Fred and Pamela Buffett Cancer Center, the boldest public-private partnership in Nebraska history, has worked hard to obtain National Cancer Center Institute designation and is now poised to achieve the highest possible level, known as Comprehensive National Cancer Center Institute. This

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requires robust upstream research and treatment efforts in population health, which is primarily focused on the upstream determinants of causes, early detection, screening, and treatment. We can't achieve Comprehensive Cancer Center designation without hiring population health cancer researchers. But our current fiscal issue means we can't afford to do that. That's a huge negative for economic development in our state and it will markedly impede our ability to recruit and retain faculty in the future. Much more importantly, it's a blow to every Nebraskan, and this is one out of every two of us who at some point in their lifetime will hear the words, "you have cancer." Senators, we have some of the best cancer doctors in the nation right here in Nebraska who are working day and night to find answers to the statistics I just gave. But if we don't invest, the numbers aren't going to improve. Meanwhile, more of our neighbors, more of our children will die from this awful disease. Cuts mean we will have to tell our UNK police chief that he must do the same work of keeping our kids safe with one less officer. The cuts mean \$1 million hit to Concord, Nebraska, alone, not to mention the loss of an Ag and Extension Lab that has done important work in driving innovation in our state's number one industry. The cuts mean less career support services for UNO students, the same young people we would hope to welcome into our work force. And we will see decreased access to the Omaha business community for our business students. With reduced support for Offutt Air Force Base programs, our position as a national leader in serving the needs of military learners will be threatened. Put simply, budget cuts means that your university would be less able to contribute to the goal that we all share, and that is to grow our state. They mean that the future of Nebraska, the future of our children and our children's children, looks different than it otherwise would. And these aren't the full scope of what we would be forced to do if you adopt the Governor's proposal. Again, the list I just gave you totals a little more than \$9 million, but we still have more than \$14 million to go and the decisions don't get any easier. And when we consider the unavoidable cost increases coming in the next biennium, I don't see an end to these extraordinarily painful conversations unless you, our elected leaders, decide that higher education and all the individual and economic promises it brings is a priority for Nebraska. So today I'm asking you to limit future damage to your university and restore our base funding to \$580 million for the 2018-2019 year. I'm asking you to similarly restore funding for all of public higher education in Nebraska. Everyone I've talked to is optimistic that the next revenue forecast will be brighter. Assuming that's the case, shouldn't we declare that higher education is worth the investment? Aren't our 53,000 students, our talented employees, our 187,000 alumni in the state, our generous private partners important

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enough to wait before finalizing these cuts that would stymie or halt our trajectory? Don't we want to send the right message to the young people, the faculty, and the companies we are trying to recruit in this competitive environment? And even if the forecast doesn't improve in February, wouldn't a special legislative session in August or September, when we know more about the state's financial picture, be preferable to imposing cuts now that would do long-term harm to the institutions that can help you grow our state out of this fiscal challenge? If we don't figure out a way to grow Nebraska to provide opportunities for our children and our grandchildren and to strengthen Nebraska's economy so we can compete in a global economy, we're in trouble. There will be no money left for tax relief. There will be no money for K-12 education. There will be no dollars to help the people that need assistance. And, frankly, we need to unify the state. The folks here today, the folks here behind me, understand that there's a critical linkage to education, to public-private partnerships, and the future of Nebraska. We must all work together, all of us, chart a plan for growth. The proposed cuts on top of the previous cuts are sending the wrong message at a time when Nebraska has great momentum. Even the headlines in the past several days are damaging to our efforts, not only in retaining and attracting students and athletes and researchers and faculty, but also in how Nebraska is used...viewed by those on the outside looking in. Senators, I'm asking you to make a choice about the future of Nebraska. Thank you for your time and I'd be pleased to respond to your questions. [AGENCY 51]

SENATOR STINNER: Thank you very much. I do want to thank you for your testimony and I want to make it clear to everybody that I asked President Bounds to give us detail, give us a business plan, don't show up here and say, wow, these are really going to hurt. I wanted to have it delineated, at least in phase one, delineation of what exactly it means so that we can measure what we're trying to do here in Appropriations. So I wanted to make that statement to start out. The second thing I'm trying to do with every one of the agencies is to try to understand what this cumulative cut really looks like. And one of the things in a conversation many times we talk about specific cuts, and you outlined about \$66,000...or \$66,700,000-odd in cuts. But I noticed when I looked through your annual report and you talk about normal operating, and normal operating when I started out before the cuts at \$583 million, you were suggesting \$500 million would be your normal operating. Of course, I went back and took that apart. Looks like it varies from \$61 to \$71 million, which is over that. But tuition takes care of some of that but it looks

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like \$20 to \$30 million really has to be absorbed by state appropriations or something else.
[AGENCY 51]

HANK BOUNDS: That's right. [AGENCY 51]

SENATOR STINNER: So if I go with the de facto cuts and I put that in there, then we're north of \$120 million of cuts as well as not being able to have the increases that the university...is that...does that square with your numbers? [AGENCY 51]

HANK BOUNDS: In calculating it that way, it is well north of \$120 (million). [AGENCY 51]

SENATOR STINNER: And should we calculate it that way? [AGENCY 51]

HANK BOUNDS: You could. I mean there are a number of ways that you can calculate it. That is an appropriate way but we also look at what are the adjustments that we have to make to deal with a recurring gap. But you are correct. You know, I would probably say it's closer to \$130 than \$120 (million). [AGENCY 51]

SENATOR STINNER: Well, if I held you absolutely level, wouldn't you continue to have operating costs which would then you'd have to start to look at cutting operating expenses to accommodate that? [AGENCY 51]

HANK BOUNDS: Yes, sir. So it's a really good point that makes me really anxious about what the future holds. I mean set what we're doing aside now. We know that through collective bargaining that we're going to have an increase in compensation. State law requires that we are within 2 percent of our peers. And while there are still states that are experiencing fiscal stress, many of them are coming out of it and they are investing in higher education. We know that healthcare costs are going to go up, not down. We know that there's going to be inflation. And so if we are held completely flat, we'll still have a \$30-\$35 million gap before we ever open up the ledger. [AGENCY 51]

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SENATOR STINNER: Okay. Let's talk about bond ratings. It's something that I've discussed with you. I've been concerned about it. We do have outstanding debt but, really, for me, bond ratings has to do with financial viability, financial stability, sustainability,... [AGENCY 51]

HANK BOUNDS: Right. [AGENCY 51]

SENATOR STINNER: ...all of those types of things. Since we've introduced these cuts, you have had to really pull down the cash for operating until the effectiveness of those cuts come through. How much further do you plan on pulling the cash down in light of the fact that we're really on the edge of having the bond rating go down? [AGENCY 51]

HANK BOUNDS: That's a good question. It's hard to look into the crystal ball and know exactly how much cash that we're going to go through. It really depends on how quickly we can make cuts. The BRT process was really good. We lost nine days last year. We will lose at least that much this year and maybe double that much next year. You just...we can't make cuts fast enough. So if you say we're going to close X program that has tenured faculty in it, that has students enrolled, we won't save a penny for a full calendar year. We'll have to cash flow that for the entire year. And so we lost nine days. We are 50 days less in cash than the average of our peers that have the same bond rating. Now there are lots of folks that, you know, I hear people sometimes put out information: Oh, you have all this cash, you can just go...you can deal with this with cash. That's not true. I mean you know that better than anybody, Mr. Chairman. We do have cash but not all of it is fungible. We have cash in our housing enterprise and we have bond covenants that prevent us from spending it on anything other than housing. Parking is the same way. Food service is the same way. We can't move cash around as easy as some are making it out that we can. We are...I would say we are facing significant stress from a cash flow...we will face serious stress from a cash flow perspective this next year with these new cuts. [AGENCY 51]

SENATOR STINNER: Actually, I do have a letter from Ameritas that talks about the fact that our trends are not very good as it relates to cash. The other way of rectifying this is, obviously, tuition increases. With tuition increases one would say there is a point where it starts to decrease the number of students. So that would be an adverse trend as well. As it relates to the Moody's rating, I looked at what they do for looking at universities. They want to look at sustainability.

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They want to look at growth. They want to look at coverage. They want to look at days in cash to cover your operating. So would you... [AGENCY 51]

HANK BOUNDS: That's a... [AGENCY 51]

SENATOR STINNER: ...talk about where that maybe is at as it relates to how high you can go with tuition without seeing that decrease in...? [AGENCY 51]

HANK BOUNDS: May I talk about tuition in the bigger sense, Mr. Chairman,... [AGENCY 51]

SENATOR STINNER: Absolutely. [AGENCY 51]

HANK BOUNDS: ...financial aid, the entire picture? So you are exactly right that there is a point of diminishing returns when it comes to raising tuition. We raised tuition for this year 5.4 percent. We raised...we already have on the books 3.2 percent next year. I hear from time to time individuals say, well, you're not close to the Big Ten average, and that is accurate. In fact, our tuition is about 50 percent of the Big Ten mean at UNL. That is accurate. But it's also accurate that we are a state of 1.8 or 1.9 million people with a birth to age 20 population that is not growing. And so there's a supply-demand issue there. And the intensity, the competition level that exists today for students is at the, you know, larger, greater than I've seen in my lifetime. And so the other thing that happens around tuition is so if you think about Michigan, a very large state with lots of people, their tuition is at one level that's very high and we're under that somewhere. They're a state that's growing. They have capacity issues and they can say to their students in Michigan, if you want to attend the University of Michigan this is our, you know, this is the number and you have to pay it. But then they also get dollars from the state which we do not. We talk about how much money that we get in appropriations here and we do get a good appropriation number per FTE. That is accurate. But we don't get money for financial aid. In Mississippi, where I come from, as all of you know, the poorest state in the country, we received about the same amount of money. And every year that I was there leading the university system we received at least \$100 million in bonds to take care of our facilities. We have to do that out of our operating dollars. How many of you have heard of the term "Regents Scholar"? Everyone has heard of Regents Scholar. You know how much money...so, Senator Bolz, if you're a high

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school student and, as I'm sure you would, would score very high, and we would say, Kate, we're going to give you a Regents Scholarship, do you know how much money that UNL would receive for that? Zero. It is a remission. We have no state financial aid. So in order to try to keep our best and brightest, we have to remit that. We don't have the dollars. We have something called Collegebound Nebraska, so for those students who are Pell recipients, we guarantee them access to the university. And so if they're...whatever their Pell Grant doesn't pay, we close the gap. There's no extra money for that. We do it because it's the right thing to do to grow the economy of our state and deliver on the promise of higher education. When it comes to raising tuition, we have to be very careful because there is a diminishing return. But because of cuts, we've had to be very creative. And so we are looking at areas that cost more to deliver, we're charging more. It's called differential tuition. And we're also going to think very differently about how we deal with nonresident tuition, particularly at the Med Center. If you look at UNMC, one of the very best academic health science centers in the country, and you look at the costs for medical school education if you're a nonresident, it's about 250 percent of resident tuition, which is one of the reasons that most of the enrollment at UNMC comes from Nebraska. We are going to be forced to think. Our tuition for nonresident students is more expensive than private school tuition at Creighton. We're going to think very differently about that and consider whether or not we should drop that dramatically and change the balance of resident to nonresident because it's a revenue opportunity for us. We've got to close the gap somewhere. So tuition is not as easy as saying, well, others charge more and so should you. [AGENCY 51]

SENATOR STINNER: I should say, too, that...and I just want to enter this into the record, Moody's does also consider the stability in the finances of the state of Nebraska, because we do play a fairly significant role in supporting the university. You've been here before on deferred maintenance. Let's talk about that. That was a huge issue. We actually moved some things around, did a little bit of bond issues on that. I don't recall the numbers. You might want to refresh and it might not be fair for me to ask that without some kind of forewarning, but... [AGENCY 51]

HANK BOUNDS: Sure. So thank you, Mr. Chairman. So early on in my tenure, we brought in an engineering firm to look at every one of our facilities on all of our campuses, and they did a complete evaluation of all of those facilities. We also brought in an outside organization to help

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us understand facility usage, so we know when facilities are being used, when they aren't. And what happened from that is what we already knew was validated. We have north of \$750 million in deferred maintenance across all of our campuses, \$750 million. And so two years ago I came before you and asked that you would continue the tradition of allowing us to take \$11 million of our appropriated dollars and combine it with \$11 million of tuition dollars and then pledge that against long-term debt. And so long-term debt, when you look at the market right now, we can go out 11 or 12 years and, you know, makes good...we get a good return on our investment. You go much beyond that, the cost of money, at least when we were going to the market, didn't make sense to go much beyond that. I asked you to move it to \$22 million. You couldn't do it. And so the \$22 million from the state and \$22 million in tuition dollars would have meant that over the next 11 or 12 years we would have been able to address 50 percent of our deferred maintenance issues. So now we are able to address 25 percent of our deferred maintenance issues. We have a really good plan in place. We've made certain that we've prioritized those dollars in a way that makes the most sense. But it's an issue for us long term. You know, the good news is we don't...the good news for us is that we've been...we've really managed our healthcare plan very well and so we don't have a big, you know, balloon out there somewhere. We've really...you know, we don't have a defined contributions plan on retirement so we don't have a big number waiting out there for us. But we have a challenge in deferred maintenance. [AGENCY 51]

SENATOR STINNER: And I don't want to put words in your mouth, but you are highly...your basic plan, your strategic plan is to continue to access the capital markets in which to address this, so that would be more and more bond issues, as opposed to trying to figure out how you push this all into an operating plan under normal...the cash flow situations. [AGENCY 51]

HANK BOUNDS: Yeah. We just...you know, we spend a good bit of our operational dollars on facilities' maintenance, but even with...even with going...so we've already gone to the market for a portion of this 11/11 match and we have other time frames when you go to the market to avoid arbitrage situations. We've already gone to the market. We have a plan in place. We can't, with a \$750 million hole, we cannot back away from that. We will be leaving a disaster to future leaders. [AGENCY 51]

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SENATOR STINNER: Yeah. And I noticed on your financial statement you vary from \$51 million in maintenance to \$71 million in maintenance, which would be normal maintenance. This is over and above the normal maintenance. Tell me again where this...where these numbers come from. I know you did a study. I can't recall the name of the study though. [AGENCY 51]

HANK BOUNDS: I can...I can't recall the name of it either. I'm happy to send all of you another copy of the report. [AGENCY 51]

SENATOR STINNER: And I keep hearing about Foundation. And you know I noticed that there was \$26 million of unrestricted Foundation once in a while, and it appears that we reassess and sometimes those restricted funds become unrestricted. [AGENCY 51]

HANK BOUNDS: Sure. [AGENCY 51]

SENATOR STINNER: But I noticed that in your footnotes you talk about the Foundation supporting not only...it's for academic and student assistance. Last year it was, 2017, \$193 million, also for capital improvements. How much does the Foundation provide in scholarships for kids? [AGENCY 51]

HANK BOUNDS: So we have someone here that will speak on behalf of the Foundation. [AGENCY 51]

SENATOR STINNER: Okay. [AGENCY 51]

HANK BOUNDS: I can't...I don't have that number committed to memory. But what I can tell you is 99.2 percent of all the dollars held by the University of Nebraska Foundation are directed dollars. They don't just...so when our generous donors around the state give us money, they give us money to put toward a building or put toward paying for a faculty member or student financial aid. They don't give us money and say, Hank, here's some money, go spend it however you would like. I'm trying to get them to do more of that. But the fact of the matter is donors have interest in how their hard-earned dollars are spent, as they should. And so you know the market is doing better. I visit several times a week with the leadership of the Foundation. They are

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looking under every rock for us as well. But you also have to remember, anything that comes in to help us is a one-time money source. These are recurring...this is a change to our base funding. And so we either have to have revenue that is going to come in, in perpetuity or cuts that are going to be put in place in perpetuity. [AGENCY 51]

SENATOR STINNER: And that really kind of gets back to the base cut. This is a base cut. It's a proposed base cut. It's a permanent decrease. So you can use your cash for a period of time maybe to bridge, but to try to replace that cash to get back up to that bond rating that we need to have to support some of the other things that were done on...at the university for maintenance is difficult and would take many years to do that. [AGENCY 51]

HANK BOUNDS: It would take a very long time to do it. And then you also have to...you know, when I look at the economy, I think about being at full employment. I look at all sectors of the economy that, you know, seem to be really moving well. Commodity prices are not at a good place. I don't see anything on the horizon that tells me...I keep hearing that the reason our economy is where it is, is because corn prices are low, and that very well may be the case. The problem is, is I don't see commodity prices going up anytime soon. And so the thing that worries me beyond this year is what does the next biennium look like and what does the biennium after that look like? And how do we manage these increased costs and remain affordable and accessible and be the kind of economic driver this state needs us to be? [AGENCY 51]

SENATOR STINNER: I've got just two more questions and the committee's. Normally, I turn it over to the committee first, but I thought this was my opportunity at least to ask the questions that I needed to get firm in my mind. We talk about priorities and one of the things, I read your management discussion analysis in your audit report and you talk about the positive side of the ledger. The university continues to endeavor to differentiate itself and focus strategic areas: Buffett Early Childhood Institute, the Water, Rural Futures Institute. And I noticed that these are strategic pillars but we've got a cut in the Rural Futures. Do you want to give me some background and information on that? [AGENCY 51]

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HANK BOUNDS: Just tough choices have to be made. Rural Futures, the work that's going on there will be rolled into the community vitality portion of Extension. But there's no question that it won't continue to be what it's been. [AGENCY 51]

SENATOR STINNER: Another one that came up to me, and actually it was given to me today by a fellow senator. He asked about the fact that when we were looking at cutting and in part of an article: Under other action, the Regents actually approved two bachelor's degree programs in women's gender and ethnic studies at the University of Nebraska at Kearney. Seems to be a little bit inconsistent when you're cutting to add a program. Do you want to give us some input? [AGENCY 51]

HANK BOUNDS: Yeah. So that's a great question. I get that all the time. We aren't adding programs that add cost. And so when you think about the array of courses that already exist on the campus, this program basically says that we're going to take this program that's already being taught, this program that's already being taught, and this program that's already being taught and put them in an alignment that allows a student to pursue a degree, and that degree...those typically come to us because there is some demand that is out there. And so any programs that...any new programs that we are standing up either have a revenue component that self-fund or is just a new alignment of how we string programs together for a student to be able to get, you know, get to a particular degree program. [AGENCY 51]

SENATOR STINNER: Thank you. [AGENCY 51]

HANK BOUNDS: So no new dollars in those programs. That is a misnomer. [AGENCY 51]

SENATOR STINNER: Well, thank you for that. Tough question, and maybe you'll answer it, maybe you won't. Where is Curtis in this strategy? You got a two-year school that goes with a four-year school. Please comment. [AGENCY 51]

HANK BOUNDS: We are going to have to...let me just...let me say it this way. Everything has to be on the table with cuts of this magnitude. [AGENCY 51]

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SENATOR STINNER: And you have how many more millions to go? Fourteen? Is that the number? [AGENCY 51]

HANK BOUNDS: So we already have a plan for the first \$46 (million), and then there's the \$23 (million) for next year, so we have \$9 (million) of that. So there's \$14 (million) more that we have to deal with. [AGENCY 51]

SENATOR STINNER: Okay. I'll turn it over. I'll turn the questioning over. Senator Bolz. [AGENCY 51]

SENATOR BOLZ: Thank you, President Bounds. I want to make sure that we spend a few minutes talking about the role that the university system plays in our economy. And last year you mentioned that it was your observation that the only way to get out of our current fiscal situation was to grow our state, both in terms of population base and industry. And I just wondered if you could comment on the steps you've taken to address those concerns. [AGENCY 51]

HANK BOUNDS: I'd be happy to do that, Senator Bolz. So as you know, I came here three years ago, spent much of the first year really trying to understand the state and the opportunities that we have to be bold about the future. I've looked at all the strategies that are in place. And what I found was that there are lots of communities that really do a really good job of economic development. But when you look at the state as a whole, there's...we don't have statewide economic development strategy. That just...that doesn't exist. And so I've done some of this kind of work in my past and so I approached the Governor and I approached a number of senators in leadership positions. Mr. Chairman, you and I had this conversation. And I offered to build a strategy for growing Nebraska. That strategy has been designed. We're in the middle of raising private dollars to do it, a steering committee has been put together of folk from around the state. And so when you think about...when you think about growing the state, when you think about protecting industry that is here and bringing more job opportunities here, to use a sports analogy, you know, you don't go to a...you don't...the Huskers don't play on Saturday afternoon without really understanding themselves and understanding their opponents. And so this strategy is really based upon, number one, really understanding where we are as a state, understanding tax policy, incentives, infrastructure, whether it's roads or bridges, arts, work force, housing, all of the kinds

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of things that a business would look to when they're thinking about whether or not they can sustain their business or grow their business. That's the first thing, and based on research, not based on what someone thinks. The second thing is to understand who your competitors are. We don't compete with Florida. We don't compete with New York. But we compete with, you know, 10-12-15 states contiguous, and then some wider geographic area. Second thing that has to happen is you really have to understand what your competitors are doing. So they are competing for the same jobs and opportunities that we are for Nebraska's children. And only when you understand that can you really put together a plan for devising the kind of job sectors that you go after and try to recruit here. And so we are down the road a good bit on that process. We'll be rolling it out publicly in the next several months and I think it holds great promise for our future. [AGENCY 51]

SENATOR BOLZ: Very good. Well, I look forward to working with you on that. I just want to make one comment before I let others ask questions and that is I'm glad you referenced the issue of our investment in the university system as compared to our investment in financial aid, and I see these cuts as unprecedented, not just because of the volume and the scope but also because of our ongoing philosophy. And in an era of term limits, that's a little harder to hang on to, but during my six years on the committee it's always been a philosophical position that the committee has had to invest in the university system and keep tuition rates low versus investing in financial aid. And so I sort of see this as particularly challenging because it's not only impactful to the system but it's different from the commitments that we've made over time. So I'm glad you raised that (inaudible). [AGENCY 51]

HANK BOUNDS: That's an accurate assessment. [AGENCY 51]

SENATOR BOLZ: Very good. Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Senator Wishart. [AGENCY 51]

SENATOR WISHART: Well, thank you so much for being here today and coming so prepared. We heard from the state colleges, when they were sitting in your seat last week defending their budget as well, that once you close a program it's very hard to bring that program back. It's not

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like just turning off the lights in the house for a while and then you can turn them back on. It's literally like taking the entire house down. Can you speak a little to that in terms of the programs that could potentially be on the chopping block? [AGENCY 51]

HANK BOUNDS: So thank you, Senator. It goes beyond that. When you make an announcement about closing a program, faculty start looking for other opportunities. Students say, should I stay here or should I go somewhere else to pursue the field of study that I'm interested in, that I want to spend the rest of my life doing? Have a conversation with Doug Kristensen. When he met with baseball players, ten minutes, ten minutes after he told them, they were getting phone calls from other universities offering them scholarships. When...the message that we're sending here is akin to putting a for sale sign in faculty members' yards and that of the university. [AGENCY 51]

SENATOR WISHART: I wanted to touch a little bit more on something that Senator Bolz had brought up about the conversation over economic development. We are anticipating...and I think it was former Senator Mello that coined the phrase "the silver tsunami" in Nebraska. We anticipate about a 32 percent increase in the population of people 65 and older in the next ten years. So one of the priorities that we have as this Legislature is supporting initiatives that retain young people, recruit and retain young people to our state. [AGENCY 51]

HANK BOUNDS: Right. [AGENCY 51]

SENATOR WISHART: Do you have data that shows how many people who come and participate in the university stay here? [AGENCY 51]

HANK BOUNDS: That's again a very good question. One of the challenges that we face here is we don't have a very good data system, a statewide data system. We don't have really good labor data that connects back to the university and to state colleges. And so most of what you get is self-reported data. I mean one of the best investments that we could make so that we can make really good data-driven decisions would be in making certain that we have a robust data system. That doesn't exist here yet. We know intuitively that a large number of students stay. It's a lot harder for us at the university to capture what students are doing because so many students go on

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to pursue advanced degrees or go on to professional schools. And so what you really need to be able to do when you talk about looking at whether or not students are staying here is you need to be able to look six years down the road. So the students that graduated six years ago, we need to be able to match up that data with work force data today to get a real true picture of what the return rates look like. [AGENCY 51]

SENATOR WISHART: Okay. Yeah, it would be helpful too, and this is something I'm sure my office can do as well, to look at if there are other states that have looked into this and to see whether this is, you know, an economic driver in terms of keeping young people here. I would anticipate it is. [AGENCY 51]

HANK BOUNDS: Well, there's...I mean there's no question that it is. [AGENCY 51]

SENATOR WISHART: Yeah. [AGENCY 51]

HANK BOUNDS: I mean there's...I mean if you just look at the companies that have been produced, if you have conversations with business leaders around the state and you find out where their employees are coming from and you look at the ages of those employees, you know, it's intuitive. I mean you can get that picture. I just can't give you a spreadsheet that shows that information. We built a very good system like this in my previous life that absolutely connected all the way from pre-K to the work force. Many states are now going from...so it's not...we don't just need to understand Nebraska, but we need to be able to tap into the work force market in other states so we can understand, you know, are they going to Illinois and, if so, why. And what should...how should we think differently in order to keep more of them here? If we're going to grow our state, we've got to figure out how to keep more Nebraskans in Nebraska, and part of that is creating jobs. And for all those students that are coming from around the U.S. and from around the world we got to figure out how to create jobs for them to stay here. That's the way we really grow our economy. [AGENCY 51]

SENATOR WISHART: So then in terms of turning to tuition increases, I believe last year when you were here in front of us you gave us an example of in the past when we had increased tuition that we had seen a drop in attendance. Can you speak a little more to that? [AGENCY 51]

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HANK BOUNDS: I wish I would have brought that exact data. So the cuts that we're seeing now go far beyond anything in modern history. When we had these kind of cuts in the early 2000s, you had year after year of north of 10 percent tuition increases and we did see declining enrollment that was, you know, was significant. And I'm sorry, I don't have that committed to memory and I don't have that spreadsheet in front of me. [AGENCY 51]

SENATOR WISHART: Okay. Well, I do think that's important historical information for us as a committee to look at. We have a road map for what could happen if... [AGENCY 51]

HANK BOUNDS: We'll make certain that we get that information to the members of the committee, but we were really paying attention to it. I mean that's a really good lesson for us. [AGENCY 51]

SENATOR WISHART: Yeah. I have one more question, but before that I do have a comment. You know, I had the privilege of going and visiting Reinke Irrigation in Deshler, which is just an incredible company, and taking the time to tour. And when I asked Chris, who's their president, what his number one issue is business-wise, he said work force. In fact, they've had to move and open an operation I believe in Kansas because they just could not get enough people, you know, trained in what they needed to work in Deshler. So you know when we're looking at cutting the very engine that creates a work force, I have very...I am very concerned of that. So that's my comment there. And then I just wanted to ask, you know, when you were looking at picking up your family and moving to Nebraska and taking on the leadership role at this university and living in this state, what was it that attracted you to this university and to Nebraska? [AGENCY 51]

HANK BOUNDS: So if you would have been a part of my opening meetings when Ronnie Green and others took me on a forced march across the state of several thousand miles and lots of stops, I said in every place that the reason that I ended up coming here was because of how much people believed in higher education. Because the fact of that matter is, when you look at the Great Recession, Nebraska didn't take the kind of cuts. It was a priority. And you know, I thought that this was the kind of place where I could come, make a real difference in the world,

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and I still think that. But we have to get back to saying the university and all of higher education is a priority and we're going to figure out how to make certain it's a priority. [AGENCY 51]

SENATOR WISHART: Thank you. [AGENCY 51]

SENATOR STINNER: Senator Vargas. [AGENCY 51]

SENATOR VARGAS: No. [AGENCY 51]

SENATOR STINNER: No questions? [AGENCY 51]

SENATOR VARGAS: (Inaudible). [AGENCY 51]

SENATOR STINNER: Senator McDonnell. [AGENCY 51]

SENATOR McDONNELL: Thank you for being here. I'm sorry I was late. I was testifying on one of my own bills. But following up on Senator Wishart's question, when you look at that tuition going up and the impact to the enrollment and the current students, could you also get us information how that impacts the first-generation students and the minority students? [AGENCY 51]

HANK BOUNDS: I'd be happy to at least attempt to give you some feedback there. UNO, 45 percent non...first-generation, 47 (percent); at UNK, 5,200 first-generation college students. It is, you know, higher education is one of the only institutions that can...that absolutely changes the trajectory of a young person, and not only changes the trajectory of that individual but it changes the trajectory of their children and their children's children. I don't know what the math equation is on what their financial status looks like, but we know that typically first-generation college students come, they're less prepared. They come to us from an economic background that is different from those whose parents have attended college or have a college attainment. When those students come to us it costs more because you have to wrap more services around them. And so we're pulling services out at the very time that we need to do more, not less. We know

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that 70 percent of all jobs within the next decade will require some education beyond high school. I hope that is responsive to your question. [AGENCY 51]

SENATOR McDONNELL: It is. Thank you. [AGENCY 51]

SENATOR STINNER: I do want to ask you this. The 1 percent increase in tuition I think is equal \$6.5 million. Is that the ratio we were...that's the one I kind of... [AGENCY 51]

HANK BOUNDS: One percent is \$2.5 (million). [AGENCY 51]

SENATOR STINNER: Okay. Okay. Senator Hilkemann. [AGENCY 51]

SENATOR HILKEMANN: Thank you, Mr. Chairman. Thank you for being here today, Doctor. I note that one of the things that's being cut is the Concord facility for Extension and I need to tell you that when I was growing up, as a little boy on a farm in northeast Nebraska, that my dad looked forward to going over to Concord every...I think they did a program at least once a year. And can you describe to me the process that you used during this first set of phasing how you chose to cut a program at Concord over some other program? How are you prioritizing these? [AGENCY 51]

HANK BOUNDS: So I'll probably need to get you more specific detail. So when I met with the leadership teams from each campus, so first we divided proportionately the \$23 million into each campus. And then I said to them we've taken so many cuts that I'm afraid that if we do across-the-board cuts that we will end up weakening the entire university, so I'm asking you to think differently about what those cuts look like. And in every case the rationale, and I have reams of rationale for all of the cuts, the rationale centered around two things. One was from a programmatic point of view, low yield, whether it's production of credit hours, graduates, so forth; and then so you see outstate...places in outstate Nebraska, in many cases you see the university retreating to its primary campuses. And so we have Mead that is some distance from Concord, but it's a retreat back to Concord. If you look at what's happening with the didactics on nursing, it's a retreat back to the primary campus. If you look at NBC removal from outstate campuses, it's a retreat. And so those are the two primary areas. Lots of time has been spent on

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evaluating exactly which campus, you know, which programs retreat back. I'd have to rely on people like Dr. Boehm or Dr. Green to give you that specific information. [AGENCY 51]

SENATOR HILKEMANN: Uh-huh. Uh-huh. In your...I noted in your list of cuts we're not talking about any...nothing was mentioned about facilities or capital construction in this. Can you provide some details on why facilities were not part of this being considered? [AGENCY 51]

HANK BOUNDS: Thank you very much. Well, the truth of the matter is, is we are...I mean we are lowering the amount of money that we spend on facilities out of our operational dollars. But the...you know, when you go to the market and borrow money to build facilities, you have to use that money to build facilities. And so the other thing is that's one-time money. Taking dollars that are pledged to long-term debt, you know, doesn't change the operating position of the university. And so the cuts are, again, around revenue enhancement. If we...we'll most certainly have to move forward with some tuition and cuts to our overall cost structure. [AGENCY 51]

SENATOR HILKEMANN: I want to thank you. I had an opportunity on Friday. It simply showed up on my calendar that I was supposed to meet someone from UNO over at the church north of UNO on Friday, and I went over there and it was...ended up being about eight faculty members that wanted to actually talk with me. And I wish that absolutely every senator could have been here to hear these faculty members speak. And not one of them mentioned, you know, we're concerned about our salary or we're concerned about...they were concerned about our students and they're concerned about the faculty that can come in, as you mentioned the door, we're putting out we're for sale. What's going to...in neighboring states, you mentioned Kansas, I know Wisconsin has been on a real austerity kick. What's happening at those universities? What's been their experience trying to cut these budgets down to that level? [AGENCY 51]

HANK BOUNDS: So they have turned to tuition significantly. They've lost lots of faculty. We've been the beneficiary of really good faculty. I mean we have. We've been the beneficiary of other places that have cut because there was a commitment. The tables are turning. I mean, look, I want to be really clear. These programs that are being proposed from campuses, they're not being proposed because faculty aren't good. [AGENCY 51]

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SENATOR HILKEMANN: Right. [AGENCY 51]

HANK BOUNDS: I mean these are award-winning faculty. They're really talented people. It is painful to do this. [AGENCY 51]

SENATOR HILKEMANN: One of the things that I asked them, I asked the professors, tell me about your students today. And they said we have...some of these professors have been there 25 years. They said these are the...we are dealing with the finest students we've ever had at our...at UNO. And they're concerned about keeping those students. And they're doing exactly what you said: We don't want to give these students a reason to leave our university. [AGENCY 51]

HANK BOUNDS: I think that says a lot about the people we have leading our classrooms. [AGENCY 51]

SENATOR HILKEMANN: Yeah. Several years ago the university did not raise its tuition. Has that...have we ever...on whether that was a...I wasn't part of the legislative branch that did that, but have we recovered that? In other words, have we gotten that base out of the way and have we recovered that as far as tuition? [AGENCY 51]

HANK BOUNDS: You never get it. You never recover from...you know, we...perhaps we would be in a better situation if we'd have increased it a little bit along the way. But at the end of the day, students would still be paying more, we'd have to think. You know the problem is, is there's no bright line on how much you can raise tuition before you start seeing a movement back the other direction. I mean it's just an estimate. [AGENCY 51]

SENATOR HILKEMANN: One of the things I...when one of the first times that you and I had conversations together, you said you wanted to make the University of Nebraska the best in the world in certain areas. How does this affect your goal of making us the best in the world in some of these programs? [AGENCY 51]

HANK BOUNDS: It puts us in survival mode as opposed to focused on the future in improving. I've spent much of my time during the past six or seven months trying to figure out how we cut

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\$30 million out of administrative cost without having an IT breach that releases student records or medical records and make certain that the wheels keep turning, so to speak. My time is being used focused on cutting as opposed to growth. [AGENCY 51]

SENATOR HILKEMANN: I think that's all the questions for now, Mr. Chairman. Thank you. Thank you, President Bounds. [AGENCY 51]

SENATOR STINNER: I do want to say some...ask you something and just make a comment. Most of the time on revenue bonds or bonds that are issued, there's a trustee that's set up. They collect the funds. They distribute the funds to...for interest and principal payment. [AGENCY 51]

HANK BOUNDS: Right. [AGENCY 51]

SENATOR STINNER: You can't touch those funds. [AGENCY 51]

HANK BOUNDS: They are in trusteed accounts. That's correct. [AGENCY 51]

SENATOR STINNER: I just want to make that clear for today's purposes, for the people on the committee. Senator Kuehn. [AGENCY 51]

SENATOR KUEHN: Thank you, Mr. Chairman. Thank you, President Bounds. And I'm going to start with a couple of comments because I have a bill I'm going to have to present here in Revenue here in a little bit,... [AGENCY 51]

HANK BOUNDS: Okay. [AGENCY 51]

SENATOR KUEHN: ...so we'll get to that before. I guess I want to preface a few of my questions and kind of some of my questions for today with a statement as much for the faculty and students that are listening across the state today as anyone else who may not know the context. So when you're talking about the strategic decisions and the tough decisions that are affecting programs and faculty and students, I'm not overstating when I say I'm the only member of this

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committee who has first-hand experience of what that is like. Over the last three years I've personally been part of a higher education program prioritization process where I've had to justify not only my own position but every section of a class that I teach, every expense that I have. I've lived through a RIF process where last year when we ended the session I had to say good-bye to some of my colleagues and I'll be saying good-bye to some more at the end of this academic year. I'm currently in the process of helping develop prospective teach out plans for collapsing and elimination of majors. So I know firsthand exactly how difficult and how challenging these issues are. I have served on a search committee and helped recruit faculty to Hastings, not just Lincoln or Omaha, in the sciences when we were in a salary freeze and going through this kind of a prioritization process. So I know first-hand the impact that these discussions among the campus community have on student retention when you close an athletic program, where students have come, an enrollment-driven institution, specifically for that sport; when you have faculty who are losing their jobs and you're trying to recruit more. So I think it's important for those who are here today to understand that this is not an abstract concept for me like it is some other members of the body. This is something that I live. So with that, I think one of the discussions, and I hope throughout the testimony today and some of the people who follow with you, that we can have a discussion about what these cuts mean in terms of their proportionality. Up to this point in the discussion we've talked a lot about some really bad consequences and some really negative consequences. And I know that when you're riffing faculty and you're closing a sport and students are leaving, in some cases mid-term, it feels like you've put a for sale sign out. But the sun does rise the next day. The institution remains. And I think that regardless of whatever happens during this budget process the University of Nebraska will exist in the next academic year, will continue to be a strong academic institution. It may look a little different in some areas, but it will continue. So what I want to talk about and some of my questions, and depending on time I may have to address them to some of the people that follow, but I want to hone in on an issue that you brought up and I appreciate you discussing it. And that is, is that I want to make sure to disagree if I'm having any numbers incorrect, that even if you were held flat, you're looking at \$30 to \$35 million a year in just increased expenses according to budget, salary negotiations, healthcare costs, and others. Is that fair? [AGENCY 51]

HANK BOUNDS: A little less than that but, yes. [AGENCY 51]

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SENATOR KUEHN: Okay, \$30 (million) or so? So you're looking at a 5 percent growth model a year in your overall budget just to stay status quo. [AGENCY 51]

HANK BOUNDS: No, it's probably a little less than that, but that is correct. [AGENCY 51]

SENATOR KUEHN: Okay. So... [AGENCY 51]

HANK BOUNDS: There are required...there are increases that will absolutely take place no matter what. [AGENCY 51]

SENATOR KUEHN: So give me an idea of if it's a little less than 5 percent, give me an idea as you're looking forward to meet just the basic objectives, not to hit the goals and the benchmarks that you're talking about but to specifically just maintain the status quo. What are we looking at going forward in terms of an increase, 4.5 percent? I don't want to put words in your mouth, so 4, 4.5 percent increases? [AGENCY 51]

HANK BOUNDS: I don't know from a percentage point of view. I mean I don't think of it in that way. I can...I mean I can...so I can go and I can calculate if we assume that collective bargaining comes in at 1.5 percent a year, I can calculate that. If we assume that health insurance increases 7, 7.5 percent, which is...which would be an appropriate; if we assume CPI at 1 percent or less; if we add a little bit of utility dollars there, I can get someone to give us that calculation. But the point you're making is there will be increases, without question. [AGENCY 51]

SENATOR KUEHN: So how do we plan for that in the future, given that we have 1.9 million Nebraskans with a number of important programs? And over the last couple of weeks, we have been faced with some really challenging decisions, not just because of our revenue shortfall but looking at \$30 million to protect vulnerable children in child welfare where we've identified an important strategic need. I have a contemporary in agriculture in Kearney County who the bank just sold out his cow herd because he's paying \$11,000 a year in property taxes on each quarter of ground that he inherited. So when we look at these big priorities that we're trying to balance at the state and you're telling me that you're looking at somewhere around \$30 million a year in increases just to maintain the status quo, and you have a goal and an objective of moving that

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even forward and we still have to look at tuition affordability and competitiveness, and this is all happening in a landscape where the very nature of how we deliver higher ed and its sustainability is under a really big question right now, how do you proceed forward? What is your strategy for beyond this year, beyond this \$11 million, beyond the \$23 million next year were they to happen holding you flat? What's the strategy that you want us as lawmakers to look at as we decide tax increases, as we decide tax policy, as we decide priorities within a \$4.4 billion General Fund budget? [AGENCY 51]

HANK BOUNDS: Yeah. So I would say that, frankly, Senator Kuehn, that's not my role. My job is to come to you and tell you where we are, the decisions that we're...I can tell you what we're doing to address our shortfalls. We are going to absolutely punch the accelerator on trying to grow. That's grow enrollment. That's going to have an impact on other institutions in the state, without question. We are going to do everything we can to find more efficiencies. Out at the...some personal peril, I'm going to do everything that I can to drive down compensation cost. You know, we are driving out every expense that we can drive out. We're trying to grow. We have invested in on-line. That market share for us is growing. And so we are dealing with our business model from a standpoint of both revenue and expense control. I don't know how to...I mean I'm not a member of the Legislature so it would be improper for me to suggest to you how you do that. But I do think as a legislator you need to hear from me about how this is going to impact the future of our state. And I know these are tough choices. I get it. I mean it's...all I can tell you is we are thinking very differently. I heard someone say recently that of the 4,000 colleges and universities in this country that more than 25 percent of them will go out of business in the next decade. I think that's probably an understatement. I think that that's...the estimate is short. I think it's a business model that's problematic, and that's why we're really trying to change our business model. I mean we had, when I came here, we had four IT; we have one now. We had four HR systems; we have one now. We had four of lots of things; we have one now. We've become a very lean organization. When you look at the number of employees that we have from 2,000, we're about flat on employees and we've increased tuition, we've increased students by about 17 percent over almost a 20-year period or 17-year period. And so that in and of itself is a little problematic. I mean you, as you noted, you know that better than anyone because that means that faculty-student ratios are climbing. You run into issues around accreditation. It's going to be a rocky road for all of us over the next several years. [AGENCY 51]

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SENATOR KUEHN: So I guess during the four years that I've been on this committee, my first year the request was for 8.6 percent year over year increases, which didn't happen but is not a sustainable ask when we look at the overall growth of our state budget within the confines of our current revenue structure and the other needs and demands. What I'm trying to get at is you correctly identified, well, you're not a member of the Legislature but of all of the items in our budget we have certain ones over which we have very little discretion. And we have very little discretion over Medicaid, number one. We have even less discretion over TEEOSA, number two, which is all by local K through 12 boards. And so when we look at number three and the single largest operations budget, so you're 40 percent of that \$1.4 billion in our operations chunk of our General Fund, you're the only agency that we hand it over to and say, figure it out. And that's a constitutional issue, and certainly the Regents have been clear with this body in recent weeks that they intend on exercising that constitutional separation. But when we are asked to hand over half a billion dollars beyond our appropriation control, other than appropriating the dollars, with very little oversight in how those dollars are spent, given all the competing priorities, it's very difficult to assess how that fits in with the other programs in which, you know, we're getting down to the details of specific programs with Courtney Phillips about how she spends it, where we're wanting to know overtime hours from our director of Corrections. And these operation budgets are significantly smaller, a fraction of your budget. So how do you see going forward, given this clear need for additional appropriations to sustain your business model or without it these predictions you have made can become reality? How do we proceed forward to have that exchange of ownership of both the decisions for how the dollars are spent as well as accountability for when reductions are made? [AGENCY 51]

HANK BOUNDS: Yeah. So I think you make a good point. The first point I would make to you is nobody gives you a 6-1 return, nobody. Corrections, zero. We're giving a 6-1 return, so that's in real dollars. Let me give you another example of return and just go...just a quick story. I was visiting recently with an entomologist out in Grand Island...North Platte, I'm sorry, at our Research and Extension station. And this individual is one of the world's leading experts on western bean cutworm. It's a really exciting topic to talk about here. (Laughter) [AGENCY 51]

SENATOR KUEHN: Remember who you're talking to. I... [AGENCY 51]

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HANK BOUNDS: I know you'll appreciate it... [AGENCY 51]

SENATOR KUEHN: Yeah. Okay. [AGENCY 51]

HANK BOUNDS: ...so it's why I'm bringing this example up. She has developed methodology that is saving farmers thousands, maybe hundreds of thousands of bushels of corn against the number one pest. That's not in our 6-1 return but it's an enormous return. If we don't produce nurses in Scottsbluff, your local hospital goes out of business. I mean there are returns there, and I don't know how we get there, Senator Kuehn. I mean I'm agonizing with you here. I know this is tough. But there are returns that I think that we offer that do...that differentiate who we are and how we can grow the economy. I mean I could, for the rest of the afternoon, tell you stories like that, that don't come close to being in our 6-1 return. I could tell you stories about what our researchers are doing on the national level to keep war fighters safe, combating weapons of mass destruction right here in Nebraska. I mean that...and we aren't paying for it with state dollars, but these are dollars that are coming in and we're using some of the (inaudible) to help cut, you know, some cost recovery that you're familiar with in helping to cover our cost. I mean the work that's being done there, you have to put a check mark in a box somewhere there I think.
[AGENCY 51]

SENATOR KUEHN: I guess that fundamentally is getting to my question, which is the proportionality. So when we talk about a 2 percent reduction to your General Fund appropriation, a 4 percent reduction, that does not necessitate that those items go away. So since we don't get to prioritize which ones do and which ones don't--that's under the authority of the Regents--what I'm trying to grapple and wrap my hands around here is what is that proportionality. Because, as you talk about we don't...if we don't train nurses we don't have it, but a nursing home in my hometown just closed down and one of the issues is how we're reimbursing Medicaid for long-term care and assisted living. So it doesn't matter because there's 50 nurses now who don't have a job and 27 residents who are now moving to other facilities. So as we look at these pieces of the pie and we struggle with this, I think it's important that everyone understand we're wrestling with multiple issues and this is a balloon that when we push on one, you're dealing with it in your \$2.2 billion agency with your employees. We're dealing it with \$8 billion of federal cash and General Funds, and 1.9 million Nebraskans. And when we push on

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one, the balloon pops out on the other side. So I appreciate your willingness to work with the committee and I hope that regardless of the outcome of this budget process that the Regents, the chancellors, and your office are willing to help set a long-term strategy. Because from my vantage point in this chair, \$30 million in increased appropriations year after year to just stand still, it's not sustainable. It's not feasible in our current budget model. [AGENCY 51]

HANK BOUNDS: I don't disagree agree with you. But I would argue that with that \$30 million it's not like we've been standing still. Every single metric, every single metric that one would look to, to determine whether or not our university is moving forward is in the right direction. Look, we're at a little over a percent increase in enrollment. If we were at 3 percent, I'd be a lot happier. We're increasing our...increasing and improving our research portfolio and we're more focused in that area. I wish it were growing faster. But the bigger issue for me, Senator Kuehn, is this is not just a two and a four. This is the third cut and that's what makes it painful, because we are...and you rightly said, you've gone through this before. We're in a two-year biennium. We took a cut, we took a mid-year rescission a year ago; that burned through cash. We had another cut; that's burning us through cash. We put a plan in place. We get six months down the road and we're facing another one. That's where the...that's our pain point. [AGENCY 51]

SENATOR KUEHN: Appreciate that. And just so you know, I'm next up in a bill so if I leave it's not a sign of disrespect. Thank you. [AGENCY 51]

SENATOR STINNER: I do want to say this for the record. We've allocated \$15 million per year for the last three years as increases in appropriations, which is about 2.5 percent. And I think that's kind of our 30-year average if I...it's north of 2 percent. They've had to make up the difference. And I did point out this operating statement when I started to go through it. It's about 3.89 percent and 3.4 percent increases consistently in core costs, operating costs. And so they've had to cover that with increase in fees, tuition, those types of things. Our allocation has been \$15 million. Now obviously we've hit a wall revenue-wise. We've got to make some serious choices. So well said, well done. Before you leave, I do have to ask you my favorite question, is Innovation Campus. Four years ago now--my goodness, time flies--but Innovation Campus was an issue. We studied it. We looked at it. How much has the university been able to lower that support? [AGENCY 51]

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HANK BOUNDS: So you've heard me say this before. Innovation Campus is a good news-bad news story. The bad news is Innovation Campus should have started up 20 years ago. The good news is we are started up and we are bringing in new companies and we are offsetting some costs there. And the state has made an investment, a \$25 million investment. Let me tell you what we're competing against. When I talk about competition, Third Frontier, which is a similar entity in the state of Ohio, you know what the investment was there: \$1.5 billion. And they are attracting jobs like crazy. I'm not saying we can get \$1.5 billion but we have to think very differently. The best way that we grow ourselves out of this is we grow jobs, bring in opportunities, but everybody is out there fighting for that. [AGENCY 51]

SENATOR STINNER: So about four years ago our commitment was about \$10 million. Has that continued to go down every year? [AGENCY 51]

HANK BOUNDS: We're south of that but I can't tell you exactly what the number is today. [AGENCY 51]

SENATOR STINNER: Okay. [AGENCY 51]

HANK BOUNDS: I can get it for you. [AGENCY 51]

SENATOR STINNER: If you can have somebody get that. [AGENCY 51]

HANK BOUNDS: Sure. [AGENCY 51]

SENATOR STINNER: Additional questions? Senator Vargas. [AGENCY 51]

SENATOR VARGAS: Thank you very much for being here, President Bounds. I have a couple comments but then I also just have a couple questions. I do want to thank you for coming. I echo the sentiments that this is not easy. It's not easy on our end. It's clearly not easy on yours. And I want to thank you for standing with all higher ed. I think we can agree that it's not so easy where we're just talking about cutting a certain percent across the board. And we're doing these hearings intentionally so that we are prioritizing, I would say, both short-term immediate needs

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that Senator Kuehn identified, which we're taking into account, but then also long-term strategic investments. And it's not so simple or black and white. And I also, you know, agree with Senator McDonnell that we're looking at all higher ed, including the University of Nebraska. And University of Nebraska-Omaha, closest to our district, is a big driver of individuals that are low income and that are finding their first pathway into college. I'm first-generation college student. I understand that as well. So I'm also trying to temper that with...it sounds like we have a longer term strategy that needs to happen in terms of conversations between all the University of Nebraska System and this body. And I say that proactively because it's piggybacking on what Senator Kuehn and the Chairman are saying, and then also I think conversations we've had in the Legislative Planning Committee where we are making decisions in real time every two years reactively on what you need and then...but not thinking about the long-term, five-year or ten-year strategic plan, which as a body we should be thinking of as where do we want to be in the next ten years and where do we want the University of Nebraska to be; what does that look like; how many jobs are we hoping to create out of this system? And I'll be honest, I don't know previously how our body has done that process where we look at your strategic planning process and try to harmonize and align that with our strategic planning, which I will say we're not doing that right now. I think that there's a bill actually that Senator Wishart is bringing to the Legislative Planning Committee to hopefully have some long-term planning. But I see this as a really unique opportunity. Because if obviously there's revenue that needs to happen, both on your end when we're talking about the business model, but there also needs to be some revenue concessions on our end, in our body, when we're making decisions on how do we develop revenue in the Revenue Committee, it doesn't just live where...the decisions that you're making, but I do think it does...some of it lives there. It also lives where we're making. So I'd just love your thoughts on, you know, how do you see a path forward for working together with our body so that in two years, when obviously you're growing costs, we're not coming back to this and talking about, you know, short-term emergency response needs. What can and should we be doing together to ensure that this isn't happening in the future, which I don't think any of us want that? [AGENCY 51]

HANK BOUNDS: A really good question and very difficult to answer because, you know, when I landed, April, three years ago, about six months after that I put a fireman's hat on and I've been wearing it ever since. (Laughter) And I've been in the crisis management business over cuts. It is

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hard to see over the horizon when you are reacting to one cut after another. You know, I think I would say to you that the first thing that--if I can speak about the Legislature--that the Legislature has to do is to plant a flag in the ground about what they want the future of Nebraska to look like. And when you plant that flag, then you can figure out how to get there but you've got to plant the flag first. (Audience reaction) [AGENCY 51]

SENATOR STINNER: I will remind you, this is a hearing. Please don't do that. [AGENCY 51]

SENATOR VARGAS: And thank you for stating that and I don't take that lightly, your response. I do want to commend you on the budget response teams. It's clear that the operational efficiencies that you've identified are a step, a pathway forward, to...I mean, it was what it was. You put on a fire...you put on the hat and then this is a response, whereas you know it seems like this can be something that we're constantly doing. It's not saying that it's not doing or identifying operational efficiencies that we can constantly be doing on the end of the university. It's just clear we need to sit back. And if there isn't a space for the university and our body to step back and identify priorities together and what your long-term strategic plan is and then creating ours, which to my knowledge we had it created and we've had this conversation in Legislative Planning, we're never going to get to a place where we're prioritizing long-term strategic investment such as higher education. I'll tell you, I want to do that. Unfortunately, we have term limits and this can become a revolving door unless we figure out a mechanism to do just that. And so I appreciate you taking the time and coming and everything you do. [AGENCY 51]

HANK BOUNDS: Senator Vargas, the University of Nebraska absolutely wants to hold hands with the Legislature to help paint a picture of what a vibrant future for our children looks like. We want to be a part of that conversation. And I think it...much of it will start with building an economic development strategy that helps to ensure that we retain jobs, bring in jobs, and then support the entities that build the work force to make certain that those entities are vibrant places. [AGENCY 51]

SENATOR VARGAS: Well, I want to thank you for being here and for choosing to come to this great state. And I also will be stepping out at one moment for one of my own hearings. I'll be back, though. Thank you. [AGENCY 51]

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SENATOR STINNER: Senator Bolz. [AGENCY 51]

SENATOR BOLZ: I just wanted to ask a brief follow-up question after Senator Kuehn's remarks, and I think the competing needs in the state are something that keep all of us up at night. [AGENCY 51]

HANK BOUNDS: Sure. [AGENCY 51]

SENATOR BOLZ: But I wanted to home in and talk about the budget process at the university, in the university system, because as he was talking about the Supreme Court case and the transparency, the process there as it relates to our oversight, I was thinking about how each agency is different. The Chief Justice likes to come in and remind us that he is a separate and coequal...they are a separate and coequal branch and that it's a courtesy that we have these conversations. K through 12 is, of course, local control. The question I'm trying to address to you is would you like to talk about the accountability mechanisms that you and the Regents have in setting your budget? Because ultimately, whether it's us approving it or the Regents approving it, they're our accountability mechanisms for the people of this state. [AGENCY 51]

HANK BOUNDS: Absolutely. So building a budget starts at the campus level. We have a very strong and important, shared governance process that has to take place. I mean the great thing about a university is you have lots of really smart people that...and they don't always think the same way, and they bring lots of divergent ideas that help you get to a better place. Say what you want to say, but there are...there's no country in the world that touches the United States' higher education system. And so we have a process that where campus chancellors are held accountable from bottom, you know, from students, faculty, and staff. And then there is an incredible vetting process that we go through with each campus. And then there's a vetting process it goes through with Business Affairs Committee. And then I don't think anyone makes the investment that we've made in internal audit. So everything we do gets audited and that's important. But what's more important is the work that we do around internal audit to pressure test everything that we do. We do heat maps. We do risk analysis all the time. We look at how we're spending dollars. Everything is measured and measured and measured again. [AGENCY 51]

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SENATOR BOLZ: Very good. Thank you. [AGENCY 51]

SENATOR STINNER: Senator Wishart. [AGENCY 51]

SENATOR WISHART: Well, Senator Vargas' comments inspired another question. So I do have a piece of legislation that I introduced this year to require the Planning Committee, which does wonderful work and collaborates with the university quite a bit, in researching what are some long-term trends that we see. But I think the next step is developing...planting that flag in the ground and developing what the priorities of Nebraska should be and what we need to address as a Legislature. One of those, when I was speaking with Senator Harms, former Senator Harms, who helped develop the Planning Committee, was the fact that Nebraska has one of the highest rates of pediatric cancer in...the highest rate of pediatric cancer in the country. [AGENCY 51]

HANK BOUNDS: One of the highest pediatric...the second highest pediatric brain cancer rate. [AGENCY 51]

SENATOR WISHART: Yes. And I believe UNMC is coming out with a study soon that kind of shows where in Nebraska the rates are increasing. [AGENCY 51]

HANK BOUNDS: I'm getting a nod from... [AGENCY 51]

SENATOR WISHART: Yeah. [AGENCY 51]

HANK BOUNDS: ...Chancellor Gold. [AGENCY 51]

SENATOR WISHART: I mean this is an example. I don't think there's any person in this body that wouldn't prioritize us addressing that. Because if there's one thing that a family who's thinking about moving to Nebraska may decide not to move here is that we have the highest rates of pediatric cancer in the country. So just going along with what Senator Vargas is talking about, you know, if we get a study from UNMC and we as a Legislature, part of our five- and ten-year strategic plan is we are going to pick this issue and we are going to see those rates decrease and we're going to do everything we can possible as a Legislature to put in place public health

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initiatives to do that. That would be an example where we could work with you on that.
[AGENCY 51]

HANK BOUNDS: And every Nebraskan in the state would cheer for it. [AGENCY 51]

SENATOR WISHART: Yeah. Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. We've kept you an hour and ten minutes. We're going to let him go. We can ask afterwards. [AGENCY 51]

SENATOR HILKEMANN: Okay. [AGENCY 51]

SENATOR STINNER: We've got seven other...eight, nine other testimonies behind him. So thank you very much for being here. Thanks for your patience. [AGENCY 51]

HANK BOUNDS: Thank you, Mr. Chairman. Thank you, Committee. [AGENCY 51]

SENATOR STINNER: I know this feels like recess. It's not. Next testifier. Thank you. Good afternoon. [AGENCY 51]

ROB SCHAFER: (Exhibit 2) Good afternoon. Chairman Stinner and members of the Appropriations Committee, I am Rob Schafer, R-o-b S-c-h-a-f-e-r. I am chairman of the University of Nebraska Board of Regents. Thank you for the opportunity to testify today on behalf of the board. I join President Bounds in asking you to make higher education a priority and restore the university's base funding to \$580 million next year. The president has given you an overview of our budget situation. I appreciate his candor in describing the choices we are facing. I know you are also working hard to manage a difficult budget, and I'm grateful for all that you do. I hope the level of detail President Bounds has provided will help you as you make your tough decisions. I do want to tell you what worries me. It's an incredible honor to be Chairman of the University Board of Regents during a period of such momentum and opportunity for our university and state. But it is also sobering to assume this role at the exact time that we are facing budget cuts that could stall our trajectory. Senators, I'm a lifelong

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Nebraskan, six generations, and I'm a Republican and I strongly support fiscal restraint. I have served in the military for more than 30 years. I understand discipline and the need to live within our means. At the same time, the University of Nebraska can be a great asset to you as you work on a plan to grow our state out of these budgetary challenges. I'm struggling to understand why we would impose damaging cuts on the institution that is a contributor to economic growth, not a consumer of resources. I think of my own two young daughters and what kind of future I want for them. Affordable, high-quality, and a great education is certainly part of that future. I am worried that the budget proposal before you would result in a tax increase on our 53,000 students. I grew up during the farm crisis of the 1970s and '80s during which time my parents lost the family farm. I know what it means for a young person when the cost of education goes up. My father was oftentimes faced with the difficult choice of either helping me cover college expenses or paying utility bills at home. More than once I remember returning home from college for a weekend to find the electricity or telephone service to be disconnected for lack of payment. Regardless, we are responsible stewards of this institution; and we are not going to balance our budget on the backs of students. But there is no question the cuts you are considering would require many colleagues and me to seriously look at our pricing. Mr. Chairman, that would be a tax increase on 280 university students and their families in your district. Ms. Vice Chairwoman, we're talking almost 1,000 students in your district. Senator Clements, that would be 780 students in your district. Senator Hilkemann, that would be 1,230 students in your district. For Senator Kuehn, that would amount to 750 students in his district and 570 students in Senator McDonnell's district, as well as 620 students in Senator Vargas' district. Senator Watermeier, that would equate to 450 students in your district. And, Senator Wishart, that would be 830 university students in your district. Tuition, of course, is only one part of the conversation. We are looking for additional cuts first. Frankly, I am worried that the proposed cuts outlined by President Bounds today don't go far enough to meet the challenges ahead. I've told the president that the board members expect to see further proposals for reductions and that there shall be no sacred cows. Additional cuts to the Rural Futures Institute, closing of the Nebraska College of Technical Agriculture in Curtis, and significantly reducing the budget for Extension are all on the table. Senators, thank you for your time. I hope you will decide that you see the value that the University of Nebraska brings to our great state and that you will continue the partnership that has served our citizens for almost a century and a half.

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Working together, I know we can accomplish great things. I'd be happy to take your questions.
[AGENCY 51]

SENATOR STINNER: Questions? Senator Watermeier. [AGENCY 51]

SENATOR WATERMEIER: Thank you, Chairman Stinner. I appreciate this, Chairman Schafer. And President Bounds, I wanted to make the comment when he was up here, but it kind of felt like the mood was sweeping the table off and bringing somebody else up. I really appreciate the in-depth and every time we've asked for numbers we've asked for requests on how it works in the budgeting process. You've been very good about it and just wanted to commend you really as far as the Regents and how it's worked. And you as a public elected official and us as elected official, I look at our \$4.4 billion budget on this side of the table and you've got a \$2.2 (billion) on yours and how it's coming together and it's short \$600 million. It's incredibly important for the economic development of the state. But I just really wanted to say thank you and I appreciate what you said that you're continuing to look and demand for further cuts and further areas where you can gain efficiencies. And so I do appreciate that. [AGENCY 51]

ROB SCHAFER: Thank you, Senator. [AGENCY 51]

SENATOR WATERMEIER: You may want to expand on that so you have extra time if you need to and follow up on my question. [AGENCY 51]

ROB SCHAFER: Well, I think absolutely we're going to continue to look for efficiencies. We're going to continue to look for those private partner...public-private partnerships and to work those to the best that we can for the benefit of the state and ultimately the university. But again, there's no question we're going to have to continue to leave no stone unturned when it comes to cuts and spending. And so we continue to be diligent and respectful in those decisions that we make. And they don't come easy, just equivalently to what you're having to do on your end. [AGENCY 51]

SENATOR WATERMEIER: Well, thank you for the hard work. I know it is so thank you.
[AGENCY 51]

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SENATOR STINNER: Thank you. Additional questions? Senator Clements. [AGENCY 51]

SENATOR CLEMENTS: Thank you, Mr. Chairman. Thank you, Chairman Schafer. I was...I think Senator Kuehn was talking about how priorities were set by the Regents as to picking and choosing which programs are cut or spared. Could you go into a little more detail as to what the decision process is there? [AGENCY 51]

ROB SCHAFER: Well, if I may, the Regents haven't made the proposals for the cuts. President Bounds went to the four campus chancellors and asked them to come back with their proposed cuts and thoughts on that. And so at this point in time, those are things that the chancellors and the administration have put before us as a board and that we're going to be talking about in earnest for probably the next several weeks. [AGENCY 51]

SENATOR CLEMENTS: All right. I'll just hold off until one of them is here, then they could address that. Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Additional questions? Seeing none, thank you very much and congratulations on your chairmanship. [AGENCY 51]

ROB SCHAFER: Thank you. [AGENCY 51]

SENATOR STINNER: Good afternoon. [AGENCY 51]

ASHLI BREHM: (Exhibit 3) Afternoon. Thank you, Mr. Chairman. Thank you, members of the committee. My name is Ashli Brehm, A-s-h-l-i B-r-e-h-m. I appreciate the opportunity to speak to you today. Respectfully, I am speaking to oppose the proposal for budget cuts to the University of Nebraska. I am here to ask you to protect the research enterprise as it relates to cancer research. My interest in protecting funds is not business; it is personal to me. In 2015, I was 33 years old, a Nebraskan, a wife, a mother. And I was diagnosed with Stage 2 breast cancer. I found my own lump, and because of diligent and focused healthcare professionals I received a diagnosis quickly and started my treatment journey. My initial fear was that I would die due to my diagnosis. I remember asking my nurse, am I going to die from this? And on the

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other side of the phone, my nurse coordinator, Deb, said, oh, no, honey, you're not going to die; you're going to live to be old. I knew immediately that I was going to spend my 34th year on this earth fighting so that I could spend the rest of my existence as a mother and a wife and a human, thriving. The brilliant physicians and academic professionals with Nebraska Medicine and UNMC not only seemed to be interested in my disease but also in me. I knew that to them I could have just been a name on a chart and yet, while I was receiving my own tailored protocols to specifically attack my diagnosis--Stage 2A triple positive lymphovascular invasion with disease present in the breast and lymph nodes--I was simultaneously being taken care of as Adam's wife; Barrett, Jonah, and Harrison's mother; as Ashli Brehm. My cancer journey was personal to them. When I showed up to chemo in a Wonder Woman outfit and subsequently my wedding dress, they hugged me and cheered me on. This same team has constantly provided me the best of the best in treatment for me. They use research every day to better my outcomes. And I am only one patient. I speak from experience--the very best investment you can make in state dollars is in academic medical cancer research. This money is more than just a line in a budget. Ask my parents. Ask my husband. Ask my three little boys. My cancer was not a textbook case. No one's is, really. You don't know that until you go through it yourself. My diagnosis came to me at a time and a place where incredible treatment options were available to me. And I'm here with you today to ask that you do everything possible to give every Nebraskan that same chance. While I was undergoing my treatment, the Fred and Pamela Buffett Cancer Center was being built. For me, it felt like I was seeing hope being physically built from the ground to the sky. Seeing that building going up, I thought, what an incredible time to be in Nebraska, because when you see so much effort put into something, you know it's only the beginning of great things to come. I've learned so much more about cancer than I ever thought I would know. I know that beating cancer, finding new treatments, and searching for cures, it takes time and commitment and momentum, equating to so much hope. It took so much to build that. We as a state made this commitment. And so many great people wanted to be a part of it. Why on earth would we make a decision to back away from that? I'm concerned that if funds are cut this year then what is to stop this from happening year over year? And then suddenly we have a beautiful facility that is depleted of the life-altering research that was the impetus for a cancer center in the very first place. We as a state have come so far. The care that is provided by the Med Center is known regionally and nationally to be exemplary. That is something to be proud of and continue to invest in. I think it is imperative to ask: What mother of three babies will be left to do her own

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research, figure out her own best practices, and be left with substandard protocols because of research dollars being slashed? And respectfully I ask that I can continue. I'm almost done. So many great doctors, nurses, researchers, technicians, and caregivers were excited to be a part of something great here at the Buffett Cancer Center. Will the one person who could have made a difference now end up someplace else instead? And subsequently, will patients end up taking their own diagnoses to out-of-state practitioners for the most current and life-changing treatments? My six-year-old often says to me, Mom, I'm so happy you didn't die of cancer. And while, just like now, each time my eyes well up a bit, I can say to him with a smile, me, too, buddy. For me and every person with cancer, for all the other 9-, 6-, and 4-year-olds who will be thankful to you, I am pleading that you know that a cut for the Med Center is a cut to our care and to my care. Every single family deserves to have the happy ending, so please do not take away our hope. Thank you for the opportunity to let me be here today. I would be happy to answer any questions that you may have. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Senator Hilkemann. [AGENCY 51]

SENATOR HILKEMANN: Thank you for sharing your story. [AGENCY 51]

ASHLI BREHM: Thank you. [AGENCY 51]

SENATOR HILKEMANN: And continued good progress with your treatment. When you mentioned the Cancer Center, I wanted to tell a story that in December of this year I was at CSG conference. There was a clinic professor...they were doing a...they were talking about a subject that...Pfizer, for bone marrow...it's a medicine that they can do instead of bone marrow transfer for a specific form of lymphoma. And they have only 12 sites across the United States that are doing this at the present time. And one of those was not the Fred and Pamela Buffett Cancer Center. And I went up to the speaker after and said, why is Nebraska not on there? And I had to educate them about the quality of the product that we had at the Fred and Pamela Buffett Institute. And I think...I contacted Dr. Cowan that day and I think they had made contact...I was so proud to say consider Nebraska. That map was such that Nebraska needed to be considered. And I'm thankful that our university has such a place as the Fred and Pamela Buffett Center, and I'm so glad for you sharing your story. [AGENCY 51]

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ASHLI BREHM: Thank you. [AGENCY 51]

SENATOR HILKEMANN: Thank you. [AGENCY 51]

SENATOR STINNER: Other questions? Seeing none, thank you very much. [AGENCY 51]

ASHLI BREHM: Thank you. [AGENCY 51]

SENATOR STINNER: Afternoon. [AGENCY 51]

CARLO EBY: Afternoon. Mr. Chairman and members of the committee, my name is Carlo Eby, C-a-r-l-o E-b-y, and I serve as the student body president at the University of Nebraska at Omaha. Thank you for having me here today and for your service to the state of Nebraska. At UNO we pride ourselves on being Mavericks, someone who is an independent thinker, who is a trailblazer, and who is not afraid to break away from the herd. Today, I'm not only a Maverick but a Loper, a Husker, and a health professional's advocate as well. When I was asked to speak to you all today, the first question I asked myself was how does one man tell the story of 53,000 students, so many different backgrounds, upbringings, and experiences to share? Well, after spending some time talking to my classmates and friends, I realized that maybe my story wasn't all that unique. I'm a first-generation college student. I'm the son and grandson of house painters who put years of wear and tear on their bodies in hopes of giving the next generation a brighter future than they had. I pay my own bills; I buy my own books; I pay for my own suits; I apply for scholarships; I work over 30 hours a week; and I stay involved on campus. Like many, I came to the University of Nebraska in search of an opportunity, to pursue higher education, get a good job, start a family, and offer my children every chance to be successful because that's the Nebraska way. At UNO, this is the story of at least 44 percent of our students who consider themselves first-generation and you'll hear...(Recorder malfunction) percentages, dollar amounts, facts, figures, and other tools that were used for measuring and quantifying what these budget cuts mean to the University of Nebraska. As student body president, I have the privilege of working, living, and going to school with these so-called percentages every single day. They have faces. They have names. They have aspirations. As their elected representative, it's hard for me to share with them the kind of reductions that are being ruled out. You can see the pain and

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confusion in students' eyes as with each cut they realize they lose yet another educational opportunity, recognize a likely tuition increase, or one less way that the university is able to serve our growing and diverse student body. I can tell you that today's marketplace in terms of student recruitment is very competitive. Students have a choice of institution that they want to go to and where there's a broad range of academic programs and a sense of momentum. Right now, because of your support, the University of Nebraska is that kind of place. Our enrollment is at a record high, our programs are nationally ranked, and we have some of the best faculty in the country. If we are forced to retreat as a consequence of budget reductions, it will be much more difficult to recruit talented young people. To be frank, those students are going to go somewhere else and they're going to take their skill set and their earning potential with them. Now a common argument that I often hear being made is that our tuition is lower than our peer groups and even with an increase we are still more affordable than our competitors, which is true. But I would like to go on the record in saying that affordable is an incredibly relative term. I encourage you to spend a day at UNO and inform students that their tuition are going to increase but don't worry because it's still affordable. Talk to students like Sara (phonetic) who wrote me saying that without her scholarship she would have no chance to attend UNO. Or go and talk to Joshua (phonetic), a veteran who served in Afghanistan who came to UNO because of the affordability and because we are ranked one of the best schools in the nation for military veterans. Or sit with someone like Vince (phonetic). He's a father of two with one semester left until graduation and cannot wait to watch his two little girls cheer as daddy walks across the stage. These are more than programs and percentages. These are the people who will ultimately shoulder the burden of these budget cuts. So the questions the senators and Nebraska citizens need to ask is this: What is the price that we pay if Sara, Joshua, and Vince and others don't get a college degree because the University of Nebraska has priced itself out of their definition of affordable? Almost 300,000 Nebraskans have completed some college but have not earned a degree. For the sake of our work force, don't we want to help more students cross the finish line and see that number go down? Now I'm a finance major. I'm a fiscal conservative and a huge proponent of operational efficiencies. The work that President Bounds and the budget response teams have done has been fantastic in finding ways to trim the budget while keeping the academic integrity of the institution. My fear and the fear of the students that I represent are that these additional cuts are going to begin to jeopardize the learning environment or inhibit their ability to complete their degree. Therefore, I ask you on behalf of the 53,000 students at the University of Nebraska and

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the hundreds of thousands to come to make the right choice about our future. Send a message to the future students and the future leaders of this state that you care and help us maintain our momentum. Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Senator Wishart. [AGENCY 51]

SENATOR WISHART: Well, thank you so much for being here today. You're doing a great job representing the students in Nebraska. [AGENCY 51]

CARLO EBY: Thank you. [AGENCY 51]

SENATOR WISHART: Do you plan on staying in the state after you graduate? [AGENCY 51]

CARLO EBY: I do. I have a job lined up after college here so I'll be staying in Omaha as well as pursuing higher education but still staying within the University of Nebraska. [AGENCY 51]

SENATOR WISHART: Well, I hope that you will also continue your service in elected capacity and maybe we'll see you running for the Legislature some day. (Laughter) [AGENCY 51]

CARLO EBY: Thank you. [AGENCY 51]

SENATOR STINNER: Additional questions? Really an outstanding job. Thank you. [AGENCY 51]

CARLO EBY: Thank you. [AGENCY 51]

SENATOR STINNER: Senator Bolz. [AGENCY 51]

SENATOR BOLZ: Thanks for being here this afternoon. And maybe to lighten up the committee hearing just a little bit, I'm going to ask you some questions. You said you work 30 hours a week. [AGENCY 51]

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CARLO EBY: Yes, ma'am. [AGENCY 51]

SENATOR BOLZ: So you pay income taxes. [AGENCY 51]

CARLO EBY: Yes, ma'am. [AGENCY 51]

SENATOR BOLZ: Did you use your earnings to buy that tie? [AGENCY 51]

CARLO EBY: I did. [AGENCY 51]

SENATOR BOLZ: So you pay sales taxes. [AGENCY 51]

CARLO EBY: I do. [AGENCY 51]

SENATOR BOLZ: Did you drive down here from Omaha? [AGENCY 51]

CARLO EBY: I did. [AGENCY 51]

SENATOR BOLZ: So you might pay gas taxes. [AGENCY 51]

CARLO EBY: Yes, ma'am. [AGENCY 51]

SENATOR BOLZ: Okay. So the point I'm trying to get to is that you're a taxpayer too, right? So I think sometimes we have a conception of what a taxpayer is and I think probably everyone in this room is a taxpayer. And I think it's important to remember that it's not a stereotype or a person who's just one of the masses. It's people who care about higher education and care about their future here in the state. So I appreciate not only your testimony but the fact that you're a contributing part of our tax system. [AGENCY 51]

CARLO EBY: Thank you. [AGENCY 51]

SENATOR STINNER: Senator Hilkemann. [AGENCY 51]

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SENATOR HILKEMANN: Just a quick comment, Carlo. When I met with those professors, they said...I said, what's the quality of your student? They said, the best we've ever had. They sent one of the best down here. You did a wonderful job. Thank you. [AGENCY 51]

CARLO EBY: I appreciate it. Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. [AGENCY 51]

CARLO EBY: Yep. Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. [AGENCY 51]

TONN OSTERGARD: Good afternoon. [AGENCY 51]

SENATOR STINNER: Good afternoon. [AGENCY 51]

TONN OSTERGARD: (Exhibit 4) Mr. Chairman and members of the Appropriations Committee, my name is Tonn Ostergard, T-o-n-n O-s-t-e-r-g-a-r-d, and I am the chairman and CEO of Crete Carrier Corporation headquartered here in Lincoln, Nebraska. Thank you for this opportunity to testify in support of one of the most important institutions in our state, our university. Today, I'm wearing a couple of hats. First, and maybe the hat of which I'm most proud, is that I'm here today representing over 187,000 University of Nebraska alumni living in the state. I'm also fortunate to be active in the business community, which is a close partner to the university in building our future work force. I also serve on the Revenue Forecasting Board, so I understand the challenges of tax revenue you're facing. Finally, I am also here in the capacity as past chairman of the University of Nebraska Foundation, which supports the university through private fund-raising. Recently I had the opportunity to lead the \$84 million, entirely privately funded effort for the Howard L. Hawks Hall, the new College of Business at UNL, where the next generation of Nebraska business leaders are being educated. I've been fortunate and very lucky to have spent many years working alongside fellow alumni and friends, people who care about the university, who recognize its vital link to the success of the state, and who want to see it change other people's lives as it's changed theirs. Here's what I've learned

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from those experiences. The connections and the commitment that the alumni and friends of the university and around the world have for their university is truly remarkable. Truly there is no place like Nebraska all around the globe. Last fiscal year alone, a record high number of almost 45,000 people gave to the University of Nebraska. That tells me about the sense of momentum and opportunity in our state and the fact that those people want to continue to be a part of the university that helped change their life. Let me take this moment just to clear up one common misconception about the Foundation. The Foundation, thanks to our very generous donors, is very fortunate to have an endowment of about \$1.7 billion. But the reality of it is 99 percent of these funds are restricted and not available for the general support of the university. It's not a piggy bank that we can tap into and use to support the university. Those funds are endowed funds committed to specific purposes like scholarships, professorships, and programs established by generous donors. This makes the private dollars a vital supplement to, but not a replacement for, the state dollars. The university is truly a private-public partnership working for the common good of our state. Historically, about two-thirds of the gifts received by the university through the Foundation go to capital projects, the state-of-the-art facilities where our students learn. Without the generous support of our donors, the university would not have the new Fred and Pamela Buffett Cancer Center or the new College of Business I mentioned earlier. Donors also support the scholarships each year for university students, because they know how important a college degree is in today's work force--and I think Carlo is just an outstanding example of that--and they want to make sure and help that higher education is the economic opportunity, is affordable to all young people. Our goal is that our children and our grandchildren will have the same opportunities that we did to earn a degree, find a job in Nebraska, stay here and live, and work and raise a family. Donors invest in life-changing research, because they see the university has attracted some of the world's best doctors and scientists in areas like medicine and agriculture and want to make sure they keep doing the work here in Nebraska. And the private sector invests because they see the state working along...they see that the state has long been active as a partner in shared efforts to grow our state. Look at the Cancer Center or iEXCEL projects at UNMC. Both projects were made possible only because the state and the private sector stepped up and provided generous support. I know, Senators Stinner and Hilkemann, I know you have been involved in those projects and know how important it is to our healthcare and addressing the critical talent shortages. Alumni and friends of the university want to keep this momentum going. We want to help you grow Nebraska, strengthen our economy; but to do

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that, we need to maintain our tradition of partnership. Senators, as has been stated, the university provides a great return on that investment like few institutions...and that \$6 for...\$6 are returned for every \$1 invested. As a business executive, I also know organizations can't cut their way to prosperity, especially in an environment where it is as competitive as it is today. The image of our state matters. A great deal of the work we do to attract and retain top talent and leading companies. While organizations need to be prudent and exercise sound management, successful organizations make strategic investments, even in downtimes, that will propel them into the future. Successful organizations are growing organizations. For the state to be successful, we must chart a path towards growth that will expand, not restrict, our revenue sources. Dollars allocated to the university provide the highest return on investment and will help our state grow and diversify our revenue. I, along with other business leaders that have united our voices under the One Nebraska group, feel strongly that maintaining our appropriate level of investment in the university is essential for our state. Thank you for your time, and I'd be pleased to answer any questions. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Senator Hilkemann. [AGENCY 51]

SENATOR HILKEMANN: Thank you for being here today. You said that our endowment is \$1.7 billion. [AGENCY 51]

TONN OSTERGARD: Yes, sir. [AGENCY 51]

SENATOR HILKEMANN: How does that compare with other Big Ten universities? [AGENCY 51]

TONN OSTERGARD: I don't know that number right off the top of my head. But I think relative to our size especially, I think we're very fortunate with the size of our endowment. But clearly, other schools like Michigan probably are significant...Northwestern, etcetera, would be much bigger, but I think relative to our size it's very good. [AGENCY 51]

SENATOR HILKEMANN: Okay. Thank you. [AGENCY 51]

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SENATOR STINNER: Additional questions? Senator Bolz. [AGENCY 51]

SENATOR BOLZ: Would you like to just briefly say a little bit more about who makes up One Nebraska? [AGENCY 51]

TONN OSTERGARD: Well, I know probably best to defer that to Mike Flood later who I think is going to speak on behalf of One Nebraska. [AGENCY 51]

SENATOR BOLZ: Very good. Thank you. [AGENCY 51]

SENATOR STINNER: Additional questions? [AGENCY 51]

TONN OSTERGARD: Thank you. [AGENCY 51]

SENATOR STINNER: I expect a really good revenue forecast. [AGENCY 51]

TONN OSTERGARD: Thank you. (Laughter) [AGENCY 51]

SENATOR STINNER: Afternoon. [AGENCY 51]

MARC LeBARON: Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Marc LeBaron, M-a-r-c L-e-B-a-r-o-n, and I am chairman and CEO of Lincoln Industries. We are a manufacturing and technology-based coating company here in Lincoln. I am here this afternoon to testify on behalf of both myself and the Lincoln Chamber of Commerce in support of the University of Nebraska and in opposition to the proposed budget cuts to the university. As a businessman, I am familiar with the challenges of setting priorities under a budget. I appreciate and commend the work that each and every member of this committee does in trying to set priorities in building a balanced budget for this state. The Lincoln Chamber and I firmly believe the University of Nebraska is an essential component of our statewide economy and that the cuts being proposed will irrevocably weaken the university in its effort to help and support business and agribusiness across the state. Businesses work closely with the university on a daily basis in areas such as ag research, materials research, plants

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genetics, robotics, computer science, actuarial science, management, and engineering. But most importantly, the university educates and prepares students that are the backbone of our businesses, both today and tomorrow. Our business, our citizens, and the students and faculty have already felt the impacts of budget cuts to the university. More cuts of the magnitude being contemplated could cause damage that we'll eventually need to spend more tax dollars to repair. Budget cuts, as you all know, have already exceeded \$49 million in recurring shortfall. It's been talked about the return on investment that the university generates within the state, and I think as a businessman we certainly see that. The Lincoln Chamber considers the university a productive expenditure that pays dividends to each and every Nebraska citizen. Now, despite making up only 13 percent of the state's budget, the university is being asked to shoulder one third of the cuts. As a businessman, I personally know how important the university is to employers in the state. Virtually every Nebraska business identifies work force development and work force availability as the major issues inhibiting business growth and expansion in Nebraska. The university draws new people to our state and educates our future talent pool. At Lincoln Industries, we recruit extensively at the university. We typically have a minimum of 15 interns, many of which we'll eventually hire as full-time employees. The majority of our management, engineers, chemists, marketing, and salespeople are all University of Nebraska graduates. In fact, six of the eight officers of our company graduated from the University of Nebraska. And our story is not unique. Hundreds of other Nebraska businesses could come up here and tell you a very similar story and these businesses employ tens of thousands of people throughout the state. The reduction in funding will most certainly have a long-term impact on both the quantity and quality of students graduating from the university. Brain drain is a real issue. Keeping young Nebraska students in the state and attracting the best and the brightest students from around the world is critical to our state's business future. The University of Nebraska does that. I urge you to reject these drastic cuts. We need to keep the University of Nebraska funding at a level that aligns with its role in building our economic system and our businesses in Nebraska. Thank you for your consideration, and I would be happy to answer any questions. [AGENCY 51]

SENATOR STINNER: Questions? Senator Wishart. [AGENCY 51]

SENATOR WISHART: Well, Marc, thank you so much for being here today. I don't want to put you on the spot, but I know that you're somebody who has been a champion for the arts and for

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the Nebraska Cultural Endowment. And, you know, on the chopping block is art history. Wanted to just give you a moment to speak at all to the importance of art education. [AGENCY 51]

MARC LeBARON: A little different story than I came here to talk about, but absolutely. (Laughter) Arts history, arts education, the arts in general I think are really...I'll attack it from two perspectives. One is I think it's a vital part of providing well-rounded people that understand the importance of how that impacts our lives each and every day. I also know that today trying to recruit millennials to Nebraska, trying to retain people that are younger here, things like the arts, visual arts are incredibly important. And I think when we look around very successful communities around the country, those that have really aggressive arts programs, community arts programs also do very well economically. [AGENCY 51]

SENATOR WISHART: Yeah. Thank you. [AGENCY 51]

SENATOR STINNER: Additional questions? Seeing none, thank you. [AGENCY 51]

MARC LeBARON: All right. Thank you. [AGENCY 51]

SENATOR BOLZ: Good afternoon. Go right ahead. [AGENCY 51]

RICH HERINK: Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Rich Herink, R-i-c-h H-e-r-i-n-k. I live in Lincoln and I'm market president of First National Bank, which is an all privately held Omaha banking company with banks throughout the state. But today I'm here representing the Nebraska Chamber of Commerce and Industry, of which I'm serving as this year's board chair. The Nebraska Chamber of Commerce and Industry has over 1,800 members across the state, and I'm here on their behalf. Today I'm here to testify in opposition to the proposed budget and to indicate that we would be supportive of a budget that has less drastic cuts to the university. I'm going to talk about, briefly, about three primary concerns of our members: that's work force development, public-private partnerships, and return on investment. Each year the Nebraska Chamber holds fall forums for our members throughout the state from Scottsbluff to Omaha. We usually hold 30 to 36 of these. We survey our members each fall who attend these forums about their business concerns, and

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last fall 80 percent of those that responded to our survey listed work force development as the number one issue for their business and in their community. That's the sixth year in a row work force is the number one issue that's holding back companies in Nebraska from growing. We know that the University of Nebraska graduates roughly 11,000 students each year, and the university students are among those that have the highest interest in working in our state and living in our state and raising the next generation in our state. We believe that the funds appropriated to the university help to develop our greatest asset, and that's our present and future work force. We also recognize that robust public-private partnerships provide for great returns for our state. We needn't look farther than the new world-renowned Cancer Center in Omaha or the Daugherty Water for Food initiative which will provide research and resources to help ag producers feed the world. When the university is strong and looking to the future, private dollars will follow and want to partner with the university. We believe that funds appropriated to the university is one of the best use of tax dollars for a strong return of investment. That's been mentioned several times. Drastic cuts this year would set the university back several years in key areas affecting work force and investment. We need to continue to retain work force, recruit work force from outside the state, and help Nebraskans to grow and compete in a global economy. Thank you. Are there any questions? [AGENCY 51]

SENATOR BOLZ: Questions from the committee? Seeing none, thank you for your input.
[AGENCY 51]

RICH HERINK: Thank you. [AGENCY 51]

STEVE SELINE: Good afternoon. Madam Chairman and members of the committee, I am Steve Seline, S-t-e-v-e S-e-l-i-n-e. I'm a past chairman of the Greater Omaha Chamber of Commerce and current chairman of the Chamber's public policy committee and am representing the Chamber and its over 3,000 members today in support of funding the University of Nebraska. I appreciate the opportunity to share our views. We want to emphasize the importance of the university to the state and to the communities across the state as you deliberate difficult budget adjustments. From our view of the world, this is about economic development. This is about work force. This is about attracting people to Nebraska. This is about keeping people in Nebraska. And this is about the quality of life in Nebraska. What Nebraska needs to succeed and

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prosper, what every community in Nebraska, urban and rural, needs is more people. We believe one of the ways to attract people, and just as importantly jobs to our state, is to offer outstanding educational opportunities, especially at the university level. As business owners and executives, we talk a lot about franchises and brands, those things that set a business apart from its competition. In the competitive world between states, your brand is always associated with the higher education opportunities available in your state. When a state cuts back on higher education, it sends a message that higher education is not a priority. In Omaha, we are acutely aware of the value of the Medical Center, of the University of Nebraska at Omaha to the economic vitality of our community and our state. We are employing UNO graduates at all levels of our companies, and we are seeing the momentum that UNO has achieved. It is with some difficulty that I admit that the graduates who we see from UNO are much smarter and better prepared than when I graduated in 1975. I think Carlo is pretty good evidence of that. At the same time, Omaha is welcoming the outstanding researchers and faculty that are attracted to the Buffett Cancer Center and to the Medical Center itself. Again, this institution has more momentum than ever before. It is impacting our community by drawing intellectual capital to our city and to our state. We see the value of the lifesaving treatments developed at UNMC changing families in our community every day. We see the bright future for these institutions and believe that UNO and UNMC, along with the rest of the university system, will feed the economic growth necessary to bring prosperity to our state. Thank you for your consideration, and I would be glad to answer any questions. [AGENCY 51]

SENATOR BOLZ: Thank you. Do we have any questions from the committee? Go ahead, Senator Hilkemann. [AGENCY 51]

SENATOR HILKEMANN: Thank you, Senator Bolz. Steve, thank you for being here today. I know that as part of the Chamber you're probably active in trying to recruit new businesses to the city of Omaha. [AGENCY 51]

STEVE SELINE: Absolutely. [AGENCY 51]

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SENATOR HILKEMANN: When these companies come in and check out, how important...what emphasis do they put on the higher educational opportunities that are available to their company as well as to their employees? [AGENCY 51]

STEVE SELINE: Senator, one of the most important things that we're doing is adding people to...or adding jobs to the state and especially to the city that are higher paying so that they generate higher tax revenue and so that they become a situation where those kind of jobs are important. And the only way to add those higher value jobs is to have an educational opportunity that goes in and located near to where they are. Those educational opportunities provide the incentive for them to bring their people to the state of Nebraska. I'm not just talking about high tech. I'm talking about medical technology. I'm talking about biotech. I'm talking about all the other things that you hear about now that we're on the cutting edge of. And frankly, the Med Center especially and the University of Nebraska at Omaha have been integral to making that happen in the Omaha community and in Sarpy County and the surrounding area. And I think I can say without being too presumptuous that the same thing is true in Lincoln and that the University of Nebraska at Lincoln has added to the...clearly added to the ability to attract those higher-end jobs to the state of Nebraska. [AGENCY 51]

SENATOR HILKEMANN: Follow that up with just a comment. When I met with those professors, one of them was in the business department. One of the questions, what joy have you found by being here at the university? And one of those persons said, I think that he had...there had been four or five of the CEOs of our major companies that he had thought he'd been about 40 years at the institution and how much joy it had been to see how well his students had done and what advantages that they had been to Omaha. [AGENCY 51]

STEVE SELINE: Yes. It's...I'm afraid that I'm one of the lowest of the alumni of the organization in terms of achievements, but those guys are...I see my classmates doing outstanding work, both as lawyers, as doctors, as basically Indian chiefs, too, in terms of the leadership that they provide in the community. So we're very proud of the UNO alumni group. [AGENCY 51]

SENATOR HILKEMANN: Thank you. [AGENCY 51]

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SENATOR STINNER: Senator Vargas. [AGENCY 51]

SENATOR VARGAS: Just a question. Yeah, I agree there's a talent gap and I think we need to address that. Can you talk a little bit from a public policy standpoint if we're going to need to keep up with the growth here and figure out a way to also balance the budget? Are there any revenue-generating mechanism that you're seeing that we're taking up in the Legislature that would help us offset in the long term a way to build revenue to support the university?
[AGENCY 51]

STEVE SELINE: Well, Senator, it's difficult for me to cross the line and to be able to talk about that so let me talk about it from a Chamber standpoint rather than as an advocate for the university. I think from the Chamber standpoint the growth that we're seeing is more than exceptional right now. We have the lowest unemployment rate in the history of Omaha. We have a situation where we are looking at higher end jobs coming to town, the Facebook datacenter coming to town is all \$80,000-plus jobs. These things that are coming are a direct result of the fact that the university attracts those kind of positions and puts us in a position to be able to say to them not only when you come here do we have an educated work force, but the people that you bring with you we will be able to give graduate educations to and be able to move them farther down the line. And I got to tell you, I thank the university administration for being very farsighted in how they've approached all these things. [AGENCY 51]

SENATOR VARGAS: Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Thank you very much. Good afternoon. [AGENCY 51]

BART RUTH: (Exhibit 5) Good afternoon. Chairman Stinner and members of the committee, my name is Bart Ruth, B-a-r-t R-u-t-h, and I am immediate past-president of the Agriculture Builders of Nebraska, a network of 200 agricultural leaders from across the state. I am the sixth generation to live on the Ruth homestead in Butler County, and a 1981 graduate of the university College of Agriculture. For the third time in as many years, I am here today to voice my support for the University of Nebraska and the role that it plays in growing the economy and developing the human capital necessary for continued growth in our state. No one understands better than I,

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and other producers around the state, that today's agricultural economy is in a different place than it was just a few short years ago. I also understand that producers such as myself, as well as the state of Nebraska, must make hard choices when revenues fall or margins decrease. But the place to make concessions is not in expenditures that provide long-term returns and those that must be considered as strategic investments. In our farming operation, we continue to plant the best hybrids, maintain soil fertility through prescription applications, invest in efficient irrigation, and strive to produce top yields. While we may delay new equipment purchases for another year, we consider seed and fertilizer as strategic investments. In other words, we intend to grow our way out of tight margins. In much the same way, developing human capital is a long-term investment. Developing a skilled work force is critical for bringing new employment opportunities to all corners of the state and keeping youth in our communities outside of Lincoln and Omaha. Making further reductions in financial support for the University of Nebraska will have long-lasting and I believe debilitating effects on our state and on our number one industry, agriculture. We need only look 65 miles to our south to see what deleterious effects extreme austerity coupled with reduced tax revenue have on a state's economy. The university's contributions to Nebraska agriculture are numerous and significant. It is not an exaggeration to say that Nebraska has become a global leader in this area thanks in large part to innovations born out of university research. Look at the Water for Food Institute, which is developing solutions for sustainably feeding a global population that will reach 9.6 billion by the year 2050. Or the university's new Food for Health Center, which is blending expertise in agriculture and medicine in ways that very few other institutions are. Or just listen to Chancellor Green talk about the Institute for Agriculture and Natural Resources' bold plans for growth in the years ahead to meet the needs of our work force and improve quality of life here and around the world. To put it simply, our university is addressing the challenges that matter. We should be proud of that and we should make decisions that keep that momentum going. I would be remiss if I didn't mention the role that the University of Nebraska Extension plays in supporting agriculture and developing leadership in all 93 counties. University of Nebraska-Lincoln Extension experts touch every corner of the state, helping people make better decisions by connecting them to research and leading techniques and offering youth development to 140,000 kids through 4-H. I'm struggling with the idea that we are considering increased funding for corrections while simultaneously weighing decreased funding for higher education despite the proven societal benefits that it brings. With increasing recognition by families that postsecondary education is critical in today's

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work force, we must continue to maintain accessibility and affordable tuition rates. Nebraska has the fourth highest high school graduation rate in the U.S. at 89.3 percent, but only 31.4 percent go on to get a bachelor's degree, which is 19th highest. Consequently, we are squarely in the middle of the nation at 23rd highest in annual income. Shouldn't we be doing all that we can to move toward the top of that list rather than impeding opportunities for Nebraskans? The College of Agricultural Sciences and Natural Resources has a record-high enrollment and is producing the highest number of graduates for the work force in its history. But when we look at the needs of our state's most important industry, we know that that's not enough. Shouldn't we be looking for ways to expand access for young Nebraskans who will become the next generation of agricultural leaders instead of limiting it? The university has made use of efficiencies and other means to meet the reductions in funding the current budget. However, further reductions will inflict long-lasting damage to academic programs, access to higher education for working families, and to the momentum created over the past decade. It pains me to say it, but Nebraska agriculture will absolutely be impacted by further cuts to the university. In closing, I ask that you make funding for higher education and the University of Nebraska a priority as you deliberate appropriations and consider it as a strategic investment for our future. Thank you. Be happy to answer any questions. [AGENCY 51]

SENATOR STINNER: Questions? Seeing none, thank you. [AGENCY 51]

BART RUTH: Thanks. [AGENCY 51]

SENATOR STINNER: Afternoon. [AGENCY 51]

MIKE FLOOD: Good afternoon. [AGENCY 51]

SENATOR STINNER: Thanks for staying this long. [AGENCY 51]

MIKE FLOOD: Happy Valentine's Day. (Laughter) Chairman Stinner, members of the committee, my name is Mike Flood, F-l-o-o-d, and I am a broadcaster and a lawyer from Norfolk. And I want to start by saying how impressed I was that Chairman Stinner clearly knows and has studied and everybody has the numbers of the University of Nebraska and going through

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the management reports and the audit reports. And I don't remember seeing that kind of an exchange between state agency and Chairman of the Appropriations Committee during my time. I served with great people and I was impressed with how thorough this is. And it gave me the confidence to know that you fully understand the issues that we have here. You know, I have interviewed about four or five of the reporters that have stood over here throughout the course of the afternoon, trying to lure them to places like Norfolk and Beatrice and Fairbury and I've had one or two as interns. And I look at them and I see such potential for the state in broadcasting. The College of Mass Communications and Journalism is my lifeline to serving rural areas of the state with media services. And I see a lot of them standing over there and I see what they've turned into--reporters for 10/11 and Channel 8 and all of my urban competition. And I do business in small towns. I do business in Nebraska City and Omaha with the Spanish station. I do business in Norfolk and Columbus and I know what it's like to do business in Scottsbluff. And the purpose of One Nebraska is to get the folks from off of the interstate and the folks that live in rural Nebraska to stand up and say there's value in the university. And I think that the university will benefit from us demonstrating our support better because for so long it hasn't been an issue because of the budget challenges. And there are people that live in Norfolk and Bartlett and Valentine and Scottsbluff, as you know, that care quite a bit about the health of our university and the unity that the university provides both graduates and nongraduates. I have a lady working for me who is a DJ and her husband is a teacher at Stanton Public Schools and they have two kids that have come to the University of Nebraska at Lincoln and have thrived. And watching that experience, knowing that their options were South Dakota--we live an hour from the South Dakota border and there's I believe in-state tuition now in South Dakota--we have a shot at keeping them both in Nebraska and they are people that you want here. You know, last night on Facebook I saw a comment. When I was here we spent some time on the Norfolk Nursing College, which is very important to me and it's important to our community. It's the first time we've ever had a university service. And the announcement was made yesterday that the nursing nonclinical instruction staff would potentially be redacted or "didacted" or whatever word they used. I had to look it up. But...and I saw somebody on Facebook say to one of the staff members, I hope you don't have to leave Norfolk. And I thought, gosh, this is just out of control. It's nothing you did. It's nothing the university did. It's my job to advocate on behalf of the nursing school to the Board of Regents. And the taxpayers have friends on the Board of Regents. We have a university president that has shown a willingness to cut and to make things more efficient.

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Hal Daub is on the University of Nebraska Board of Regents. He's certainly not a tax and spender. We have Jim Pillen and Mr. Schafer from Beatrice. There's a good group there for us to interact with to make our case. You know, for me, we don't need to get superdramatic today. I think that the Forecasting Board is coming up. You have a full session. You obviously understand the issues very well. Senator Kuehn, just like you, Chairman Stinner, very familiar with the university's budget. Maybe it's not 4 percent; maybe it's 3; maybe it's 2; maybe it's 2.7 or 3.6. I don't know what you're going to decide. But there are people that live off of the interstate that care quite a bit about the state's university system and Wayne State College and Northeast Community College. And I think if anything, this process has been good for the state in that everything is getting more efficient, you know. The fact that it takes \$35 million more a year to run it, and that number was new to me, I learned that today. My message is and on behalf of One Nebraska, we have things like the Medical Center that states like us don't. And the Medical Center is driving the engine of the state in so many ways that are positive. If you have a child with a mental illness, there aren't any child psychiatrists coming to Norfolk anytime soon. And their only shot at getting that care is because of the things that are happening at UNMC. So I want to thank you for your service. I want to hope that there's a better day ahead this session. And I actually feel really good watching the interaction of the committee with the people that have testified so far that we're going in the right direction. So thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Senator Wishart. [AGENCY 51]

SENATOR WISHART: Well, following up with what Senator Bolz had asked earlier, can you just tell us a little bit more about who One Nebraska is? [AGENCY 51]

MIKE FLOOD: Well, One Nebraska is business leaders. There's four of us right now that serve on the board of the nonprofit company's board of directors. It would be myself from Norfolk, Tonn Ostergard who is with Crete Carrier Corporation, Tom Henning from Kearney, and Leslie Andersen who is the president of the Bank of Bennington. And I have to give most of the credit to One Nebraska to Tom Henning in Kearney. I don't know if you've met him, but he's a positively infectious person that is a believer in the University of Nebraska at Kearney and the entire university system. And he called me up ten months ago before and said we need to tell the story of the university from the perspective of people in rural areas and we need to stand up and

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do what we haven't done for 20 years and that is show up and be positive about it at a time when we felt the university needed it. And so that is the group's mission. It's a long-term mission so.
[AGENCY 51]

SENATOR STINNER: Additional questions? Senator Kuehn. [AGENCY 51]

SENATOR KUEHN: Thank you, Speaker Flood. It's always good to have former Speakers here. One just quick question. I didn't realize that's who the board were. Just for the record, Mr. Ostergard and Mr. Henning, are they not also members of the Nebraska Economic Forecasting Advisory Board? [AGENCY 51]

MIKE FLOOD: Well, I was reminded today that Tonn Ostergard is and who's the other member?
[AGENCY 51]

SENATOR KUEHN: Mr. Henning. [AGENCY 51]

TONN OSTERGARD: Yes. [AGENCY 51]

SENATOR KUEHN: Okay. [AGENCY 51]

MIKE FLOOD: I'd say good choices by us. (Laughter) [AGENCY 51]

SENATOR KUEHN: All right. (Laughter) Just wanted to clarify. They've got an important role in this entire process. I'm glad you're here today because I wanted to touch base. After we went through last year's budget cycle, I started digging through institutional history. And since you're here, I want to ask you about something that I found fascinating and pored through over the interim as I looked at concepts of zero-based budgeting and other ways to adapt. And that is I'm sure your favorite which is LR542 and the process that you guys went through last time that there was a significant downturn in revenues following the onset of the Great Recession. So if I may ask you to kind of put on your institutional history model since you're before us today and you've lived this process so... [AGENCY 51]

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MIKE FLOOD: In fairness, I don't think we can compare the Great Recession to this situation. I would argue that your situation is and has been more difficult than the one that we faced with LR542, which is 2010? I can't remember the year. [AGENCY 51]

SENATOR KUEHN: Right. Yeah. And I guess...I mean, you probably are anticipating my question. Why would you say that this one is worse? [AGENCY 51]

MIKE FLOOD: Well, at the time that we did LR542, we had federal stimulus dollars that helped us with the TEEOSA funding. You know, I have a number of other ideas beyond that, but I think the biggest difference would be that the federal government provided federal stimulus funds which we used to augment TEEOSA so. [AGENCY 51]

SENATOR KUEHN: Right. So there was \$900-and-some-million shortfall during that period of time which at that time was historic, "overexceeded" by what we faced when we came into session last year. And as we talked many times in the committee, we didn't have those federal stimulus dollars to assist us. So I wanted...I just did a quick look back during that time period at University of Nebraska General Fund appropriations and note that there was a down tick that even with those federal stimulus funds there was still required during your time here a decrease in NU appropriations from \$492 million to \$494 (million) to \$491 (million) before it started creeping back up in 2012 and 2013. So given that you were here, you were in the body, you were I believe Speaker at that time and you were in the thick of things, talk to us about the process that the Legislature went through in contemplating those cuts at that time, given the greater economic and fiscal situation that you were trying to address. [AGENCY 51]

MIKE FLOOD: Well, I was never an automatic vote for the university when I was here and I'm not expecting you to be today. I have successfully expunged most of these experiences from my head (laughter) and sitting here today is something I haven't done since 2006. Because when I was Speaker, I didn't have to attend any hearings. So if anything, I extend my sympathies to you because I realize again, you know, you're public servants that are sitting around a table dealing with some of the nastiest funding problems in the state. And I remember having to look people in the face and say we can't do that and it being very uncomfortable and it being very not in line with the service that I wanted to have in the Legislature. And I remember people's favorite

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projects were getting terminated or funding was ending and your heart breaks because you know that there's value there but you also know the taxpayers have a limited amount of money and there's only so much you can do. And at the end of the day, you have to really look out for the taxpayers. And so I would tell you that I 100 percent know where you're coming from. I think that when your...one of the things that I tried to do when I was here, and I know I speak for probably a lot of people that I served with, is there were things we tried to mitigate as much as we could the impact to and one of those was the university system. You know, obviously as you pointed out, there's not much you can do with Medicaid. And we did get some help on FMAP funding that helped us mitigate that which was a huge help. And I don't know that you have that. In fact, it's going the other direction. We talked about things like getting people to buy long-term care insurance policies, which has eluded the state for a long time, and we didn't make any sizable progress on it. We made some one-time funding cuts and we told people that they...you know, at the end of the day, I might have been the Chair of LR542; but the Appropriations Committee still made the decisions that were recommended to the Legislature which were passed by the Legislature. So I can't really take credit for the end result other than maybe getting it organized in the summer. [AGENCY 51]

SENATOR KUEHN: Well, one of the things that LR542...and for members of the committee who haven't looked at LR542 and what it does is I think it was a really good iterative process for the Legislature that addressed a number of the issues we've talked about which asks committees of jurisdiction to provide a series of options in the event that there was a continued revenue downturn. And one of them that has struck my eye as I was going through this summer and looking at this exercise, staff didn't particularly care for LR542, but I think... [AGENCY 51]

MIKE FLOOD: They didn't? [AGENCY 51]

SENATOR KUEHN: Pardon? [AGENCY 51]

MIKE FLOOD: They didn't care for LR542? [AGENCY 51]

SENATOR KUEHN: Well, I think it was a lot of work for Fiscal staff and a lot of extra work to get it done. But I think that it's a good exercise to think about the process. And one thing that I

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didn't realize until I went through the LR542 recommendations was something that was an oversight on my part and that is all of our other agencies are required to submit a budget modification as part of their budget planning process, meaning that they have to go through an exercise of if there is a 5 percent or a 10 percent decrease in your appropriation, what would that be? And one of the items, item 38 in the LR542 recommendations, was that...under University of Nebraska was eliminate the advantage to the University of Nebraska of not complying with the budget modification requirement. So as we look at this kind of a process and as we talk about what we may have to deal with in budgets going forward, what's your opinion on requiring the University of Nebraska to do that budget modification component as part of its budget request in the sense that we are being thoughtful in anticipating how we might address revenue downturns and modifications going forward? [AGENCY 51]

MIKE FLOOD: Help me understand what that is. [AGENCY 51]

SENATOR KUEHN: So when we receive our budget requests, we get the base budget. But agencies, with the exception of Agency 51, are required to, depending upon the guidelines from the Governor and the Budget Office, offer a modification. So what would a 5 percent reduction to your General Fund budget, if that happened, what would be the program area that you would cut? Sometimes those are legitimate program cuts. Sometimes they're ones that they offer up something that's not able to be cut. But of all the budget programs, the university is the only one that does not go through that process. It's kind of a take it or leave it budget request. And so we don't see a modification. And building upon that process which grew out of the last time we experienced this, that was one of those recommendations to require that process during submission of the budget. And I guess if you don't recall what it was or... [AGENCY 51]

MIKE FLOOD: No, I get it now that you mention it. I mean to me, I...and I think it happened today. The Legislature wanted to know what the cuts cost and I think there's value in knowing what 5 percent, 10 percent looks like. So I don't know what the university's position is on that. And quite frankly, I'm not the university. I don't think it's unreasonable to ask what does a 5 percent cut look like? I think that's some of what we're doing today. I think from any agency standpoint it's difficult when the headlines say Norfolk Nursing College staff to lose their jobs because, you know, if I had my way that's not going to be what happens, you know. If Senator

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Bolz wants something else to happen, we're going to talk to our university administration and we're going to talk to the Regents and we're going to make our point. But the point of LR542 was to take a stab at zero-based budgeting where you start from zero and you ask what could we do if we had to cut. What would it look like? [AGENCY 51]

SENATOR KUEHN: I appreciate that. You're talking my language which is why I dove into that over the interim. So again, there's a lot of institutional knowledge that is not necessarily present in this room, and I appreciate you being willing to be here today. For those of you who lived through that issue and had to make these decisions before, it's always appreciated that we have that kind of guidance and know what kind of land mines we may be potentially stepping on or not as we make these reductions so. [AGENCY 51]

MIKE FLOOD: Thank you. [AGENCY 51]

SENATOR STINNER: Other questions? [AGENCY 51]

MIKE FLOOD: Thank you very much. [AGENCY 51]

SENATOR STINNER: Seeing none, thank you. I do need a show of hands of how many more testifiers we have. Okay. We are going to take a ten-minute break. We've got some people that have to have a break. [AGENCY 51]

BREAK

SENATOR STINNER: (Exhibits 6-17) I do want to read for the record Agency 51 opposed to the cuts for the University of Nebraska: Students of the Honors Program Student Advisory Board; Sarah Zuckerman; Arvin Frazier, College Possible; Mayor Chris Beutler, city of Lincoln; Timothy Schaffert; Stevie Seibert and I can't pronounce the last name, it's D-e-s-j-a-r-l-a-i-s; Julee Jaeger; Carmen Smith; James Vnuk; Joeth Zucco; Nathan Ell; Association of Students of the University of Nebraska with 240 letters. So anyhow, we're going to start back up again and you realize that you're testifying in opposition to the cuts for the University of Nebraska, you're in opposition. So anyhow, please start. [AGENCY 51]

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KAYLA MEYER: Good afternoon, Chairman Stinner. [AGENCY 51]

SENATOR STINNER: Good afternoon. [AGENCY 51]

KAYLA MEYER: Members of the committee, my name is Kayla Meyer. [AGENCY 51]

SENATOR STINNER: Just a minute, Kayla. [AGENCY 51]

KAYLA MEYER: Oh, sorry. [AGENCY 51]

SENATOR STINNER: We are going to limit testimony to three minutes, and I would ask everybody to abide by the lights. I don't want to be here until after...till midnight. Anyhow, thank you. Go ahead. [AGENCY 51]

KAYLA MEYER: My name is Kayla Meyer, K-a-y-l-a M-e-y-e-r. I want to thank you for the opportunity to be here. I'm here on behalf of the Lincoln Young Professionals Group. Lincoln YPG has 1,400 members who live and work in the Lincoln area. I'm here today to urge you to reduce the budget cuts for the University of Nebraska. The Lincoln Young Professionals Group views the University of Nebraska as an invaluable and essential tool for the future work force of Nebraska. As a state that is interested in attracting young talent, you should know that a young person wants their State Legislature to support education. Many Nebraska companies rely on the university to develop high-quality individuals as they provide a college degree to one out of seven working Nebraskans and graduates almost 11,000 students each year to fill Nebraska's labor force. As we know, business communities in Nebraska thrive when they have access to the best talent and the university attracts a new population of talent to our state while also educating them for our future. The availability of people is significant as it allows businesses to utilize a skilled work force to efficiently run their operations and creates a strong entrepreneur environment. The university has an incredible impact on our daily lives as they train more than half of the healthcare professionals in our state. Here in Lincoln, every year nearly half of all new LPS teachers are also graduates of the university. These are only a few examples of the many professions that they produce. Education is vital to the growth of our economy as a high level of talent often means lower unemployment, higher productivity, higher income, and low

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poverty. Lincoln YPG's mission is to empower young professionals to create an energetic and dynamic environment, and the University of Nebraska is an essential piece to that puzzle. We believe we need to keep the University of Nebraska funding at a level that aligns with the role the university plays in building our economic strength. Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Any questions? Seeing none, thank you very much. [AGENCY 51]

KAYLA MEYER: Thank you. [AGENCY 51]

SENATOR STINNER: Good afternoon. [AGENCY 51]

KENT ROBERT: Good afternoon. Chairman Stinner, members of the Appropriations Committee, my name is Kent Rogert, K-e-n-t R-o-g-e-r-t, and I'm here today representing the Nebraska Dental Hygienists Association. While we 100 percent support the university and support the Appropriations Committee in their budget work, I want to give you an example of how further cuts to the university system will cause irreversible damage in greater Nebraska. It was announced a couple days ago in the cuts that we would be shut...not quite but almost shutting down the dental hygienist program out in greater Nebraska in Gering that takes place in the federally qualified health center there. And what that means is there will be no dentistry for the most part at that health center for folks who do not have insurance. So I just want to talk a little bit about it. Dentists in western Nebraska requested that UNMC dental hygiene program start a distance education program because of the difficulty of dentists in the Panhandle being able to hire quality dental hygienists. They were so...they needed this program so bad that the dentists themselves established an endowed student scholarship for a dental hygiene student in the west division be given each year. The program started in 2003 and they have successfully graduated 51 dental hygienists, almost all of which are still in rural Nebraska. Forcing students to go east or out of state for their education greatly reduces the chances for them to return to the Panhandle. This would directly negatively impact the professional work force in greater Nebraska. The dental hygiene program which is located at the FQHC, which is Community Action Health Center, primarily serves underserved clients who financially would not be able to receive dental care in a traditional setting. It's a safety net for the entire Panhandle area basically

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because most dentists out in those areas will not accept Medicaid patients. Besides this affecting students and area patients, it will negatively affect community outreach in local schools, nursing homes, and other public settings. And for sure, it will immediately increase emergency room visits from people who are not insured. So we strongly encourage the Appropriations Committee to add some money to the university's budget so we can keep this program open. I'd happily answer any questions. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Seeing none, thank you. [AGENCY 51]

KENT ROBERT: Thank you. [AGENCY 51]

SENATOR STINNER: Afternoon. [AGENCY 51]

JARED STUBBENDECK: Hey, good afternoon. Mr. Chairman, Senators, my name is Jared Stubbendeck, J-a-r-e-d S-t-u-b-b-e-n-d-e-c-k. I'm a geography major at the University of Nebraska-Lincoln. And as a student of the University of Nebraska, I'm honored and grateful to attend such a wonderful university. We are blessed with great facilities and fantastic educators who care about their students and the curriculum. As you consider these proposed budget cuts, consider me as geography is a potential major to be cut. This university is an investment in our cities, our people, and our great state. I understand what a tough decision this is deciding how to carefully spend hard-earned tax dollars back into our state. I understand that not everyone will be pleased with the results of every budget. I ask of you this. Consider the university as the state's own field. Year after year it seems the university is forced to do more with less. If we continue to slash at the field with the budget knife, we will soon find ourselves with no harvest. This harvest is educated minds who will one day become the engineers that improve Nebraska roads, the doctors that heal the Nebraska sick, the artists who inspire Nebraskans to change the world, and potentially the geographers who help you draw districting lines. (Laughter) [AGENCY 51]

SENATOR HILKEMANN: Getting personal. [AGENCY 51]

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JARED STUBBENDECK: So as a student, a geographer, I ask you to please reconsider drastic cuts to the UNL budget. We cannot continue to cut back on planting and expect a bountiful harvest. I'll answer any questions. [AGENCY 51]

SENATOR STINNER: Thank you. Senator Hilkemann. [AGENCY 51]

SENATOR HILKEMANN: Jared, thanks for being here. Approximately how many geography majors are there at UNL? [AGENCY 51]

JARED STUBBENDECK: So the geography major program is a bachelor's program and then there's several master's programs and doctorate programs. There's like urban development, human geography, other fields as well. And as far as I understand, the bachelor's, master's, and Ph.D. program would be cut. And we are the oldest Ph.D. geography program west of the Mississippi. So it's a program that's been around for a very long time. [AGENCY 51]

SENATOR HILKEMANN: So would you say that between your baccalaureate, master's, and doctorate program are we talking 25 students, 50, maybe 100? [AGENCY 51]

JARED STUBBENDECK: I would say between all...you know, I'm not for sure but I always have full classes, you know, at least 100. [AGENCY 51]

SENATOR HILKEMANN: A hundred. [AGENCY 51]

JARED STUBBENDECK: And with the consideration of closing down those postgrad programs, you know, I'm forced to look towards the University of Boulder. They have great, great geography programs there, but I'm a Nebraskan. My family has always been in Nebraska. My brother got his degree at UNL. I don't want to go to the University of Colorado. I'd rather be a member of the University of Nebraska. [AGENCY 51]

SENATOR HILKEMANN: Okay. Were you considering graduate work at the University of Nebraska? [AGENCY 51]

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JARED STUBBENDECK: Absolutely. Absolutely, master's program, a doctorate program. We have great educators in the program. Their studies are...they're literally the people that are writing the books. These are the people that get called for when other geographers have questions and they're great. [AGENCY 51]

SENATOR HILKEMANN: And I know that we woo...that while it's great to have local people take these graduate programs, but a lot of your master's and Ph.D. programs, are those people coming in from other institutions to take those programs? [AGENCY 51]

JARED STUBBENDECK: You know, I can't for sure answer that. [AGENCY 51]

SENATOR HILKEMANN: Do you have any idea how many that are coming in? [AGENCY 51]

JARED STUBBENDECK: You know, I know when we have student geography meetings and we have these geography classes there's always a good number of master and doctorate students that are in our programs. [AGENCY 51]

SENATOR HILKEMANN: Okay. Thank you. [AGENCY 51]

SENATOR STINNER: Senator Wishart. Oh, I thought you had your hand up. Thank you. [AGENCY 51]

JARED STUBBENDECK: Thank you. [AGENCY 51]

WILLIAM AVILES: (Exhibits 18, 19, and 20) Good afternoon. My name is William Aviles. My last name is spelled A-v-i-l-e-s. I am here representing the University of Nebraska at Kearney's Education Association, which represents full-time faculty at UNK. I am also a professor of political science at UNK and I've been a member of that department since the fall of 2002. I'm also today submitting testimony on behalf of Evann Vrana, a UNL student. I'm also submitting testimony on behalf of Jenni Benson, the president of NSEA. I testify today in opposition to the Governor's proposed budget cuts to the University of Nebraska and to higher education institutions here in Nebraska. As a professor at UNK, I view the Governor's proposed budget as

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representing a significant assault upon higher education. As was made clear on Monday, as well as today, these cuts are going to lead to the eliminate of entire departments and athletic programs as scores of faculty and staff will be terminated across the University of Nebraska System. For decades, the NU system has had to find ways of making up for proportionally less and less state funding--a process that has been accompanied by regular tuition and fee increases to compensate for NU's declining share of the state budget. In fact, there are many in our state who seem ready to kick away the ladder that helped them take their first steps toward economic success when they received substantially more support from our state as students at the University of Nebraska in years past. In the past ten years at UNK student tuition has increased 40 percent, far outpacing inflation during that time. I wanted to come to speak with you all just to kind of give you some extent of this, some of the personal stories or just my own experience interacting with my students at UNK. As many of you know, the students at that institution, as well as the other University of Nebraska institutions, are disproportionately first-generation students from middle and working class families. They often choose UNK because of its combination of quality instruction and affordability. Past cuts have made this goal increasingly more difficult for UNK to achieve and the currently proposed cuts to higher education will make it even less likely that tomorrow's students will be able to afford and obtain a degree at my university. Every semester I am reminded of the real and harmful consequences that declining state assistance and higher tuition has had on my students. Many of my students in a specific class, sometimes the vast majority of a class, are working at least one, sometimes two, I've had cases of three jobs to help cover their academic expenses. I have known students who have had to delay their graduation in order to work full-time to pay for their university expenses. In fact, in each of my three classes this semester, as well as last semester, I've actually had individual students inform me that they've even sold their own plasma throughout a specific semester to help them cover their tuition and living expenses. When I first learned this was happening, I thought it was a joke. I have now heard this from enough different students to understand this represents another example of how declining budgets and higher tuition has pushed at least some of my students to take extreme steps to cover their university expenses. How can any of us want to live in a state where any student feels forced to take such measures to obtain a higher education? I don't. I have difficulty wrapping my mind around that. I ask, I urge each of you to oppose these proposed cuts to higher education. I urge you to defend this vital resource on behalf of those young people who are working to overcome economic challenges and attend the University of Nebraska. Your

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opposition to these cuts will benefit today's students, as well as those future students who still hold out hope that a college degree is a real and affordable possibility. Thank you, and I'll entertain any questions that you may have. [AGENCY 51]

SENATOR STINNER: Questions? Seeing none, thank you. [AGENCY 51]

WILLIAM AVILES: All right. [AGENCY 51]

SENATOR STINNER: Afternoon. [AGENCY 51]

KATIE PRYOR: Hello. My name is Katie Pryor. [AGENCY 51]

SENATOR STINNER: We are on a light system, so I just to remind everybody to be mindful of it. So go ahead. [AGENCY 51]

KATIE PRYOR: My name is Katie Pryor, K-a-t-i-e P-r-y-o-r, and I'm here representing UNL faculty and staff. I'm a lecturer in the English Department and I also was just accepted in their Ph.D. program in creative writing, which has the potential to be one of the best in the country. Because I'm a poet and a writer, it makes sense that I am...that I read to you today, and so I'm just going to read you a small thing about having less stuff, and it will make sense with the rest of my statement. It's my Jamaica Kincaid, who's an Antiguan-American writer. She says: You know, eventually all these questions about political arrangements come down to how much stuff you want. I just ran into a couple a little bit older than me and they've moved from Boston to Maine, and they had to move their stuff. And they said, you know, we have all this stuff that we've collected over the years. We threw out a lot but there's still a lot that we just couldn't part with, so we just put it in boxes. We figure when we die the children can throw it out. And I mean that's the thing, you just end up with s***. That's what we guard. That's all we do. We guard our stuff and we kill a lot of people so we have a lot of stuff our kids can throw away when we die. And I'm going to read my statement. So I came here to obviously oppose Governor Ricketts' proposed budget which significantly cuts funding to UNL. You must consider what Governor Ricketts has that I don't, and after that you must consider the fact that I do not want what he has. My career as a teacher and writer has been shaped by my desire to be an empathetic, strategic, and active

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member of this community. This desire took root in the education my single mother and I fought and paid for and that I'm still paying for, about \$600 a month. It is difficult for me to see clearly based on the Governor's proposed budget that he has considered any of my desires or experiences. I want to believe otherwise, but because I don't I urge you all to show me that you and that this state cares about my work, that it values my labor in the classroom and on the page. Writers and artists are, after all, the people that tell the stories we tell about ourselves and our communities and our cultures. What are our financial reserves for if not for the development of our young people and our old? There are plenty of old...(laugh) old...there are plenty of adult students--I just turned 30 (laughter)--at UNL. There are other ways to account for this state's revenue shortfall that do not include devaluing education. At the center of this crossroads is not simply money, but we can make it that. It's Nebraska's backbone and ethical code. I make roughly \$22,000 a year as a lecturer and I work part time at the Normandy Restaurant. You should come; we have a new menu. I want to live in a country and a state that sees my industry as important as a neurosurgeon's industry. Both prioritize the health and development of the brain. Like I said, I've currently been accepted into UNL's Ph.D. creative writing program with all the funding, which is about \$18,000 a year to do my research and live. But I cannot stay here and fight a battle that other states have already won. Thank you so much. [AGENCY 51]

SENATOR STINNER: Thank you. Any questions? [AGENCY 51]

KATIE PRYOR: Oh, no, I don't want to take any questions. (Laughter) [AGENCY 51]

SENATOR STINNER: Okay. [AGENCY 51]

HELEN WHEELER: Hello. [AGENCY 51]

SENATOR STINNER: Afternoon. [AGENCY 51]

HELEN WHEELER: Good afternoon. Thank you so much for having the testimony. Yeah. Do I just start or...? [AGENCY 51]

SENATOR STINNER: Yes. [AGENCY 51]

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HELEN WHEELER: Okay. [AGENCY 51]

SENATOR STINNER: Go ahead. [AGENCY 51]

HELEN WHEELER: So my name is Helen Wheeler, H-e-l-e-n W-h-e-e-l-e-r. I am a graduate teaching assistant in the German Department at UNL. And so as a product of Nebraska's excellent public schools system--so the Lincoln Public Schools as a kid and the University of Nebraska-Lincoln for my bachelor's--I want to talk for a moment about how incredibly empowering our universities are. As an undergrad, I had the chance to study abroad in Berlin in Germany and then as a graduate TA I teach a 100 or 200 level class and take classes as well. Last year I had the opportunity to, with a Fulbright grant, teach English in Hamburg, Germany, and I would never have had those opportunities without the university. So I'm asking you to oppose these cuts because if these cuts go through it has already been determined that the teacher education in world languages is going to be one of the first programs to be entirely eliminated. My program would be gone and the opportunities that have been afforded to me would not be afforded to anyone else. My tuition is paid for by a waiver because I teach, but the tuition for my students and my colleagues who are not teaching assistants would skyrocket. The fees would probably also go up, which is a consideration for everyone. And at the end of the day what it comes down to is, do we want to pass these opportunities on? And with the budget cuts the way it is, the proposed budget, the answer is no, and I think that that is an extremely unfair thing that we would be doing. So I urge you to oppose those budget cuts. I would also like to mention that I have epilepsy. When I was diagnosed, it was a neurologist at the UNMC who helped me have a stable life. And cutting UNMC neurology is also just...for anyone else like me that's cutting their opportunities and cutting resources for people who need these services. So at the end of the day, the University of Nebraska is one of the strongest economic and intellectual drivers of the state and I would request that you continue to support the university and not go through with these cuts. So if there are any questions. [AGENCY 51]

SENATOR STINNER: Questions? Questions? Seeing none, thank you. [AGENCY 51]

HELEN WHEELER: Okay. Thank you very much. [AGENCY 51]

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SENATOR STINNER: It's nice to see you, Mayor. [AGENCY 51]

CHRIS BEUTLER: I'm not sure,, Senator, whether any of you think it's nice to see anybody else at this hour of the day. I know it's been tedious. [AGENCY 51]

SENATOR STINNER: We do have a lighting system. [AGENCY 51]

CHRIS BEUTLER: Yeah. Okay. (Laughter) And clearly it's much more fun to hear from the students and probably learn more about why you should be skeptical about these budget cuts. But my name is Chris Beutler, for the record, and I'm the mayor of the city of Lincoln. And I think I'll depart from my prepared testimony a little bit and focus just on one idea. We have lots of statistics here. I'm sure you've heard them all by this time of the day. You know what happens at the university profoundly affects the state as a whole. You know many times over what you do to the University of Nebraska at Lincoln affects the city of Lincoln. We are tied together in an economic sense. It's not the only economy we have to share with the state of Nebraska but it's powerful and significant. And so what you do in little ways to the university has broader effects. But the thing I wanted to first I suppose reiterate to you is how profoundly workers are needed in the state of Nebraska, and especially in the city of Lincoln. We cannot fill jobs. And to narrow the focus a little bit more, we cannot fill tech jobs. The new technologies that exist now, the potential of those technologies is so incredibly important in this competitive world, and we need an educational institution that, first of all, will crank out the people who can fill out our society and make us competitive in the world. The thing that caused me to kind of drop back and add to that thought in my own mind a few weeks ago was reading about the fact that technological change, innovation is happening so much faster today than at any point in time in our history. And people who have studied the matter agree upon that. People like me, who don't know much about it but just look around in their own little world, realize that it is happening blazingly fast. And that's a thing that some people find amazing and great and are, you know, very positive about it; other people are profoundly disturbed. But for me the point is this rapidity of change represents an enormous opportunity for us and an enormous challenge for us in terms of being competitive in this world. Those who have a great educational facility and a great college have a great advantage over other communities because they can move more rapidly to capture the economic advantages of converting ideas into economic value. This is not the time to weaken our

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greatest engine for competitive advantage. And so I would ask you to think about that and to think about if this is a time in history when you really want to weaken the tool that has the best chance of putting us in the leadership of the economies of tomorrow. [AGENCY 51]

SENATOR STINNER: Thank you. [AGENCY 51]

CHRIS BEUTLER: Thank you. [AGENCY 51]

SENATOR STINNER: Questions? [AGENCY 51]

CHRIS BEUTLER: I don't want any questions. (Laughter) [AGENCY 51]

SENATOR STINNER: Seeing none...I like that. [AGENCY 51]

CHRIS BEUTLER: That worked so well before. Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Afternoon. [AGENCY 51]

STEVEN KIRCHNER: Good afternoon. Hello, Mr. Chairman, members of the Appropriations Committee. My name is Steven Kirchner, S-t-e-v-e-n, Kirchner, K-i-r-c-h-n-e-r. I'm here as a student of the University of Nebraska-Lincoln and representing my student organization that I'm president of--Sustain UNL. First, I just want to start by showing a little appreciation for Senators Stinner, Senator Kuehn, Wishart, and Vargas for their cosponsorship and support of LB646, which provides for an Extreme Weather Preparedness Task Force and strategic plan. As president of Sustain UNL, we are an organization that's focused on spreading education and awareness regarding sustainability and environmental stewardship across campus. So we recognize the fact that we are living in the era of climate change, and being prepared for extreme weather events is crucial to the security of Nebraskans. So again, Senators, I just want to quickly thank you for your support of that bill. And on that note, one of the proposed cuts to the University of Nebraska-Lincoln is to the Geography Department. As we seek solutions to climate change and methods of environmental conservation, geography will need to play a major role in discovering those solutions. Similarly to that point is the loss of any agricultural studies at Nebraska is

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detrimental to the future, to our collective future. As extreme weather events become more common, we need increased research to protect the industry that sustains Nebraska, which is agriculture. My next point regards how these cuts are only in the short-term benefit. If the Legislature cannot find ways to increase revenue and protect the university, we'll be right back in this situation the next amount of years. We cannot set a precedent of cutting the university short and neglecting higher education in Nebraska for short-term gains. My last point is of great personal attachment to me. These budget cuts will most likely increase the cost of attendance to the university. As a first-generation, low-income student from north Omaha, this really hurts. The cost of education restricts access to education to members of my community. You only have a few options to access higher education when you're from north O: you're academically gifted and strap yourself down with loans; you're athletically gifted; or you have an opportunity to be a part of the Nebraska College Preparatory Academy, such as myself. NCPA provides access to the University of Nebraska-Lincoln to first-generation, low-income students attending Omaha North, Omaha South, Grand Island Senior High, or the Winnebago Reservation. The academy can't provide this opportunity to every member of these communities but they do what they can. Increasing the cost of attendance to the University of Nebraska-Lincoln will limit the resources and scholarships that NCPA can provide to students in these underserved communities. This truly breaks my heart. Chairman, members of the committee, I strongly urge you to do whatever you can in your power to protect the University of Nebraska and education. You must explore options of alternative forms of means of determining these appropriations. I thank you for your time and I'd be more than happy to answer any questions that I can. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Seeing none, thank you. [AGENCY 51]

STEVEN KIRCHNER: Thank you. [AGENCY 51]

SENATOR STINNER: Good afternoon. [AGENCY 51]

THOMAS CLUTTER: Mr. Chairman, good afternoon, Committee. My name is Thomas Clutter, T-h-o-m-a-s C-l-u-t-t-e-r. My relationship with the University of Nebraska started long before last December when I graduated. I was a nontraditional student that transferred here from the University of Kansas at the age of 26. I later came to find out that my first ultrasound was taken

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here at St. E's while my dad was finishing his Ph.D. at the university, and so obviously I have some family ties. But it wasn't that, that brought me back to the university. To speak to the comment about the status quo, it's the fact that the leadership of the university has always wanted to go above and beyond the status quo here, whether it's through research, innovation, collaboration between disciplines that don't necessarily relate to each other at all. And so I feel like the appropriations that are currently projected need to be reconsidered. And so I often don't like to...as my father, a scientist, has taught me, don't present a problem unless you have a solution. One of the solutions, I'm not a tax expert but I'd like to throw out there, as an entrepreneur in the community as well, I started my business while in school, perhaps some of these companies that are coming and getting tax breaks, we could reassess those and look at the fact that they're getting a gain of talent by moving here. They're getting this young, savvy talent coming here. So maybe they could chip in on some of this and the development and further growth to higher levels of education. I've been in Lincoln for the last five years. I plan to hopefully do a full decade, maybe another degree while I'm here. But that's all being driven by the visions of the administration of the university, President Bounds, the chancellors, and that's really what is keeping me here is that drive and the vision to continue growing better methods, better innovation and collaboration. So I think it is...you do have to evaluate different departments based on a dollar value, but I think they all can work together. And so if you can create those collaborations, it is a tough job to appropriate the funds, but I think if we can look and maybe work on finding those funds elsewhere as opposed to just putting different programs on the chopping block. [AGENCY 51]

SENATOR STINNER: Thank you. [AGENCY 51]

THOMAS CLUTTER: Uh-huh. [AGENCY 51]

SENATOR STINNER: Questions? Seeing none, thank you. [AGENCY 51]

THOMAS CLUTTER: Yep. [AGENCY 51]

SENATOR STINNER: Good afternoon. [AGENCY 51]

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SETH MARSHALL: Hello. Afternoon. Hello, Senators. My name is Seth Marshall, S-e-t-h M-a-r-s-h-a-l-l. I am a junior and I transferred last year to UNL. I am at the College of Journalism and I'm also here to represent the OASIS program and the UNITE group, which is the Native American group on campus. I'm speaking against these budget cuts. And I'm just going to tell you how I got to the university. And I will say, though, that my family has always been Husker fans. My dad always wanted me to be in football. Unfortunately for him, I could never make it to water boy, (laughter) so that dream kind of got cut off real fast. But I'm also, from my knowledge, I'm the only one in my family to go to the University of Nebraska. I'm possibly one of the first people on my dad's side of the family to go to a higher education. So to me, being at the university is probably one of the most amazing experiences of my life. And when I was a kid, being at the university was considered the greatest honor. But as I got older and as I got through more and more of my school, going to UNL became less and less likely. When I was 17 years old, my family's home was foreclosed on, so when that happened I fell out of it and I believe that I would never get a higher education. But my mom and my dad pursued me and told me to continue my education, and so I went to SCC. I paid out of pocket for most of my education when I was there. I paid for all my books. My parents offered to help me but I told them that I got this. Granted, I do sleep on the second floor of their house, so, you know, (laughter) that's one thing. So when I told them that I was going to apply to UNL, they told me to go for it. And so when they got that message that I got accepted to the university, that was the greatest day that you ever heard. These budget cuts are, if they do implement, my...I'm done. I can't go to UNL. I'm still...I still pay out of pocket. I have the Pell grant and I do apply for scholarships. But if these...if this goes through, I probably will not be able to finish my education at UNL, and that would really just be the end of my days. I also speak because my friends are also affected by this budget cut as well. A couple of my friends will lose their program. Being at the OASIS, I have found people who have become less of my friends and more of my family. So to see my friends and my family just be affected by this is the most devastating thing. So I speak to the budget that, when you're making these decisions, you're not deciding on how you're going to save money. You're deciding on whether or not people's futures matter. The budget cuts that are happening to UNL, they're deciding whether a person is going to be employed. You're deciding if a professor is going to be able to teach again. You're deciding if a person is going to have a chance to continue to pursue their education. And you're also saying to many students who are like me, whose families were affected by such hard times, that maybe, maybe you don't really matter and

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maybe you shouldn't get a...go to the universities here, you should go see somewhere else. But if you listen to me and listen to my story, then I think you should decide that you're telling a 17-year-old boy like me, whose family's house was foreclosed on, that you can get a good education and life gets so much better for you. Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Seeing none, thank you. [AGENCY 51]

CHELSEY POUNDS: Good afternoon. [AGENCY 51]

SENATOR STINNER: Good afternoon. [AGENCY 51]

CHELSEY POUNDS: (Exhibit 21) My name is Chelsey Pounds. I am a graduate student in the community and regional planning program. I'm a recent bachelor of arts graduate in anthropology, German, history, with a minor in classics, at UNL. I am the first Nebraskan born in my family, in Omaha. Everyone else is from the south and I was the first kid in my family to receive a bachelor's degree. [AGENCY 51]

SENATOR STINNER: Would you spell your name, please? [AGENCY 51]

CHELSEY POUNDS: It's C-h-e-l-s-e-y P-o-u-n-d-s. As I said, I was the first kid in my family to receive a bachelor's degree to travel to study in another country where I also was in Berlin on the same program as Helen Wheeler, the first to learn and proficiently speak three languages, and I will be the first to receive a master's degree in my entire family. This is solely thanks to the opportunities I've had because of the...my departments at UNL. They challenge me not only academically but professionally and intellectually. My advisers and professors in these departments encourage me to think outside the box to work towards funding my international endeavors, thinking critically in academic and professional settings, and applying the intellectual capabilities developed within these departments in the work force. While many other students in my generation chose to leave Lincoln upon graduation, I flew back here from Germany to stay, to continue my education. That's because Lincoln's emphasis on community is inspiring to me. And also, the interdepartmental support that the faculty within the College of Arts and Sciences at UNL provides to its students, especially to first-generational, nontraditional students like me,

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is something of which to be proud and should be respected and supported, not torn apart. There is more worth in these programs than its headcount. I fear that taking these large slices out of our university system will force many students to leave Nebraska for other public universities. These cuts will also force other young high school graduates to not even go to college. If it wasn't for UNL offering the programs it does, I would have, guaranteed, not gone to college; I would not be working toward my master's degree; I would not be an intern at the State Department of Economic Development; I would not be a policy consultant for community betterment ventures. That is the kind of growth we need in Nebraska and we need staying in Nebraska. I came here to represent all the hard work that has paid off from the advice my professors and my departments gave to me in my undergraduate years. I'm also representing the future of young professionals with liberal arts degrees, because in 2018 we still need to defend the liberal arts. Perhaps we should look to the CEO of American Express Ken Chenault, the New York Congresswoman Shirley Chisholm, former Secretary of State Madeleine Albright, Conan O'Brien, Oprah Winfrey, Indian economist Amartya Sen, Woodrow Wilson, Ronald Reagan, or Angela Davis, many other notable examples, to see why we need more liberal arts studies, not less. We have value and our programs have value. If you cut deep enough into this university, we will bleed to death. This is only phase one we're battling up against. Who is next, anthropology, classics, and religious studies? We choose to study in these programs to understand what was, what is, and what will be. We, as students and taxpayers and voters, are future leaders. What good are we as leaders without a developed holistic education of how the world works? And these budget cuts threaten that vital development. This is not only about students but about our future economically. As Confucius said: If your plan is for one year, plant rice; if it's for 10 years, plant trees; if it's for 100 years, educate people. I urge legislators and university officials to engage the university body in more decision making. If you cut these programs, you will cut more. When you cut more, you will lose students. When you lose students, you're losing educated individuals and losing Nebraskans to become residents of other states, generating revenues elsewhere. And when they're gone, you lose economic growth. So please plan more diligently with us, who have chosen to invest their futures here over all other programs throughout the country and throughout the world, before unnecessarily gouging our beloved programs. Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Seeing none, thank you. [AGENCY 51]

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HOPE ANDERSON: Good evening. [AGENCY 51]

SENATOR STINNER: Good afternoon. [AGENCY 51]

HOPE ANDERSON: It is 5:00. [AGENCY 51]

SENATOR STINNER: We're still in the afternoon. I don't count evening until after 6:00.
[AGENCY 51]

HOPE ANDERSON: (Laugh) Hello. My name is Hope Anderson, H-o-p-e A-n-d-e-r-s-o-n. I'm a senior at UNL. I'm here in support of the University of Nebraska and I can attest the budget cuts to the university. My major is in art history, which is one of the proposed programs to be cut. Naturally, this is very important for me to speak on. I was informed this morning by the director of the art department, Francisco Souto, that if the art history program is cut we will be the only school in the Big Ten without an art history program. We will be cutting a program that is vital to the health and promotion of art. Without this program, we will no longer have undergraduate and graduate programs for those studying art history. This cut will bring the end of all master's programs in art history in the state. This means that any student interested in studying art history will not be able to do so at the University of Nebraska. They'll be forced to go out of state or to other institutions within the state, such as Doane or Wesleyan. My major concern is for the education of students in the future. They will be denied access to a well-rounded education, especially students pursuing a degree in the arts who are required to take courses on the history of art. This means that there is a chance that an art student will not have the opportunity to study the diverse facets of art history. This means that there is a chance that they may not be inspired to create potentially award-winning work. In addition to this, cutting the art history program will have a direct effect on the Sheldon Museum of Art and the Joslyn Museum of Art. These institutions play a major part in the education of not only art majors but the community as a whole. The art history program is not only vital to the success of art historians, but is vital to those studying all mediums of art. These classes provide a new perspective on the history and growth of the human race and the development of expression. Art history is unique because it is a study of the human reaction to history. To cut the art history program and to reduce the number

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and variety of courses offered in this area will be a major loss to the university. Thank you for listening to what I have to say. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Senator Hilkemann. [AGENCY 51]

SENATOR HILKEMANN: Approximately how many students are in the art history major program, do you have any idea? [AGENCY 51]

HOPE ANDERSON: Less than ten. [AGENCY 51]

SENATOR HILKEMANN: Less than ten? [AGENCY 51]

HOPE ANDERSON: Yes. [AGENCY 51]

SENATOR HILKEMANN: Okay, thank you. [AGENCY 51]

MO NEAL: Actually it's 14. [AGENCY 51]

HOPE ANDERSON: It's 14? [AGENCY 51]

MO NEAL: It's 14. [AGENCY 51]

SENATOR STINNER: Thank you, 14, for the record. [AGENCY 51]

HOPE ANDERSON: Okay, I was...thank you. [AGENCY 51]

SENATOR STINNER: Thank you very much. [AGENCY 51]

HOPE ANDERSON: Yeah. Thank you. [AGENCY 51]

ALEC SCHNEIDER: Good afternoon. [AGENCY 51]

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SENATOR STINNER: Good afternoon. [AGENCY 51]

ALEC SCHNEIDER: (Exhibit 22) Thank you, Chairman Stinner and committee members, for your time. My name is Alec Schneider, A-l-e-c S-c-h-n-e-i-d-e-r, and I'm a current UNL student. I stand before you today...I sit before you today in opposition of Governor Ricketts' proposed budget cuts to the University of Nebraska. Last week I attended an information session cohosted by the Nebraska Coalition for Affordable Education and Senators Wishart and Morfeld on the impact these proposed budget cuts would have on my university. The consensus was clear. These proposed budget cuts would lead to double-digit increases in tuition and the likely closure of entire departments at UNL. A higher cost of education and a less robust curriculum will deter our next generation from enrolling in college in Nebraska or enrolling in college at all, and those that still choose to pursue a higher education at the University of Nebraska will be saddled with higher student debt. A recurring survey conducted by the American Student Assistance found that those with student debt are delaying decisions to buy a home, get married, have children, save for retirement, and enter a desired career field because of this debt. This has a cascading impact on the state's economy, as the generation charged with investing in our state's future is delaying their lives because of debt. As senators your duty is to best represent the interests of your constituents. Some senators from rural districts may not be convinced that your constituents' tax dollars are best spent at a public institution many miles away. I disagree. Two summers ago I worked at UNL Stewart Seed Lab where I helped with research projects ranging from breeding desirable traits in soybeans to optimizing irrigation methods. The knowledge from this continued research at UNL is used by farmers all across Nebraska to increase soybean yield. In fact, an independent analysis in 2016 found that the University of Nebraska generates more than \$3.9 billion for Nebraska's economy. Instead of cutting funding to integral pieces of Nebraska's economic and social well-being, we should be attempting to raise state revenue. As a computer science major, I'm well aware of the strong job market here in the "Silicon Prairie." The businesses that come to Nebraska come, in part, due to the strong job candidates they receive from the University of Nebraska. Tax exemptions on these same corporations significantly decrease state revenue each biennium. Closing a mere fraction of these incentives would go a long way to increasing revenue and balancing the budget. These tax exemptions are used to encourage businesses to invest in Nebraska. However, companies will not be incentivized to come to Nebraska if our young talent has either left the state or foregone a higher education.

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In closing, higher education is one of the best investments a young adult can make in their future. Nebraska's next top businessmen and -women, scientists, doctors, artists, scholars, journalists, and more will come from the University of Nebraska. And for our state's well-being, we should give them the best education possible. Thank you for your time. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Seeing none, thank you. [AGENCY 51]

DANIELLE YOUNG: Good afternoon. [AGENCY 51]

SENATOR STINNER: Good afternoon. [AGENCY 51]

DANIELLE YOUNG: Hello. My name is Danielle Young, spelled D-a-n-i-e-l-l-e Y-o-u-n-g. I am a student at the University of Nebraska-Lincoln. I'm a senior who will be taking an additional year to complete my double major. I'm studying English in the College of Arts and Sciences and the College of Fine and Performing Arts. My focus is in creative writing and photography and, for fun, I took the task of learning Japanese. I'm here in support of the University of Nebraska and I contest the budget cuts to the university. I believe them to be dangerous, unfair, and shortsighted. The impact of these cuts are far reaching. They affect myself, my brother--a freshman who attends the University of Nebraska-Omaha--my family, other students, and my professors. When I was looking for a university to attend to four years, I was looking to go out of state. Loyola University in Chicago and Coe College and a few other colleges had my attention. Coe was willing to pull every string possible to get me to attend their institution, everything short of just letting me go in for free. Their creative writing program was phenomenal, but in the end I chose Nebraska, I chose UNL. Though I have a scholarship, I've taken out at least \$15,000 in loans. I have now three jobs and I do other odd jobs to make up the difference so that I can have a full college experience. I understand that I'm not every student. Not every student has the privilege of having a scholarship. If these cuts hurt me, then I know they will hurt others, including people like my brother, who have just entered college this semester. Please understand that we are not just numbers. We are individuals. We are people. These cuts will hurt students like me, now and present, will hurt the chances of the state retaining students it so desperately needs for continued growth. The talent that currently exists here will leave for cheaper options. One of the proposed departments being cut is the art history department. Those who are

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majoring in this area will be deeply affected. One of them is my very good friend Hope Anderson who is one of the 10 or so--now we know is 14--art history majors. Art students, in general, will also be deeply affected. I had no intentions of being a photo major, but I took a leap of faith after seeing the photo department, seeing something that I considered to be a hobby seemed worth investing degree in. Art history has helped me understand the world and myself. It has made me a better artist. The arts are so important, it should be treated as such. To put it into perspective, I've just been able to participate in an international show in Tokyo, Japan, representing the University's photo department. In closing, I, again, would like to ask you to not pass this budget. The effects will be long lasting and far reaching. It is unwise, it is harmful, it is dangerous. Affordable education is a right, not a privilege. Thank you for listening to me and I will take any questions. [AGENCY 51]

SENATOR STINNER: Thank you. Senator Hilkemann. [AGENCY 51]

SENATOR HILKEMANN: Where's your hometown? [AGENCY 51]

DANIELLE YOUNG: I am from Omaha, Nebraska. [AGENCY 51]

SENATOR HILKEMANN: And where did you go to high school? [AGENCY 51]

DANIELLE YOUNG: I went to Omaha Central. [AGENCY 51]

SENATOR HILKEMANN: Okay. Thank you. [AGENCY 51]

SENATOR STINNER: Additional questions? Seeing none, thank you. [AGENCY 51]

MERIKA ANDRADE: (Exhibit 23) Good evening,... [AGENCY 51]

SENATOR STINNER: Good evening. [AGENCY 51]

MERIKA ANDRADE: ...I think it is, now, right? My name is...sorry, my name? Also, I just want to say thank you to any of the students that came out today. You guys are awesome. My name is

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Merika Andrade. I am a senior journalist student at UNL. Do I need to spell my name?
[AGENCY 51]

SENATOR STINNER: Please do. [AGENCY 51]

MERIKA ANDRADE: Okay. (Laugh) It's M-e-r-i-k-a, and then my last name is Andrade, A-n-d-r-a-d-e. Do we have it? [AGENCY 51]

SENATOR STINNER: Please, okay. [AGENCY 51]

MERIKA ANDRADE: Okay. My name is Merika Andrade and I'm a student approaching graduation this coming May. One might wonder why a student on her way out the door would care enough about the proposed budget cut to be soon...to my soon alma mater to show up here today. My response is simple. I am here today because I recognize that the proposal, if executed, will have a profoundly negative effect on our university and the strength of our economy here in Nebraska. As anyone who calls Nebraska home knows, the University plays a tremendous role in propelling our economy. The university sustains 34,000 jobs and produces over 10,000 graduates annually, many of whom jump straight into the Nebraska work force. Between the \$385.4 million generated each year from research support jobs and the \$6.8 million in state and local revenue, the university's total economic impact amounts to a whopping \$3.9 billion per fiscal year. This comes off of the economic and social contribution of the University of Nebraska statewide, 2016 report. To understand how a university winds up contributing so forcefully to the economy, one need only ask a current or former college student what makes the University of Nebraska. The answers in almost every instance will rest on the academic programs and opportunities programs, programs, make no mistake, support rural...sorry. The answer in almost every instance will rest on the academic programs and opportunities, programs which, make no mistake, support rural communities and local infrastructures. Take, for instance, the Rural Futures Institute, which strengthens ability of rural communities to self-sustain over time. Take away the rigorous programs which draw thousands of students to our campuses, and we'll be left with a less marketable, less appealing university. What's worse is that this proposal seeks to weaken the university while simultaneously raising tuition. Now I am not an economics major, but even I can see the foolishness of trying to sell a cheap product at a higher price, a price that,

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even in its current form, remains out of reach for some. College is crushingly expensive. I know this all too well. My mother passed away from cancer when I was 17, leaving my father to support their four children and myself to help raise my siblings, sometimes skipping classes to attend a parent-teacher conference or pick up my siblings from just being sick. When it came to college, I paid for everything myself. UNL made the most financial sense, but even with the in-state benefit, I worked two to three jobs as a full-time student, on top of loans I took out to fund my education. But even that wasn't enough. I had to drop out once to earn the money to continue my degree, which I did come back, because I went to California. I am grateful to be approaching graduation, but I fear for my little brother who will be looking at colleges before long. If, as Governor Ricketts proposes, we offer students a shoddier education at a higher price tag, it should come as no surprise when those students take their skill sets elsewhere. I'll go ahead and just skip to...my little brother had to go to work, ironically, and I'll end on what he wrote for himself. I thought it was pretty well said. He said: Today your average high school student knows more about the laws of physics than Isaac Newton ever did, thanks to the spending of knowledge. Preventing that spread from occurring will only set back our species as a whole. That's 16-year-old Matthew Andrade from Pius X High School. So thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Senator Hilkemann. [AGENCY 51]

SENATOR HILKEMANN: Where's your hometown? [AGENCY 51]

MERIKA ANDRADE: I'm originally from West Covina, California, but I was raised here in the Great Plains. [AGENCY 51]

SENATOR HILKEMANN: Okay. And you graduated from...? [AGENCY 51]

MERIKA ANDRADE: Pius X High School, um-hum. [AGENCY 51]

SENATOR HILKEMANN: Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. [AGENCY 51]

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MERIKA ANDRADE: Yeah. [AGENCY 51]

SENATOR STINNER: Good afternoon. [AGENCY 51]

KELLY STAGE: Good afternoon. Thank you all for staying so long. I appreciate that. My name is Kelly Stage, K-e-l-l-y S-t-a-g-e. I'm an associate professor at the University of Nebraska and I'm also the director of an interdisciplinary program. I'm here today to mostly speak in larger terms than my particular areas, but I will say that, in particular, the art history cut that has been proposed will absolutely affect my students, will affect our ability to be interdisciplinary, and will affect our ability to think more flexibly across the university, across the College of Arts and Sciences, and to that College of Arts which art history is a part of. So these are very serious considerations for thinking about what the shape of a university is. And I know that Hank Bounds, President Bounds, and the chancellors have not made these decisions lightly. We're being faced with an out-of-proportion cut, to cut 34 percent of this total cut across our...for the university to take up 34 percent of the total cut being imposed, when we only receive 13 percent of the General Fund. And I know these numbers have been repeated by our administration, by the regents, and it just seems to be something that we should continue to say. This is a familiar story, however, especially across the Midwest and Great Plains. And if you scan the headlines, any given day you're going to see a particular version of this playing out again and again. You can see it in Iowa just in the last month. It was pioneered by Kansas. We find cuts and fights have been taking place in Wisconsin, Kentucky, Illinois, and our partners all across the Rust Belt and the Heartland. It's not that this is something, a unique pain to Nebraska, but we are feeling it here in a particular way. And so I want to point out that this is part of an undercutting of an entire American institution, the land-grant university, and I want to invite you to have an opportunity to say maybe not here. Since 2001, the University of Nebraska has worked extremely hard to garner outside research money from granting institutions, raising outside funding by more than 100 percent in the last 15 years or so, but those opportunities are harder and harder to secure. The situation is clearly further exacerbated by cuts at the federal level. As the National Science Foundation, National Institutes of Health, National Endowment for the Humanities and other federal funding institutions are cut, so, too, are opportunities for public universities to gather those precious dollars. These are more significant cuts when state cuts reduce budget and allocations even further. The ability to support the work of the university that attracts faculty and

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students, that creates opportunities for revenue by offering places like Lincoln, Omaha, and Kearney desirable business and industry opportunities, is undercut in every direction. It's harder to bring in top students. It's harder to bring in grants. It's harder to bring in and keep faculty. It's harder to operate without enough staff to manage operations and facilities. Universities across Nebraska, as a result, stand to decline and lose status, and our ability to help the state itself declines. Austerity measures are not just about spreading the pain around. They have consequences that will last for years, if not decades. These effects...effect of these kinds of transformational cuts have been described as promoting not just Nebraska but across public universities that I've spoke of as a brain drain. That is to say that faculty and researchers will leave in order to pursue other opportunities and this comes back manyfold on us as these opportunities decline. This is a recipe for our nation to be hollowed out in the middle and for Nebraska to be a part of that. What brings people to Nebraska? Well, the University of Nebraska brings people to Nebraska. It brings people like me here. I would not have been here. And one of the reasons that I am here is because I came from an institution that was having a budget crisis and I wanted to leave, so thank you very much. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Seeing none, thank you very much. [AGENCY 51]

MO NEAL: Are there any more students to testify? [AGENCY 51]

SENATOR STINNER: How many more testifiers do we have, by the way? We got one, two, three? How many? Four. Okay. Good afternoon. [AGENCY 51]

GABRIELLA PARSONS: Good afternoon, or good evening. Thank you for being here. My name is Gabriella Parsons, spelled G-a-b-r-i-e-l-l-a, last name P-a-r-s-o-n-s. I am a student at the University of Nebraska-Lincoln studying journalism with a minor in English and an emphasis in women and gender studies and Spanish. I was thinking about preparing a speech today or bringing something on paper and maybe dressing nice, but I decided to wear my jean jacket with patches on it and read off of my cell phone because I'm a millennial. (Laugh) But I'm here today to oppose Governor Ricketts' proposed budget cuts to the University of Nebraska and, in doing so, I want to talk a little bit about myself and my education and what it means to me and sort of

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the struggles that I've already faced in financially affording my education. So I was born and raised here in Lincoln. My family of five, my dad is the only other person in my family to get a college degree and he is alumni of the Journalism School as well. So there was definitely this pressure because my two older siblings didn't go to school; there was a pressure from my parents to encourage me, more of an encouragement to go to college. And I wanted to, right? But I think, like so many other middle-class or working-class families, my parents had no idea how they were going to help me pay for school, as much as they wanted me to go, and that has led me to face the consequences of that. I am 22 years old and I am \$35,000 in debt. I'm an in-state student and I'm a Pell Grant recipient. Until recently, I was receiving the federal Perkins Loan, which, if you don't know what that is, it's a federal loan program for qualifying low-income students that was...back in September the program expired. So basically, for students like me, we're going to have to look at alternatives to getting that funding for our education. And so I'm here to ask you and ask, you know, my state legislators, what is the state going to do to counteract that federal funding that we're not going to be receiving as low-income students? I also want to point out the tension in general on campus, at UNL campus, about inclusivity, diversity, safety on campus, and I think at the heart or at the start of that conversation is also this conversation of affordability and accessibility to higher education. And in order to build a diverse and inclusive education and institution, it starts with creating an affordable education. For me, I grew up, like many young people in Nebraska, kind of thinking that I had to go elsewhere to find opportunities and to find success, that I had to leave Nebraska. But after being at the University of Nebraska, I know that that's not true and I know that opportunities are here and I'm invested in my community and when I graduate I want to continue investing in Nebraska. I encourage... [AGENCY 51]

SENATOR STINNER: You do have a red light. [AGENCY 51]

GABRIELLA PARSONS: Okay, yeah. [AGENCY 51]

SENATOR STINNER: If you could conclude, that would be... [AGENCY 51]

GABRIELLA PARSONS: Sure. Yeah. I guess my concluding thought would be that I think a lot of young people are leaving Nebraska because we don't see ourselves represented in our government, and today is a bunch of students who have left because they have classes to study

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for but have taken time out of their days to ask our government to represent us in this decision and to consider us by denying this budget proposal by the Governor. [AGENCY 51]

SENATOR STINNER: Thank you. [AGENCY 51]

GABRIELLA PARSONS: Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Seeing none, thank you. [AGENCY 51]

GABRIELLA PARSONS: Thank you. [AGENCY 51]

MO NEAL: Are you a student? [AGENCY 51]

_____: Yes. [AGENCY 51]

MO NEAL: Go. The other students that want to go, get in line. [AGENCY 51]

SENATOR STINNER: Good afternoon. [AGENCY 51]

DEVIN WIEBELHAUS: (Exhibit 24) Good afternoon. My name is Devin Wiebelhaus; that's D-e-v-i-n W-i-e-b-e-l-h-a-u-s. I'm a student at the University of Nebraska-Lincoln. Pardon me if I'm a little winded. I left at the break to go take a test and just got back, so... [AGENCY 51]

SENATOR STINNER: Hopefully you did well. [AGENCY 51]

SENATOR WISHART: How did you do? [AGENCY 51]

DEVIN WIEBELHAUS: Hopefully well. (Laughter) Hopefully well. I kind of rushed through it. As Gabriella said, you know, people left to go study, I left to go take a test, but here I am again. Essentially, I'm here to ask you, the Appropriations Committee, you know, to lessen the cuts to the...the proposed cuts to the University of Nebraska system as much as you can, if not completely eliminating and potentially reversing them, and I'd like to give a few reasons why.

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I'm from Norfolk originally, like former Speaker Mike Flood. And I chose UNL because their College of Journalism is one of the best in the region, one of the best I've seen, and I'm also a Husker till I die. Go Big Red! But I also chose this university because of how affordable it was compared to other schools and how affordable it was to me and what I was offered. I met many great people during my time there and my friends span over, you know, dozens of different areas of study. Many of my friends have also told me that one of their reasons for choosing UNL is its affordable price, my friends from California, from other states. And with recent implemented budget cuts and more proposed cuts on the horizon in the Governor's new tax plan, or the Governor's new appropriations budget plan, I worry that I and many others may lose the opportunity to learn about and develop our passions and, thus, we would be unable to contribute our best efforts to society and to the state. And I also worry that the possibility of double-digit tuition hikes, that have inevitably been mentioned multiple times over the course of this, due to these proposed cuts, would make the university a less affordable and less appealing place for thousands of young adults to further their education. I have a few facts here I looked up in between writing papers for other classes. According to the Institute for College Access and Success, the average Nebraska college graduate finishes their degree with over \$26,000 student loan debt. Assuming rising enrollment trends continue and are not hit by...and are not affected by this, a tuition increase caused by funding cuts would only make this number rise. A study from the journal of Economics of Education Review showed that for every \$1,000 cut from per-student state and local appropriations, an average student would have to pay \$257 more per year in tuition and fees. Student loan debt is already a crippling force for many college graduates, limiting their economic mobility by shackling them to near-\$30,000 weights that many can only gradually chip away at. An increase in tuition caused by appropriations cuts would only put students further into debt. How is someone supposed to stimulate the local and state economy and, thus, pay more in state taxes if--state sales taxes--if they can't buy anything because they're still paying off their federal student loan payments? The U.S. President's proposed budget for 2018 would sharply reduce the number of income-based loan repayment plans; subsidized loans would also be eliminated, something that I rely on heavily. The public service loan forgiveness program would also be erased, meaning fewer people would earn degrees in areas of public service. That's fewer prosecutors, public defenders, fewer police officers, fewer EMTs, firemen. And while already under threat from the federal level, the University of Nebraska system is being expected to shoulder 34 percent of the state's budget cuts while only making up 13 percent

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of the state's total budget. These proposed cuts would cripple the university system in more ways than I can talk about in the time that I have, and hopefully my fellow students can convince you to not cut appropriations to the University of Nebraska system. Thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Seeing none, thank you. Good afternoon.
[AGENCY 51]

JEWEL RODGERS: Good afternoon. Jewel Rodgers, J-e-w-e-l R-o-d-g-e-r-s. I could talk to you about what I study at this university. I don't think that that is necessary. I could tell you about all the things that I try to do in the community. I don't think that that is necessary. I think it's important to remind you that you're dealing with human beings right now. You're dealing with human lives. You're dealing with people who come from communities like mine who could never even think of having \$26,000 in debt when we can barely figure out how to get \$20 by the end of the week. I need you to remember that you are dealing with people. This is not a number. This isn't something you can cross over on your highlighter and say, okay, well, so-and-so. You don't live the cuts like we do. You don't see them like we do. You don't...maybe even potentially you don't live the stories of having to talk about how it was your father or your mother who was the only hope to bring your whole lineage out of poverty. So I understand and I make conscious effort not to ridicule people in power because I know jobs are hard. I know that everybody is against you when you're way up here. I know that somebody, that somebody always is going to criticize you when you are in a position of power. I understand these decisions are hard. But I urge you to remember you are dealing with human beings, that it's even harder to deal with the decision that you make, especially when it's thousands of people hammering out the decisions and hammering out the repercussions of what is going on. I just really...I know that there's been some talk of options, that there's been talk that there could be more collaboration within the system, that maybe there could be a mechanism that allows for, when you all leave, something sustainable is happening to better the lives of the people that are living here. I know they talk about Cash Reserves. Maybe you can utilize that until you figure out that mechanism. I know they talk about tax exemptions. Maybe you could utilize that until you figure out this mechanism. But I'm not going to disagree. Something needs to change in the mechanism, something needs to change in the system, to make is sustainable, to put human lives before the dollar sign. Thank you. [AGENCY 51]

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SENATOR STINNER: Thank you. [AGENCY 51]

JEWEL RODGERS: I also would prefer no questions. [AGENCY 51]

SENATOR STINNER: Okay. [AGENCY 51]

ENIA KIUSALS: Hi. [AGENCY 51]

SENATOR STINNER: Hi. [AGENCY 51]

ENIA KIUSALS: My name: Enia Kiusals, E-n-i-a K-i-u-s-a-l-s. I am going after all the students, but I, myself, am a UNL dropout as of, like, one year and two months ago. I didn't know if I would testify today because I don't know if it's really relevant. I wasn't sure if it would be relevant for you to hear from me, who dropped out, but I guess it is considering the context. I'm also an immigrant. I didn't become a citizen in the U.S. until I was 17 years old. I moved to Illinois from eastern Europe when I was five-and-a-half or six and lived there until it came time to go to college. And I could have chosen a school in state, but because I got a scholarship to UNL--almost...I forget what it was, but it was almost like a full ride--I decided on UNL because I wanted to go out of state and it would have been cheaper than going in Illinois, or so I thought. I got here and within the first, like, year, I guess, of being here, I went through my high school work earnings of \$4,000, which I paid for all my own housing and food and books and everything involving an education that isn't covered by a scholarship, and I paid for all that, went through all my high school reserves, and then I started working full time. While I was at UNL, I worked on campus and had a job off campus, and then summer came and I worked about 80 to 90 hours a week all summer saving up for the following semester to pay for the money that a scholarship would not cover of my education and I ended up having to drop out after my third semester at UNL. There were other factors that went into me dropping out, but I'd say the financial aspect of it was a huge determining factor. And as an immigrant here, I have an American and a European...or an EU citizenship and I just...I know we talk a lot about how we want to keep people in Nebraska and I consider Nebraska my home now. I voted or I registered to be like a voter and I got my Nebraska license actually earlier today at the DMV. I was super excited. But I'm leaving in three months to move back to my home country, and so I want you to

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just consider the irony that while you're talking about keeping Nebraskans in Nebraska, my inability to pay for an education here is the reason why my country of...with an aging population and a hugely...like huge downturn of young people, my country is getting me back because it's cheaper for me to go live there for two years in eastern Europe, in Latvia, live there for two years, get European residency, and then apply for any school in the EU. That's cheaper for me and those two years of my life are cheaper for me to give up than it is for me to stay here and attend school here or anywhere in the U.S., so thank you. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Seeing none, thank you. [AGENCY 51]

MO NEAL: (Exhibit 25) Hi. I'm usually over here testifying against NRA gun bills, so a few of you know me. But my name is Mo, M-o, Neal, N-e-a-l. I'm retired faculty from the department of art and art history, now the School of Art and Art History and Design. And so I'm here on behalf of some friends that are in danger and in behalf of a future that I see down a dark road. It seems that the...and I'm in opposition, in case there was any doubt. It seems the arts are under attack once again from the state, as well as the federal government. And so I write as a member of the retired faculty over there and as a recipient of the last National Endowment for the Arts award in sculpture back in '94. There has not been a single year where I, while I was at UNL for 21 years, that my college and my department did not get a cut. There were a few years that we had a flat-line budget. But we never were offered more money unless it came out of a cut. We were continuously asked to do more, more, more with less, less, less. These proposed cuts are draconian in their long-term effects, not just on the programs targeted but on all other areas of the university. Department areas are intertwined in numerous ways but not always obvious to the observer. Synergistic relationships create the atmosphere where discoveries are made that transform our lives and our world. Having these separate and diverse areas of study are critical to obtain the excellence in research required to maintain a Carnegie tier-one research designation. If you don't know what it is, Google it. For over 21 years, I taught all levels of sculpture at UNL. I worked with over 50 graduate students in other studio areas. I recruited approximately 20 grad students in sculpture and served on four to six Ph.D. candidates in music committees. I taught approximately 1,050 undergraduates beginning sculpture and several hundred others figure drawing. The one essential in all of their backgrounds was the presence of an undergraduate art history degree. I do wonder how many of you ever had one, just a class. Art history is a lens a

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studio artist uses to see the future, as well as what has come before. We teach studio classes with projects that start by looking at the past. A Mesopotamian pottery shard tells us how people danced, what they ate, what they valued, where they plowed. A Greek temple speaks of philosophy, politics, and religion, as well as the people that went in and out of it on a daily basis. Pointillism in paintings parallel the current discoveries in science, such as the theory of atomic energy and splitting atoms. Studio artists cannot survive in a department without their colleagues in art history. The school will be in danger of losing their National (Association of) Schools of Art and Design--NASAD--accreditation if these cuts are implemented. And believe me, this is not insignificant. Incoming undergraduates and grad students look to see if the school is accredited by NASAD or one other agency. If they don't see that, they are inclined to not even apply. Sure, the next move will be to hire adjuncts to teach survey courses, but the grad students will not have valid degrees because their MFA requires art history courses, which it's going to be hard to teach all that by adjuncts. One thing you don't realize that isn't in here is that the art history has 14 majors. But they have been doing service for decades to the entire university for humanities requirements in survey courses which have hundreds of people in them every semester. That's not insignificant. They have taught surveys on-line. And I believe you still do? [AGENCY 51]

_____ : We're doing (inaudible). [AGENCY 51]

MO NEAL: Great, so there's hundreds more. [AGENCY 51]

SENATOR STINNER: I hate to interrupt you, but we are finished. [AGENCY 51]

MO NEAL: Okay, I'm almost done. Overall, these cuts to Nebraska system will adversely affect the Nebraska economy for generations. It will suffer because enrollment will drop, companies will not be willing to relocate to a state that has crippled the flagship university. The employees will believe their children of college age should be sent out of state to find the programs they want for their career goals. People do not actually desire to place their aspirations on a lower shelf. Winston Churchill put it best: The arts are essential to any complete life. The state owes it to itself to sustain and encourage them. And I really am begging you to stand up and grow a pair and say no to these cuts. [AGENCY 51]

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SENATOR STINNER: Questions? Seeing none, thank you. [AGENCY 51]

MO NEAL: Oh, I will take questions. Sorry. I'll sell you a snack bar for a vote. [AGENCY 51]

SENATOR STINNER: This our last testifier? Maybe? Any additional testifiers after this? Okay. [AGENCY 51]

PAUL CLARK: Hello. [AGENCY 51]

SENATOR STINNER: Hi. [AGENCY 51]

PAUL CLARK: My name is Paul Clark, P-a-u-l C-l-a-r-k. I've never done this before so I feel weird. I disagree with the Governor on most things and I don't have a lot of fondness for his policy ideas. But I highly disagree that cutting the university budget is a good idea because I think that education is beneficial in and of itself. It has benefited my life personally. It has benefited the lives of virtually every single person I know. And as someone who's read a lot about history, you know, I can say pretty unequivocally that societies benefit from greater access to education. So it's really funny and almost kind of surreal and crazy to me that we're not talking about how can we expand the University of Nebraska, how can we give more people access to education, how can we better our world via education. We're talking about cutting and decreasing and lessening. It doesn't make sense to me. I've been really stressed out all week because there's a violent extremist who has been saying things about how he'd like to hurt people and advocating for a European "ethnostate" in this country and I've been thinking about this a lot and looking at it on the Internet and seeing this world of thought that this young man comes from, and it's a world of ignorance. And I think it's your duty to create a better world, and that's all I have to say. [AGENCY 51]

SENATOR STINNER: Thank you. Questions? Seeing none, thank you. [AGENCY 51]

PAUL CLARK: Thank you. [AGENCY 51]

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SENATOR STINNER: Any additional opponents to the budget? Any proponents to the budget? Seeing none, anybody in the neutral capacity? Seeing none, that concludes our hearing for today on the University of Nebraska. Thank you for being (inaudible). [AGENCY 51]