

we've got to take care of them. I think it's, it's a financial engineering way of taking care of these without damaging anything in terms of ratios, without putting the university in jeopardy or, or anything else. So I think it's a smart plan, and I, I definitely support it. So thank you.

**BOLZ:** [01:13:45] Thank you, Mr. Chairman. Any final questions for Chairman Stinner? OK, I believe Senator Stinner is gonna give us a five-minute breather before we start the agency hearings, so we'll be back in five minutes.

[01:13:57] [BREAK]

**STINNER:** [01:21:34] Welcome to the Appropriations Committee hearing my name is John Stinner. I'm from Gering and represent the 48th Legislative District. I serve as Chair of this committee and I'd like to start off by having members do self-introductions starting with Senator Erdman.

**ERDMAN:** [01:21:48] Steve Erdman District 47, 10 counties in the Panhandle.

**CLEMENTS:** [01:21:54] Rob Clements from Elmwood and represent District 2, Cass County, parts of Sarpy and Otoe.

**McDONNELL:** [01:22:00] Mike McDonnell, LD5, South Omaha.

**STINNER:** [01:22:03] Robert Hilkemann is presenting in another, in another hearing in another committee. My name is John Stinner. I'm with Legislative District 48, all of Scotts Bluff County.

**BOLZ:** [01:22:15] Senator Kate Bolz, District 29.

**WISHART:** [01:22:18] Senator Anna Wishart, District 27, west Lincoln

**VARGAS:** [01:22:21] Senator Tony Vargas, District 7, downtown and South Omaha.

**DORN:** [01:22:24] Senator Myron Dorn, District 30, Gage County and part of Lancaster.

**STINNER:** [01:22:28] Assisting the committee today is Brittany Bohlmeier, our committee clerk.

Our page today is Cadet Fowler, he is studying film studies at the University of Nebraska in Lincoln. You'll probably see him on TV at some point in time in your life. Also assisting the committee today as Kathy Tenopir, our legislative analyst. At each entrance you'll find cream testifier sheets. If you are planning to testify today, please fill out its-- fill out a sign-in sheet and hand it to the committee clerk when you come up to testify. If you will not be testifying at the microphone but want to go on record as having a position on a bill being heard today, there are white sign-in sheets at the-- 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 hearings. To better facilitate today's proceedings, I ask that you abide by the following procedures: please silence or turn off your cell phones; move to reserved chairs when you are ready to testify. The order of testimony will be the introducer, proponents, opponents, neutral, and closing. When we hear testimony regarding agencies, we'll first hear from the representative of the agents-- of the agency. We will then hear testimony from anybody who wishes to speak on the agency's budget request. We request that you spell your first name and last name for the record before testifying. Be concise. It is my request that you limit your testimony to five minutes. Written materials will be distributed to committee members as exhibits only while the 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 so the page

will make copies. Today we will be using a timed-light system. When the light switches to yellow, you will have one more minute. When the red light turns on, please finish your paragraph. We will be giving each testifier five minutes to speak. At 4:30, we are going to take a ten-minute break again. And as we come back, each testifier then we'll be given three minutes to testify. With that I have some opening comments actually to make and a lot of it's for the record but some of it also is for committee and new committee people. But Agency 51, the University of Nebraska, is unlike any agency that, that we appropriate for. It has a Board of Regents, that Board of Regents is elected, that Board of Regents has what we call corporate governance. It's like a board of directors for the university. That means that they allocate resources. They, they approved curriculums. They-- policies procedures, they'll approve of those. They hire the president. Obviously, they approve salaries. All the things that you normally see within a board of directors. And interestingly in 1977, court-- Supreme Court decision in the Board of Regents v. Exon determined university funds which are derived from operations of the university were received from the federal government or private donors are subject of control of the Board of Regents without an annual legislative appropriation which means that even though we may look at and say, OK, we're gonna give the university salary increases at two and a half or 3 percent, we're gonna also give you health insurance or something along those lines, we really give them a lump sum appropriation, and then it's up to the Board of Regents obviously to take a look at those-- to take a look at how they distribute those dollars. There's been questions in the past about transparency and the amount of information that's given or not given. I do have a listing and I asked Kathy Tenopir to prepare this, but you can find a lot of this information on-line and there's a bunch of it. The university's budget request document provides three years of actual expenditures. Each budget request document is approximately 2,960 pages long. Ten years of actual expenditure information can be found on-line. The annual operating budget is 334 pages. The annual budget by department listing is six volumes and 7,424 pages. Comprehensive Annual Financial Report, which is I have today, is 110 pages long. Salary information is contained in the annual personal-- personnel roster which is by campus, by

department or division, and there also is a strategic plan, a comprehensive strategic plan and if you're interested in the university and what they're trying to do, what their initiatives are, how they allocate resources, they actually do set goals. And I think that they hold the president accountable for trying to obtain those goals. So there's tons of information on-line. Certainly on request as well, I think there's a few hard copies. I actually have a hard copy of the strategic plan from several years back that I've taken a look at. But with that, I'll open it up for President Bounds to give you your opening remarks.

**HANK BOUNDS:** [01:27:50] Thank you, Mr. Chairman, members of committee. Chairman Stinner and members of Appropriation Committee, my name is Hank Bounds, H-a-n-k B-o-u-n-d-s. I am president of the University of Nebraska. Thank you for the opportunity to speak to you in support of the two-year budget requests for the university and the Nebraska College of Technical Agriculture approved by the Board of Regents. You know, I've spent a lot of time thinking about my, my remarks to you today and how I might best make the case for your investment in the 52,000 students who represent frankly the future of the state of Nebraska. As I thought about how to share the University of Nebraska's story with you and how to describe the work that has been done across our campuses in the past few years, Paul Harvey keeps coming to mind. For every point of pride and hope the chancellors and I feel when we come to work, and there are many, there's also the realism of the rest of the story. We are a university on the move, fresh off our 150th anniversary, reflective of our past and unified goal to make an even, even greater impact on Nebraskans' lives. The rest of the story is that we are mindful that three rounds of state funding cuts in the last biennium have limited our ability to grow and meet the work force needs of the business leaders sitting behind me. We're at the table as never before in conversations about how to solve the world's most urgent challenges. The Department of Defense has us on speed dial in the fight against terrorism. When the government needs a place to monitor a potential Ebola patient they call on the University of Nebraska. Innovations coming out of the Institute of Agriculture and Natural

Resources will help feed 9.6 billion people by 2050. Now here's the rest of the story, limited resources mean we are not as competitive as we could or should be. Cuts that prevent us from investing in talent are akin to putting a, quote, for sale sign in the yards of the very faculty who have built the University of Nebraska's national and international reputation. We are proud of the tireless work our employees have done to find \$22 million in administrative cuts through our Budget Response Teams. If not for these reductions, tuition increases would have been higher and academic programs would have suffered more. The changes have yielded new efficiencies and collaborations between campuses that did not exist before. But not a day goes by when I don't think of the more than 100 jobs that have been lost because of this effort. These are real people, real public servants with real families and livelihoods. Moreover, we've looked under every rock for administrative cuts, some twice. I worry about the impact that further reductions in state funding would have on the quality and breadth of the institution, academic programs obviously can only be protected for so long. And we're grateful to Nebraska policymakers for their long tradition of support of higher education. Chairman Stinner, Vice Chairwoman Bolz, and this committee in particular have shown great leadership and vision in advocating for affordable, accessible, quality higher education for current and future generations of Nebraskans. Your decision last year to spare us and all of public higher education from what would have been devastating budget cuts is, I think, a key reason why I can sit here today and truthfully tell you that the University of Nebraska's next 150 years can be even better than our last. For the biennium ahead, I'm grateful for that the committee and the Governor have recommended funding the university salaries and health insurance. This is the best starting position the university has been in for some time. Certainly since my time here in the chair, and I thank you for your leadership particularly during these times of fiscal stress. The rest of the story is that this is not a growth budget. It does not cover all of our needs including utilities which have not been funded for several years, or our rising inflationary cost, it will not meaningfully move the needle on the urgent work force and talent crisis facing the state of Nebraska. Senators, we've been through a period of extraordinary challenge. One year ago, I sat in this chair and told you that I

put my fireman's hat on almost immediately upon arriving in Nebraska and not taken it off since. I told you that it was difficult to see over the horizon when we were managing one cut after another. Mr. Chairman, in this way we have a lot in common. You certainly know what it's like to wear the fireman's gear. I can't tell you I put my fireman's hat away, but I can tell you that in spite of our challenges in the face of cuts that could have crippled our momentum the faculty staff and students and especially our leadership team have resisted the urge to hunker down. We kept our focus on the future. Today, I'm asking you to do the same. The opportunities for your university to help you build the economy of the future are as great as they have ever been. The needs of our work force are urgent and growing, starting with the 35,000 annual openings in high-skill, high-demand, high-wage jobs that Nebraskans will have in the year ahead. Every day that we don't invest in recruitment and retention of talent is another opportunity for promising young people, skilled workers, and successful companies to go elsewhere. The testifiers who will follow me will tell you more about. Your university is ready to run faster, to be more nimble, to be bigger and bolder, and more creative about producing the work force, the research, and the economic activity that you need in order to grow the state. We need your partnership to do it. It is difficult to grow and for several years running we've had to eat the cost every time even a roll of toilet paper gets more expensive. Before you say, Bounds you're being dramatic, let me tell you what some of our neighbors are doing. The University of Minnesota, our Big Ten peers has asked legislators, has asked legislators for \$87 million more for operations in the next two years and \$230 million for capital funding. Lawmakers on both sides of the aisle applauded the University of Minnesota President for and, I quote, his prudent request. Wisconsin legislators will consider a proposal to invest \$150 million more in the University of Wisconsin. The University of Illinois is asking for \$722 million dollars for deferred maintenance. I'm asking you to find a way to make the University of Nebraska a priority for the state. I'm asking you to invest in one of the greatest change agents our state has to offer the university. So that Nebraska can be the kind of place where little Ava Vargas and every child like her will someday want to live, work and raise a family. And by the way, congratulations,

Senator Vargas.

**VARGAS:** [01:34:43] Thank you.

**HANK BOUNDS:** [01:34:44] I ask that you find a way to fully fund our budget requests so that our university can be kept whole in the next two years. Short of that, treat our salary appropriations fairly compared to other state agencies. Help us turn the corner so we can help you build a future that our children and grandchildren will be proud of. I know you have no easy choices. I'm grateful for the work you do and I don't envy your task, but I'm convinced that the long-term prosperity and well-being of our state depends on a growing accessible competitive University of Nebraska. So let me just say a few words about the request we brought to you. First, it may be helpful to provide a refresher on how the University of Nebraska's budget works. You'll often hear about the University of Nebraska's \$2.6 billion budget and you might conclude that we have flexibility when it comes to managing cuts. That's not accurate. In fact, two-thirds, two-thirds of our budget can't be touched. Think of the budget as falling into three buckets, one bucket is self-supporting operations like parking and housing and other includes restricted funds like private gifts and research grants that can't be directed elsewhere. There's no doubt that private philanthropy has transformed the university, but donors don't give to fix a leaky roof. In fact, more than 99 percent of gifts to the foundation are designated toward a specific purpose. And the third but-- bucket is what you typically think of as an educational enterprise of the university. The teaching research and outreach efforts that drive our daily activities. This is the portion of the budget that's impacted by state funding cuts and this portion is funded by two primary sources: state appropriations and tuition revenue. The history is quite clear on the relationship between these two. When state funding goes down tuition goes up. With that in mind the Board of Regents, Chancellor, and I had a lengthy discussion about what the-- what level of funding we felt was necessary to pay our employees and keep our buildings open while not raising tuition to a level that would price students and families

out of a university education. What you have before you is a minimal request reflecting the fiscal challenges that you continue to face. It covers some, not all of the basic needs of the University of Nebraska. It does nothing to meaningfully close the salary gap that exists between us and our peers even as we recruit faculty in the most competitive marketplace of our lifetimes. It does nothing to address the \$750 million deferred maintenance that exist across the campuses. It does not include investments for major strategic initiatives like our number one university-wide priority engineering. This is a critical work force and economic development issue for Nebraska. Yet, we are not competitive in the Big Ten. We've outlined an ambitious and exciting plan for growth that will engage all campuses and the private sector partners across the state. But it will require support from all fronts to the prop-- to provide the facilities, the faculty, the programs that we need to be successful. Our request does not improve our competitive position when it comes to facilities and financial aid. Other states provide significantly more in these areas. Iowa, for example, gets \$90 million annually for facilities. On state-funded financial aid, Nebraska ranks in the bottom 10 nationally on a per-population basis. That doesn't help when we're trying to attract young people who will become the next generation nurses, software developers, teachers, engineers, entrepreneurs, and so on. Our requests even if fully funded will require us to have a conversation with the board about tuition, and certainly I don't take that lightly. The combination of value and quality that the University of Nebraska offers is unrivaled almost anywhere else in the country. We have the lowest tuition in the Big Ten, the lowest levels of student debt. Every time we are forced to consider a tuition increase, we test the principle that the University of Nebraska is an institution of access founded to serve not just a privileged few but the sons and daughters of farmers and ranchers who also deserve to share in the promise of higher education. And since it does not cover all of our needs our requests will require further reductions at the very time we should be growing in order to meet the needs of our state. That these reductions will come on the heels of our efforts to climb out of a \$55 million recurring, \$25 million cash, and over the biennium \$112 million in total change in our budget. It makes this budget-- makes the work much more difficult. Many of the proposed cuts

that I share with you a year ago have come to fruition. Every time-- every one of them has hurt our goal to grow the work force. When we cut a program, it hurts the work force. When we delay hires, let jobs go unfilled, and hold off on sal-- filled, and hold off on salary investments, it hurts the work force. One of the gems of the University of Nebraska that's earned well-deserved media attention recently is our research on the western bean cutworm at West Central Research and Extension Center in North Platte. Senator Erdman, I know you got an opportunity to see this work in person a few months ago, and I've seen it as well. The faculty-- the work that one faculty member in extension is doing to combat this pest is helping farmers increase their yields and save untold dollars. But cuts force us to scale back our work in rural Nebraska and only does that-- and not only does that hurt agriculture it hurts the work force. Senators, when your university isn't growing, the state isn't growing. That's not good for our young people. It's not good for business leaders who depend on us to provide a skilled work force. And it's not good for taxpayers who get a 7-to-1 return on every dollar they invest in the University of Nebraska. That figure's hot off the press by the way. But when we find ways to grow, good things happen, great things happen. I could ask every chancellor to come up and talk to you about the momentum and opportunity on our campus, and this red light would come on before they could even scratch the surface. I think they would tell you about the progress at Innovation Campus and the new collaborative facility that houses the UNL Health Center and UNMC College of Nursing. I think they've mentioned the planned expansion of UNO's biomechanics' program which is unlike any in the nation. I think they would speak to the growth of UNK's footprint, including a game-changing new STEM building and new early childhood center that will make Kearney a hub of economic and educational activity. And I'm quite sure that they would invite you for a tour of UNMC so that you could experience the wonder of the Buffett Cancer Center, a place that you helped build, and see and touch the technology that makes it possible for you to connect instantly with someone a world away. We would tell-- we would all tell you about the new records and research, and our rankings among the world's leading institutions in bringing faculty innovations to market. We talk about how proud we are that our

student body is more diverse than it's ever been, because we know that we are better when we stand next to people who don't look or think like we do. And we would agree that our work is just getting started. The needs of the state are too great, too pressing not to invest in the University of Nebraska, one of the primary drivers of individual and economic growth for the past century and a half. We have the opportunity now, together, to build the future we want for our state, and I'd ask for your partnership in that work. Before I conclude and invite your questions, I would like to make a few technical points. First, we are asking the Legislature to reappropriate unspent cash funds from LB390, which provided for a pilot study of med-- medical cannabidiol. Second, because of a clerical error, the fiscal year 2020-21 capital reaffirmation for the Vet Diagnostic Center needs to be revised to \$2,733,600. Finally, as we have discussed with the Governor's office some proposed changes to the intent language for the Nebraska Talent Scholarship program to be more specific about what areas of study would be eligible for the scholarship and what data we would report to the state every year. Thank you for your time and consideration. I'd be pleased to attempt to answer your questions.

**STINNER:** [01:43:27] Thank you, President Bounds. I have quite a few questions and I'll ask the committee for my-- for indulgence, but I do have quite a few questions. And I think if anybody listened to hearings over the last two years, if you were listening when we presented the budget to the floor, one of the things that I tried to emphasize to all us legislators is the fact that we needed to measure outcomes. So we were in a cut mode and we cut a lot. The University of Nebraska, over a three- year period of time, we cut \$49,324,000, about 8.5 percent. That doesn't include normal operating costs of about \$30 million to \$40 million is what we went through last year in the testimony. So that left you really economically behind over \$100 million. And, of course, you talked about your budget team that you put together, and what I would like you to do is to measure outcomes, to help us measure those outcomes, to tell us what the process that you went through, what works what didn't? What are you going to put in place? What hasn't been put in place? And

what I always find out when I'm starting to cut is, oops, I can't cut that. And what I thought might be there as a cut, I had to back off. So enlighten the committee on that so we can measure these outcomes.

**HANK BOUNDS:** [01:44:51] I'll, I'll be happy to attempt to answer the, the question. So we, we did see sort of the handwriting on the wall with the fiscal forecast and recognize that cuts would be coming our direction. And in fact, as you know, we've had multiple cuts, the overall budget gap that we've had to close is north of \$110 million over the last two years. As a senator discussed, it was not only a reduction in state appropriations, but as you know we are collectively bargained on some of our campuses that drives compensation. I don't know of anyone where any entity anywhere where health insurances-- health insurance calls didn't increase. CPI is something that keeps on rolling whether you want it to or not, and just a general inflation. So we put together a fairly comprehensive process called the Budget Response Team and looked at a number of areas, facility management and energy procurement, information technology, financial operations and accounting, HR benefits and payroll, PR and communications, travel, investments. So, so we, we have observed-- so we-- we'll have-- we will have cut by the conclusion of this year, a recurring \$22 million. That's outside of the academic programs that we discussed with you at the committee last year that we would have to close. And I can, I can walk you through what those cuts are as well. We-- you, you know, Senator, you're right. You start this process and think it's going to look one way and what you find is that things never go as planned. We get-- we have several hundred million attacks on our IT infrastructure every day. Clearly, you know, we have to bat a thousand; the bad guy has to get it right one time. So when we looked at collapsing all of our IT infrastructure, while we did find some savings, we found that through a, a risk analysis that we needed to invest more money in cybersecurity. And so the attacks that we have are everything from common criminals to nation states that, I mean, you read about this all the time on what's happening in universities with, with entities trying to steal intellectual property. It's an enormous issue at the hospital black market,

medical records are very expensive. So we spend-- we actually had to make an investment in an area where we thought we would find cuts. We are-- but we feel good about the work that we've done. And then on top of that for our last series of cuts, so the, the, the big cut piece, we tried to-- so we approached it with a, a few cornerstones of, you know, things that we were going to, you know, really stand on. One, we're gonna do everything that we could to protect affordability, knowing that we would have to increase tuition, we want to do everything that we could to protect the academic profile of the university knowing that we would violate that. And we wanted to create as little disruption as possible. But, I'll tell you this is very disruptive. One of the things, Senator Stinner, that worries me quite a bit is, you know, when you look at our audits we have really good audits for the past decade. We don't have blemishes on our audit. When you start collapsing all this and recognize-- you, you gave some stats, and earlier, you know, when you, when you realize that we do 75 million financial transactions a year, 32,000 contracts, 29,000 purchase orders; it's an enormous enterprise. And so I, I do worry that when you start collapsing jobs, when you start pushing those things together that mistakes can be made and we run into issues long term on audit. So we're investing more in internal audit to review areas that might, you know, change our risk profile a bit. And then for the last cut that we received mid-year, we had to spread those cuts out equitably by campus. And I'm, I'm happy to read through what those programmatic cuts are. I can just provide the committee with a copy. But we, we feel-- I mean-- I think, we've been really successful in this approach. It's been hard work. It disrupts our business model quite a bit but we've been successful, and I feel good about where we are.

**STINNER:** [01:50:11] My second question really revolves around the tuition and, and we had talked last year and it's on the record that there was a 5.4 percent increase in tuition and then a 3.2. Is that still the case or did you have to change that as well?

**HANK BOUNDS:** [01:50:29] For the first year of the biennium we had a 5.4 percent, and for this

year we had 3.2. That's correct. A total of 8.6 over the biennium.

**STINNER:** [01:50:37] And I noticed on-- and I'm gonna reference to page 19 on the comprehensive audited statement under management and discussion. There is a chart that, that breaks out the campuses, 2014 to 2018 enrollment went from 50,705 to 52,679. However, '17, '18 comparison looks like you kind of flatlined, 52,516 and 52,679. But also embedded into the commentary is an increase enrollment is a strategic priority of the university and all campuses have devoted greater efforts to recruit both in-state and out-of-state students through such activities as improvement of student residences. Do you want to comment on student enrollment, where you're at, what the trends are, what competition is, etcetera?

**HANK BOUNDS:** [01:51:35] Sure, that's, that's a great question. So, as you mentioned, we had grown for multiple years up until this year. You know, what-- does, does-- did the tuition increase impact that, I, I don't know, 8.6 percent. I can tell you that if you look back across history and look at the last time that the state went through a downturn in the early 2000s there were multiple 10 percent increases. At the end of that time, it took the University of Nebraska a decade to get back to where it was before they started raising tuition. So we have some history to rely on. It's one of the reasons that we really pushed back on raising tuition. I think it damages the work force of the state when we do that so we're really careful on tuition. But from a-- so let's talk about competition a little bit, when, when you-- and I've, I've been able to see this up close and personal. I have a son that's a senior in high school and we've gone around the country and looked at different places and he has offers, and I look at what we do-- what we can afford to do versus what other places can afford to do and we're not-- it's not like-- it's not as though we're not in the same ballpark as other institutions. We're not in the same zip code. Other-- so oftentimes people-- there are individuals that like to compare our appropriation for FTE and talk about that and compare us to other places. And when you look at appropriations per FTE it's a good measure, but it's only a measure. It's like saying

there are chairs in this room, that would be accurate. But there are also people and desks and lots of other things in this room, right? So oftentimes when we get compared to our peers, we're only talking about appropriations for operations. When you look at what we don't get and most other places do around student financial aid and facilities' dollars, we aren't in a competitive place. So, on the committee, how many of you have heard of Regents Scholarships before? Everybody knows what a Regent Scholarship is. Let me tell you what it is and what it isn't. Senator Vargas, if I said, Ava, in 18 years from now you're a really high performing student and we want to offer you, we want to offer you a Regents Scholarship. What that would mean is that Ava would not have to pay tuition. What it also means is that we don't get one penny for it. It means we give that education away. We don't charge those students. We don't get any money for Regents Scholarship. We are number one in the country from what we can find in terms of the amount of remissions. So when you discount tuition, when you remit it, it's just-- it's a foregoing of revenue. And so you might say, well Hank, why in the world would you do that, and my answer would be if we did it, it would make the work force crisis that we face now pale in comparison to what we would have. Because I'll tell you, if you are-- so we, we lose about half of all the students that make a 30 or above on the ACT in the state of Nebraska to other places. Now we should lose some, Dad went to pick the place and I'm gonna go where Dad went to school. You're going to get some of that or, you know, I grew up in Lincoln and I don't want to-- you know, I want to move away and go to school somewhere, but we shouldn't lose almost 50 percent. And frankly it's because we can't-- we aren't competing from a financial-aid perspective. So for example, let's, let's assume, let's assume that I live in Texas for a moment, and Texas is a place where they have a capacity issue. They, they-- you know, student population, birth to age 20 population is exploding. Nebraska is a place where we're flat to shrinking. So very different dynamic, and so University of Texas, for example, you can only get in there if you're in the top 10 percent of your class. So they have capacity issues. So many places are in the state of Texas, because that's where students are. Not just Texas, but other places, and recruiting students. So if I live in Texas and I have three children and my child makes let's say a 35

on the ACT, and I make \$85,000 a year, and university X offers my child \$115,000 for school, and the University of Nebraska offers \$40,000 or \$45,000, where does my child go to school? It's a simple math equation. So it's, it's a challenge that is impacting the work force in this state. And I, I just-- maybe just another minute of pulling this thread, Mr. Chairman. I had a meeting with a number of business leaders from across the state, about a dozen of them, and we, we were talking about the work force issue. And they went around the room individual by individual talking about the hundreds of jobs that each of them are moving to another state because they can't get talent here. And all of those jobs are what we call H3, high-wage, high-skill, high-demand jobs, pay good money; \$85,000 to \$100,000 plus jobs, and they're leaving. They're moving those--and these are Nebraska companies largely. That grew up here, that cut their teeth in Nebraska. And they're taking them to other places, because they can't fill the jobs here. And it's-- part of it is because we aren't producing enough talent. And to, to get talent, we have to be able to compete. Which is why, Senator Stinner, the bill that you authored that put \$10 million a year for the next three years in a high-performing scholarship is so critical. It is absolutely a work force issue. So, you know, it's a, it's a, it's a competitive market place to say the least.

**STINNER:** [01:58:22] I know that a theme of ours at the Legislature over the years has been access and affordability, and, and I did-- one of the things I cut out and have kept every single analysis-- this is you talking last year, and every single analysis I've seen shows that a college degree is the surest pathway to economic mobility. I agree with all of that. But I guess my question is, how far can I move up tuition without having-- I mean, can I move up 10 percent maximum, or is there-- where, where does diminishing returns start to kick in?

**HANK BOUNDS:** [01:58:59] I think we're seeing a little bit already. You know, when you look at average wage across, across the state, and when you do that analysis-- so, so, you know what, I, I look at all kinds of metrics as you-- I mean, you and I talk about metrics all the time. I, I look at

graduation rates on all of our campuses, and clearly those rates aren't where we want them to be. I see lots of students taking five, six, seven years to graduate. And there are some who look at that and are negative about it. But I just knew how-- know how I grew up, Senator. It took me six and a half years, and I won't apologize for it. I paid for every penny of my college and every 1 percent mattered to me. I spent time on neighbors' couches, sleeping in my truck because I couldn't afford gas to drive back home. I worked nights. I worked full-- I, I went to school at night. I went full time. I joined the army. I did everything I could to get a degree, and I was really proud to get a degree inside of six-- in, in six years. And so I, I would argue that every time we do anything with tuition it impacts somebody out there, and I don't know when, when we get a point of diminishing returns. I think that's a-- that's as much of art and science and look at what's going on with the economy. A college education as you know, Senator, is a life-altering experience. And we oftentimes focus on things that are meaningless at the end of the day. But the chancellor and the board are really focused on getting more kids across the finish line, and frankly if it takes them six years and they work for a semester to earn money to go to school for a semester, I'm pretty proud of them.

**STINNER:** [02:01:08] Just for the record, I want to note that one of the metrics, in positive metrics, for the University of Nebraska's, as far as the bond rating is concerned is the stability of enrollment and you will hear me talk a lot about bond ratings that's, that's our financial scoreboard. I mean, that's, that's our report card of how good we are or how bad we are. So you'll hear me talk about that. I did a little bit of a math problem on tuition because I've been approached by several senators from time to time where we need to cut appropriations down 200-300 million dollars to the University of Nebraska. And just my-- by simple math of dividing and subtracting, it appears that we'd need about a 50 percent increase in tuition. That would be transformational, would it not? And how many businesses do you know that could take a hit like that?

**HANK BOUNDS:** [02:01:56] Well, well, you'd put the university out of business, and you would

put businesses across the state out of business. I've, I've heard that same comment, there's no data, absolutely no data to support that we are overfunded and should be cut. I can show-- give you reams of information that speaks absolutely to the contrary on that, and shows that we're absolutely not in a competitive place with our peers, peers. Under any metric, there's just no data that, that would justify that kind of an action.

**STINNER:** [02:02:32] Question three, is days in cash. We talk about that and again went back to the bond rating and days in cash at the time we talked-- we were 50 days below our peer group. What's our status today?

**HANK BOUNDS:** [02:02:45] So we are closer to 60, 65 days less in cash than our peer average. We are-- I, I provided you with information in the data packet that illustrates this, where we are. If you look at the back, one of our financial advisors has done some work for us. If you, if you read the-- if you read the letter from Moody's. What Moody's says, puts in writing, and I can provide you and the members of the committee with the letter, is that and they, they write in spite of cash decline, they have faith and feel like they can keep us at a Aa1, and it's completely attributable to university leadership managing our finances. We are really a well-managed organization. You've heard from Chris Kabourek, our CFO. A lot of credit goes to him and the, and the chief business officers across the university. But we are-- if you just-- if, if you only look at days of cash we should drop a bond rating.

**STINNER:** [02:04:03] And if we drop a bond rating what, what do you believe in today's market that means in terms of bond rates?

**HANK BOUNDS:** [02:04:09] Probably 30 to 40 basis points.

**STINNER:** [02:04:12] And if I took that times the total outstanding debt of what we have it's--

**HANK BOUNDS:** [02:04:17] If it applied to our current debt it would be--

**STINNER:** [02:04:19] --twenty-one million.

**HANK BOUNDS:** [02:04:22] It, it would be much larger than that.

**STINNER:** [02:04:24] OK. I'll have to work the math out on that. We talk about cash and operating cash and I think that you emphasize the fact that the operating budget and really the one that we focus on is called-- I call it the General Fund. We, we call it the state-aided fund. We can call it an educational enterprise. That's nine hundred and ninety-- nine hundred and sixty six million dollar budget out of the 2.6 billion. On cash, it shows unrestricted cash is something that I follow fairly well and days in cash are a part of that computation. So on page 36 of the report, it talks about just what the total cash is and what it's comprised of, 603 million of unrestricted cash, is in that position, then we have restricted cash. And I just want to talk about the unrestricted cash first, and I had Kathy Tenopir pull together just the operating funds. And we have to remember when cash is looked at on a financial statement, it doesn't tell all the whole story that there is seasonality to it. There are uses for it, it goes up and down. And I get all of that, and the thing that I was most wanting to focus on is the 296 million that we have in operating cash or about half of it in operating cash. But interestingly, you have to adjust out what encumbrances are and there's \$171 million encumbrances so available cash, 125. And, of course, the rest I believe is unrestricted revolving funds that go up and down and need to have cash balances to cushion what the needs are from a seasonal basis.

**HANK BOUNDS:** [02:06:09] And so-- yes, sir. So some of the language that you are using-- if

you're not familiar with GASB--

**STINNER:** [02:06:18] I'm getting familiar with it, and it's not a good subject.

**HANK BOUNDS:** [02:06:21] -- and so, so, you know, many-- sometimes people look at this and say well, wow, you got \$603 million of unrestricted cash, June 30, which is a snapshot as you mentioned. But, that's just how we have to-- that just the rules of accounting, that's GAAP accounting. So while GAAP may consider it unrestricted, the truth of the matter it is-- it's very restricted. So for example, auxiliary cash, we have a lot of money in auxiliary cash in housing and parking. So you, you mentioned this in the last hearing, the fact that our bond-- our bonds are not backed by the state. So in, in-- when we go to market and borrow money to build a dorm or a parking garage or a, or a bookstore or another auxiliary facility, we have to pledge revenues against that. And there are bond covenants that prevent us from spending those dollars any other place. Now we can take those dollars that come in for housing, we can renovate housing. We can, we can raze a building. We can build a new building. But all of, all of that cash has to stay in that bucket, it goes back to my written testimony about having three separate budget-- buckets. So when you, when you recognize that we have 603 million, 231 of it is auxiliary, can't be touched because of bond covenants. Thirty-six million of that is athletic tickets that were prepaid that go into the next year's budget. We have a payroll of about \$18 million that has to be paid the biweek-- bimonthly payment. So that gets us down to about \$296 million in cash. You mentioned encumbrances, we have committed capital construction funds. We have the \$11 million in LB957. The-- so we, we, we hold about 60 days in federal research reimbursement working capital. You'll recall the shutdown. So if we would have, if we would have been shut down for another 15 days or so, we would have had to use other areas to float the research. So we have about \$34 million there, so that leaves us in truly uncommitted state-aided cash, about \$125 million. And that gives us 47 days in cash. Now I, I don't know how many in the room have run a really big organization, but 47 days in cash makes me

very nervous, particularly, when that's, that's not at a bad point in time. So in-- so we get payment from the state on a quarterly basis. We get payment in tuition twice a year. So there are, there are times when that days of cash number is much smaller. And so it's, it's a-- we are, we are managing margins to say the least.

**STINNER:** [02:10:09] The total cash that you have on hand is a million three at the-- at year end, \$715,000 of that's restricted cash and investments. If we use restricted cash, I presume we trigger a bond default?

**HANK BOUNDS:** [02:10:23] I'd have to ask our general counsel, but I think--

**STINNER:** [02:10:26] I can almost guarantee it.

**HANK BOUNDS:** [02:10:26] --that's-- I think you're correct.

**STINNER:** [02:10:27] So on page 20, I thought it was interesting in the annual report it says, debt service coverage ratio is 165 times versus the required 1.5-- or 1.15. As the bond covenants stated that defined excess funds must stay within the bond portion of the enterprise. Strong performance also allows the MTI, which is the Master Trust Indenture, members to create reserves that allow measured plan to modernization facilities and equity infusion into projects without incurring additional incremental borrowing, which means that you would basically have funded your depreciation through that excess cash flow. That's why they don't want to have you touch it. It has to stand on its own, and it, it basically reinforces and keeps that asset in reasonably good shape.

**HANK BOUNDS:** [02:11:20] Yeah, so if you, if you look at our management's discussion on analysis, page-- probably 23 of that report--

**STINNER:** [02:11:27] Right.

**HANK BOUNDS:** [02:11:27] --there's this above the line and below the line. If you look above the line, we're operating at a \$690 million deficit, because they count our debt against us.

**STINNER:** [02:11:41] Yes.

**HANK BOUNDS:** [02:11:43] That's-- I mean, that's again that's, that's-- this is, this is not a ca-- the problem is, is if you look at this and you think of it as a cash basis, it's not a cash basis, it's an equity position. And as you know, if you're not really familiar with this, it can be confusing for people that sort of look at it for the first time. So you know it looks like our net position increased, and it did. And that is because the Buffett Cancer Center came on-line. That's an equity position. So could we get cash, yes, if we want to sell the hospital. The, the more important ratio for me to follow and for our board to follow and for chancellors to keep up with is what our debt ratio does and what it's doing over time. And our debt ratio is declining over time. And that is a-- should-- you know, that, that creates some amount of alarm.

**STINNER:** [02:12:38] Just briefly tell-- the-- there-- on page 51, there's two types of bonds and I'd be remiss not to mention those. One's covered in our Master Trust Indenture; the other one's obligations under blended entities. So if you want to just briefly tell us what that-- what those two classifications are for?

**HANK BOUNDS:** [02:12:55] So a couple of different-- one is a, a revenue bond where you pledge rental rates that a student pays to live in a dorm against-- I mean, it's a-- like owning an apartment complex. You take the monies that you receive, pay the service-- the debt, maintain your facilities.

We have other ways that we can bond based on other revenues. So for example, a public-private partnership.

**STINNER:** [02:13:25] OK, last, last series of questions really have to do with some of the budget, and then I'll turn it over to the committee. We talked about competition and you've talked-- made statements about competition, and my, my question really is focused on competing for those best and brightest teachers, professors, people in the field, researchers, etcetera. And I know that we need to be fiscally responsible and conservative, but the rub is to get those types of people, you have to have certain financial characteristics and my guess-- what I'm asking you, when you interview a candidate, when you talk to that candidate, do they look at bond ratings? Do they look at state appropriations? Do they look at financial capabilities of the institution in their decision and really focus on the H3 type of jobs and people that, that we really need to have the best and brightest in, and how are we doing in that?

**HANK BOUNDS:** [02:14:28] So absolutely. They also read the papers and see what's being said about us. They want to work in an environment where they can be productive and not worry about more cuts. And so every time there's a series of conversations about cuts in the newspaper, it scares off talent. And we are fortunate that Jeff Gold agreed to lead UNO. We had to-- end up having two really good candidates after a pretty-- after having a pool of candidates and both of them called me the week of and said, I see you're getting another cut, I'm not coming to Nebraska. We recently lost some of our most talented IT faculty because they are being bought away from us from other campuses. Chancellor Green could give you information about that at a later date. I guarantee you that one of the primary topics that Jeff Gold has with cancer docs and others is what the economy looks like and whether or not this is a good long-term move for an individual and their family. So you, you kind of gave me an opening here, so I want to talk about our request a little bit. You, you rec-- the committee-- you recognize that we have collective bargaining on two campuses, UNO and

UNK. The law requires us at those two places to be plus or minus 2 percent of the peers. Collective bargaining is not at UNL and UNMC, and we're about 6 to 8 percent off from our peers. The universities typically come in at 2 percent, and so that, that doesn't help us to-- so a 2, a 2 percent increase at UNL and UNMC when other places are doing more on a larger number exacerbates the problem. So we have a growing inequity around compensation at two of our campuses that has to be addressed.

**STINNER:** [02:16:52] Last thing with Medicaid expansion, and I'm looking at the numbers, 1988-89. Actually, the university made up 21.7 percent, now it makes up 12.9 percent. I don't see that getting much better in appropriations [INAUDIBLE] are going to get tighter and tighter as we move ahead. That is something the Legislature has to come to terms with about what our priorities are, what resources we have, and just how we move ahead. But that was a statement not a question, but I will open it up to the committee for questioning. Senator Wishart.

**WISHART:** [02:17:26] Well, thank you so much, President, for being here today. The first question I wanted to ask, and I'll preface this by saying one of my favorite things I learned about the history of the university is that during a really terrible period in our country's history when we went through Japanese internment and one of the ways that young Japanese Americans could avoid an internment camp was by enrolling in a university. And very few institutions of higher ed allowed this, but UNL was one of them. So we have been a leader historically in supporting diversity. So with that, I wanted you to fill us in on what I think was a great investment in the diversity director. What that's gonna do for us around work force, but also a good environment at the university?

**HANK BOUNDS:** [02:18:18] Thank you for the question, Senator Wishart. I'm-- I've seen the question raised about why we would spend money on diversity director, particularly in times of fiscal stress, and I'll be candid in telling you that I struggled to understand it, because to me

diversity means a lot of things. It means increasing the number of women in STEM. In a time when we have deep shortage-- a deep shortage of engineers and computer scientists, it means providing a pathway for our rural and first-generation students. It means creating dedicated resources for military learners. You know that UNO was just recognized yet another year for their work around being military friendly. And as a veteran, I can't tell you how much that means to me personally. I'll also tell you that it absolutely means providing support and mentorship, mentorship for all students, including students of color, who by every measure have been underrepresented in higher education. So I, I really believe that it is important to have a leadership structure with people waking up every day and going to bed every night thinking about how we attack these issues. And to me we can't afford not to invest in that area. We need more young people crossing the finish line not less. And for some it means that different kind of supports need to be put in place, and that's what I-- that's what we pay those individuals to work on.

**WISHART:** [02:20:17] And then I wanted to switch directions and follow up on, on the conversation you were having with Chairman Stinner around the debt ratio. Most specifically about the revenue bonds. So for example, if you take a student housing unit, what happens if we start to see a decrease in the population of students who are able then to pay into the system. That, that we've taken out bonds with an expectation that that's the revenue that will cover that?

**HANK BOUNDS:** [02:20:49] I think the only thing we could do then is to cut other places and take that revenue and pay our debt. We have to pay our debt.

**WISHART:** [02:20:56] Yes.

**HANK BOUNDS:** [02:20:57] And so,--

**WISHART:** [02:20:58] Yeah.

**HANK BOUNDS:** [02:20:58] --so I, I will tell you this, we are very careful about building dorms. I, I-- you know, I won't even take a recommendation to the board, and chancellors know this, we talk about it all the time, unless we can get a 1:4 or 1:5 debt ratio with about a 75 percent fill rate, and you know we can really push down the years of indebtedness. Which means you got to-- you have to, you have to be a lot more conservative to do that. So you've got to build a fund balance over time so that you can put more money down, borrow less money, and then you absolutely have to have a plan to build those beds. And so it's a-- we, we monitor that. There's not a week that goes by that we don't talk about what's happening with fill rates and beds.

**WISHART:** [02:21:54] OK, great. And then following up on another conversation on the days of cash, that is something that, that in doing the review of the information for today does concern me. What would you-- what would make you feel more comfortable in terms of the amount of days of cash that you would have on hand, and what would be the dollar amount attached to that?

**HANK BOUNDS:** [02:22:19] So every day of cash is 2.4, 2.5 million dollars. I would be a lot-- in a much more comfortable place if we had 100 days of cash. I mean, anything less than 100-- anything less than 80 should make us nervous.

**WISHART:** [02:22:48] OK, thank you.

**HANK BOUNDS:** [02:22:48] Because it only takes, it only takes one bad incident. Do you know what I mean? So if we have one bad incident with-- that we burn through a lot of cash and part of the, part of the problem with mid-year cuts is that-- you know, you have a budget. And so if we said-- I'm gonna pick on the Chairman here-- we've got to cut \$100, let's say, and Senator Stinner is

making \$10, if I remove Senator Stinner in January, I have to move he and Senator Bolz to get to \$10. Now do the math on a bigger scale, but the point is, is that you typically end up burning cash because you can't make cuts fast enough.

**STINNER:** [02:23:35] Senator McDonnell.

**McDONNELL:** [02:23:36] President Bounds, thank you for being here. Is this your fifth year being president of our university?

**HANK BOUNDS:** [02:23:40] April will start my fifth year.

**McDONNELL:** [02:23:42] How many years have you cut since you've been here?

**HANK BOUNDS:** [02:23:46] Every year.

**McDONNELL:** [02:23:47] How many years have you raised tuition since you've been here?

**HANK BOUNDS:** [02:23:55] Every year.

**McDONNELL:** [02:23:55] So the last two times you raised tuition it was 3.2 percent and 5.4 percent?

**HANK BOUNDS:** [02:24:01] Yes.

**McDONNELL:** [02:24:02] So we know that South High is your largest feeder school for University of Nebraska at Omaha. A little shout out to my family. My mother graduated from South

High. My brother did, and a number of my mem-- members of my family since I'm fifth generation from South Omaha, so I'm very proud of South High School. So knowing that, knowing that you've had to raise tuition and cut every year, and knowing that's our largest feeder school for University of Nebraska at Omaha, and knowing approximately it's 90 percent Hispanic, what kind of impact has that made to those kids that want to go for the first generation and their family like I was? I didn't pay anything for college. I had a full-football scholarship, paid for everything. I would have never went to college without that football scholarship to the University of Nebraska at Omaha, which now the football field is a pitch. It's for the soccer team, which we'll talk about possibly bringing back the football team. But, but I'm very proud of, proud of that. But otherwise, I never would have went to college. I would have never got my bachelor's degree, and I never would have received a social degree in fire protection technology, and I would have never got my master's degree. So for those kids at South High that are gonna be the first generation for their families to go to the University of Nebraska-- how many of them have we just shut the door on in the last four-plus years by raising tuition, by making these cuts?

**HANK BOUNDS:** [02:25:21] I can't quantify it, but your point's taken.

**McDONNELL:** [02:25:25] Also, you mentioned the AAUP, the American Association of University Professors. I was a member of, of that union for three years when I was teaching at, at UNO. I'm very proud to be a member of the American Association of University Professors. When you said it keeps them within potentially 2 percent, and we're talking about UNO and UNK, not UNMC--

**HANK BOUNDS:** [02:25:45] It's legally required.

**McDONNELL:** [02:25:47] So knowing that, what kind of working relationship do you have with

the AAUP?

**HANK BOUNDS:** [02:25:56] You know, I would tell you that campus chancellors are probably the entity-- the, the individuals that have closer relationships with faculty leadership. I visit when they ask me to visit. I try to go on some routinized method, you know, four camp-- four or five campuses and it's, it's, it's, it's more of a, a--

**McDONNELL:** [02:26:19] That's, that's a fair answer, that's a fair answer. Where I'm going with that is, the idea of them keeping you with 2 percent-- within 2 percent versus the other universities that don't have a collective bargaining agency. Do you believe it's helping the University of Nebraska at Omaha and UNK to be more competitive?

**HANK BOUNDS:** [02:26:45] So, so it's a complex answer, and may just take a little bit of time to answer it. Compensation is obviously a big issue, and faculty have choices, and sometimes they vote with their pocketbook. Faculty also vote with walking into a facility and seeing that your facilities aren't in a competitive place, where research facilities aren't modern day, and so they vote in that way. They want-- don't want to go and work in that. But we have some real positives, too. I mean-- I, I think that the relationships that we enjoy with faculty on all of our campuses are really good. I think that faculty know that we're doing everything we can to protect the academic enterprise. I mean we now-- can I tell you that everybody was happy with the BRT, no. Can I tell you that everybody was happy when we changed mileage reimbursement of-- from 53 cents to 25 cents when we changed the process for, no. But I, but I do think that faculty recognize that there is an administration at the university that deeply cares about their craft and supports them and I think that's one of the things that faculty look for when they go to an institution. And so we, we get a couple dings on areas but I think the University of Nebraska is a really good place to work.

**McDONNELL:** [02:28:28] That's a fair answer. In your past, you've been a football coach.

**HANK BOUNDS:** [02:28:33] A lifetime ago, yes.

**McDONNELL:** [02:28:35] And a very good one I heard, or at least I'll start that rumor. If we're looking at the idea that the University of Nebraska, all campuses, is our football team-- where are we ranked right now in the Big Ten, and are we gonna win the Big Ten title next year?

**HANK BOUNDS:** [02:28:55] Well, good first day of spring and I'll, I'll talk to Scott this afternoon.

**McDONNELL:** [02:29:00] No, I'm, I'm talking about-- I'm sorry. I'm just say let's, let's, let's look at the university as our football team let's, let's take the academics-- the other side and actually really compare it. Where are we ranking within the Big Ten and really where, where are we going here with, with the cuts, with the constant-- I mean, for the last five years with the tuition increases? If we, if we had Coach Frost here and we were having this discussion and Coach Frost said, oh, no, we've stalemated and we've taken a step back. You talk about facilities, you talk about recruiting, you talk about other things, we'd have, we'd have half the state calling us right now saying that, no, we cannot do that. We cannot go six and six next year. You know, we've got to see progress. We've got to be able to be competitive, but also it comes to the academic side and we're saying well, no, we could cut X number of dollars and possibly not be competitive; not win like we want to. I want to, I want to be the best. How do we get to the top of the Big Ten academically, and with our universities?

**HANK BOUNDS:** [02:29:57] So again, I'm gonna go a little bit around the world to answer this question.

**McDONNELL:** [02:30:02] Take the long way around the barn if you want.

**HANK BOUNDS:** [02:30:04] I had, had this question in a-- in another hearing last couple of weeks where the senator pointed out our rankings on U.S. News and World Reports, and I'm not familiar with it. And I was honest and said, you know, when we get good rankings we cheer about it and when we don't get good rankings we find a reason that it's-- we don't like the rankings. Just, just being completely candid-- just like anyone else does. So I went back and looked at U.S. News and World Reports, and they looked at a number of measures. And I'll be honest with you, I don't care where we rank there, because of these reasons. So the-- one of the measures is percent classes of 50 percent or more. We don't do very well there. They rank us on resources. We don't do very well compared to the people that are ahead of us. They rank us on acceptance rates. They rank us on a freshman top 10 percent in high school. They rank us on SAT, ACT top percentile. And so the more exclusive you are, the higher your ranking is. Well, the Land Grant University in Nebraska was not designed 150 years ago to exclude young people. It was meant to open up the door of access and the promise of higher education for the future. So when you look at-- when, when we look at our rankings, you know, we are, we are not where we need to be in places like engineering. And it's our number one priority and we are raising money every day to try to get facilities in the right place. Here's the, here's the issue that we have with moving up the rankings. I'm spending much of my time raising money to build a facility. In most other places they're getting a GO bond and they're going and building the facility and they're raising their money to go endow faculty positions. They're raising money so that they can go and get the best students. Well, I'm still back here working on building a facility, and thank goodness we have very generous people in Nebraska that help us build facilities. But our starting points a very different place, resources is a big issue. So let's use a football analogy. So basically here's, here's the, here's the limitation-- it would be like telling everybody in the Big Ten that you get 85 scholarships-- in Nebraska you get 40. So are we where we should be, no. And I don't think that anyone in this university would say we are where we need

to be. Are graduation rates where they need to be, no. Are we working on it every day? Do we recognize we have a lot of kids that are living from can to can't? And, you know, paycheck to paycheck, absolutely. But we have some really talented faculty that absolutely care and care deeply about the success of our students. And I can give you story after story of the good things that most of our faculty are doing every day.

**McDONNELL:** [02:33:41] You started talking about-- a little bit about the funding from the foundation. Can you expand on that a little bit and, and how we compare to others?

**HANK BOUNDS:** [02:33:51] We're a, we're a top 25 foundation in the country probably, a public's-- very generous people in Nebraska, very generous alumni. Nebraskans direct their money-- 99.2 percent of our-- of the dollars that we have in the foundation are directed dollars. So if you gave me \$10 to put toward building a new college of business, I would have an agreement with you that says this is exactly how we're going to spend the money. I can't then take that \$10 and go pay for a light bill-- pay the electric bill, so very good foundation. I just wish we could focus on raising money in places that other places are focusing their efforts.

**McDONNELL:** [02:34:48] Thank you.

**STINNER:** [02:34:49] Senator Vargas.

**VARGAS:** [02:34:49] Thank you very much. I did have-- so I want to highlight one thing. I had an opportunity to engage with a lot of the different campuses for some of the first-generation college students' experiences, and I was, I was deeply encouraged. And, you know, I'll, I'll be one of the first to say, I'm more encouraged more because I do think there's this tremendous amount of progress. We have a significant need in our state. We're talking about trying to decrease the

graduation rates so that they're getting closer from 6 to 4. There's still room for growth, but there are efforts being had. A lot of these efforts have a lot to do with the programs, the resources, the people. They also have to do with some of the experiences provided to students, some of which are here. And then, I think, it also has to do with focusing on our efforts try to make their-- the pathway to graduating-- their pathway to entry into college a lot easier. So I say all this because I, I am very encouraged, and I'm, and I'm looking forward to finding ways to then support the students that have a need because that is what I'm seeing on the back end. We're seeing a large number of individuals in poverty in our state working two or more jobs, not being able to actually work full-time, and then be able to pay the bills in their household. And I think there is a gap. So the question I have is a little bit about prioritization because, you know, what I'm hearing from Senator McDonnell, which is great South High's in my district, and I'll be the first to tell you as a, as a feeder school, yeah, we need to do a tremendous amount more to make sure students can afford to go to school. It's the reasons why in the past I've supported the Opportunity Grants, because it really focuses efforts on those that are the most need based. I stand before you, very similar to you, I worked to get through college-- scholarships-- well, sorry the grant-based aid that I got was because I'm a first-generation college student, and my parents didn't have a lot of money. I'm here because of programs that isolated funds to the highest-need kids. So I'm, I'm really curious to get a sense more about prioritization, because I think we as a, as a, as a committee or at least my, my thinking we have made cuts and it was because we had to. And now we're in a place where I still think we're looking at having to need to make cuts, but we want to prioritize efforts to then do people-- hold people harmless. And for the university-- you know, I look at a lot of things I heard. I heard utilities, right? You don't want to be spending private dollars on utilities-- one, you can't, because they're committed. There's a need for utilities. There's a need for salary. There's a need for deferred maintenance. There's a need for making sure we provide more aid so we're not increasing, you know, tuition more. I want to hear your thinking, because hearing all that, there are need to have, and nice to have. There's a lot more need to have. I'm more encouraged to then provide more

funding, if I know it's going to those need to have. But then I, I also-- you know, I'm hearing about scholarships for then-- you know, these high-need careers, and I wouldn't debate that it's, that it's important, but it seems more like a nice to have in an era where we have a lot of need to have on your list that you're asking for. So I'd, I'd love to hear about that prioritization because it is, it is a struggle for me. I, I much more rather give money to say figure out how to do it with the things that you need to have rather than give it to these things that are nice to have.

**HANK BOUNDS:** [02:38:26] Yeah, so-- if I could just respectfully disagree on-- I would argue that when you're losing almost half of your population that's high performing that's a have to have. That's a, that's a work force issue. Now the-- here's the-- so, so the other thing that I would tell you that we do-- so you, you-- you're familiar with Regent Scholarships--

**VARGAS:** [02:38:52] Um-hum.

**HANK BOUNDS:** [02:38:52] --now it is a remission, not a scholarship. We also have something called Nebraska Promise. So every student that qualifies for Pell,--

**VARGAS:** [02:39:05] Um-hum.

**HANK BOUNDS:** [02:39:05] --any portion of tuition that Pell doesn't cover we remit. Because making certain that those students, and most of them are first-generation college students-- you know, we-- about 40 percent of all of our-- 35 percent of all of our students are first-generation students, and so we, we remit those dollars. The real expense is-- and provide-- putting the supports around those students that, it's not that their parents don't want the best for them, it's just they don't know what good looks like. And if you've never gone to college you don't know how to advocate for your child. And so putting the supports in place to help them understand that if you're going to

graduate in four years you need to take 15 hours, and here's how you go get additional help academically when you need it. So I, I don't think it's either or is, I guess, my argument. It's-- we've got to focus-- we have such a work force crisis in the state that we need to be focusing on both ends of the spectrum. And every time-- so you know tuition is expensive but food-- housing-- room and board is expensive as well. And-- you know, it's one thing if you live within driving distance of a campus, but there-- as you know there are lots of young people that don't live within driving distance and that's an enormous cost. And we have no ability to waive that, because we've got to make certain the debt is covered.

**VARGAS:** [02:40:40] Yeah.

**HANK BOUNDS:** [02:40:40] Was I responsive?

**VARGAS:** [02:40:41] No, no, no-- it is. I honestly just wanted to get your opinion on it because-- and I, I had this internal struggle-- you know, knowing that \$3 million could be going-- it's just hard because I don't see it as an either or and I know you're not seeing it that way-- you're like we have to figure out a way to then try to prioritize as much as we can with the dollars we can. I get that. But from my end, I'm thinking-- and, and you brought up-- you know, my daughter, and I, I think about that. If I'm having to make a decision point between providing more funds to those that can't afford it then dividing more funds to those that maybe can but making-- trying to keep them here, I tend to lean towards more trying to provide the funds that can't afford it. As a public university, I, I am trying to then get to that point. And I'm trying to be reflective to the, to the experiences I've heard from the last year, listening to first-generation students, and I'm also trying to be reflective to my district that is a much more lower-income, higher-need district; very similar to what Senator McDonnell said. And so, again, I'm more encouraged with some of the things you've identified as the basic needs: keeping utilities on; making sure our buildings aren't decaying; making sure we're

providing aid to the students who need. But I wanted to hear how you're thinking about it, because it, it is helpful for me to sort of prioritize-- you know, prioritize that.

**HANK BOUNDS:** [02:41:57] So we, we would love to bring you a request that prioritizes real needs-- other than keeping the lights on. But we, we made a strategic decision recognizing that fiscal stress in this state continues to be an issue that you are all wrestling with. To make a request around what our baseline needs are, we, we would, we would love nothing more than to be having a, having a really good conversation and debate right now about should, should we be investing in engineering here-- what does that look like? How do we move, move more women into STEM majors? How, how do we start to deal with the health care deserts that exist in outstate Nebraska? There are many conversations that I would like to be having other than how do we maintain our utility infrastructure?

**VARGAS:** [02:42:59] Appreciate it. Thank you very much.

**STINNER:** [02:43:01] Senator Clements.

**CLEMENTS:** [02:43:03] Thank you, Mr. Chairman. Thank you, President Bounds, for coming. One question I had from last year's hearings, you were talking about the-- you were going to be forced to discontinue academic programs. And I haven't noticed, do you have a list of academic programs that were discontinued because of cuts?

**HANK BOUNDS:** [02:43:29] I do. Would you like me to go through them or would you like me to provide you a copy with them? There's three typed pages of-- three and half typed pages of programs I can provide to you.

**CLEMENTS:** [02:43:41] I don't think we need to take the time to do that, but I would appreciate a copy.

**HANK BOUNDS:** [02:43:46] I will make certain that you got a copy by campus.

**CLEMENTS:** [02:43:49] Thank you. I had one other comment about the, the 47 days of cash that you would like to have 80 days. I was doing a little calculation where the state budget is \$9.36 billion in the next two years, that's \$12.8 million per day in state spending. We have \$348 million cash reserves in our current budget proposal, and divide 348 by 12.8 million dollars a day we have 27 days of cash at the state. And if we had 47 days, we'd have \$600 million in reserve, and if we had 80 days we'd have a billion dollars in reserve. So, I think, it, it does illustrate that the budget is tight everywhere, and it is tight for you. And we have this limited resources to be able to allocate. Thank you, Mr. Chairman.

**STINNER:** [02:45:00] Just, just a little bit of a distinguishment between the university does bond and so they need the days in cash. They're almost forced to, to keep the rating up where the state doesn't borrow. But the calculation-- the days and cash is always an important one.

**HANK BOUNDS:** [02:45:16] It's a big distinction.

**STINNER:** [02:45:17] And we're trying to go at 16 percent for a fully funded reserve, which I think right now is about, oh, \$800 million-- we're a long way from that, but keep that in mind.

**CLEMENTS:** [02:45:29] Thank you.

**STINNER:** [02:45:30] Senator, Senator Dorn.

**DORN:** [02:45:32] No, I got a-- I have a question, too.

**STINNER:** [02:45:34] OK.

**DORN:** [02:45:34] Thank you, President Bounds, for being here today. Appreciate this very much. I want to go back to page 8-- at the top of the page there in your remarks, you made the comment that we have the lowest tuition in the Big Ten, and the lowest level of student debt.

**HANK BOUNDS:** [02:45:49] That's correct.

**DORN:** [02:45:50] Explain the, the student debt, how-- I guess, how you or how that's viewed or what, what-- how, how do you calculate those numbers? Because one of the big concerns I see in our country today-- there was an article the other day in the paper about where the student debt in the United States has gotten to-- or is today, and it is tremendous.

**HANK BOUNDS:** [02:46:11] So the, the, the numbers that we talk about when we talk about debt is typically IPEDS data. It's a national clearinghouse for student data. For UNL, the average student debt is about \$22,000. It's a big number for students to walk out into the world with. I agree with you.

**DORN:** [02:46:35] Well that, I guess, gets a little bit around to more of the question I had-- part of what you've expressed to me in this committee is that we are not keeping up with scholarship amounts. And yet, I guess, explain the correlation between that and our low amount of student debt?

**HANK BOUNDS:** [02:46:55] Well-- so we are also remitting as a percentage more than any

university in the country. So two things-- two, two reasons that our debt is lower: one, our pricing is lower. So that automatically puts you at a lower debt. And then, we, we remit a significant amount of-- so we do \$35 million a year in remissions, ballpark. If we didn't that number would be much larger, the 22,000 would be much larger, and enrollment would be much smaller. Does that make sense-- does that answer-- is that responsive to your question?

**DORN:** [02:47:45] That answers my question, but-- and then I want to make as much a comment I guess as anything. I know you've talked about youth returning and youth leaving the state, and then also our foundation. When-- I'm a newly elected senator and one of the things-- when I did do the walking to get elected, the most talked about topic was property tax relief. But the second most was the university, and what are we gonna do with the university. My comment to those people generally-- and to when I look in this room, the people in Nebraska-- I think you mentioned that they care or somebody maybe, Senator McDonnell, mentioned it is they care. I think that always shows up when you visit with people, when you see the support we have, the support you have. We have something in Nebraska that a lot of states don't have. We have the people that care about the university, and they care very much about it.

**HANK BOUNDS:** [02:48:40] I've, I've never seen a state's population more passionate about their university than it is here. I agree with you.

**STINNER:** [02:48:49] And just for your information, I think the audit report says that the foundation actually was able to help the university with \$178 million this year. A lot of that being capital, but some being scholarships as well.

**HANK BOUNDS:** [02:49:05] The, the, the foundation-- so we do, we do have a number of individuals that give dollars so 20, below \$20 million in scholarship aid a year.

**STINNER:** [02:49:19] Very good. Are you finished?

**HANK BOUNDS:** [02:49:20] We just needed to be around 80 or 90.

**STINNER:** [02:49:23] Senator Erdman.

**ERDMAN:** [02:49:23] Thank you. Thank you for coming today.

**HANK BOUNDS:** [02:49:27] Yes, sir.

**ERDMAN:** [02:49:27] I think last time you and I talked was a year ago in November, and our conversation was cut kind of short. A couple of weeks ago I was at the Nebraska Ag Builders group and you made the following statement, when the UNL does-- when UNL does good, agriculture does good, and when UNL does bad, agriculture does poorly. I was always wondering why ag was doing so bad, maybe I found the answer. Can you explain what you meant by that statement?

**HANK BOUNDS:** [02:49:56] I'm not certain I'm following your question.

**ERDMAN:** [02:49:58] OK. Your statement was when agriculture does good-- when the university does good, agriculture does good. When the university does poorly, ag does poorly.

**HANK BOUNDS:** [02:50:07] I think, I think what I said was if, if good things are happening at the university, it's good for ag and for all of the state. I didn't just point out ag. The point is, is if we are growing-- if we're putting more people into the work force-- if we aren't exporting jobs out-- you know, if we aren't exporting hundreds of jobs, we have more people paying taxes. That's good for

the state in my view.

**ERDMAN:** [02:50:34] It's not what you said, I wrote it down. OK, moving on to the next comment I have--

**HANK BOUNDS:** [02:50:37] Well, that was my point.

**ERDMAN:** [02:50:39] All right, I appreciate that. I looked at last year's audit that the state did for the University of Nebraska-- on page 12 of that document, I see the following statement. It says the university is operating revenues increase for fiscal year 2018 by 5 percent or \$72 million. So if the revenues went up that much, why did that cut make such a big difference to you?

**HANK BOUNDS:** [02:51:04] Yeah, so-- Senator Stinner explained this earlier. Let me, let me see if I can make it-- boil it down to just a couple of points. First of all, let me take you back to the fact that there are three buckets of money,--

**ERDMAN:** [02:51:23] Correct.

**HANK BOUNDS:** [02:51:23] --and when you-- the statement that you are referring to in there rolls everything up to one statement. So there is-- if you look at this page in our audit, what you would find is that-- the, the way this works as nonoperating revenues-- the, the state of Nebraska's appropriations aren't even considered operating. They're considered nonoperating from a-- GAAP based accounting. So operating revenues would be tuition and fees, sales and services, grants and contracts that are restricted, and so there would be a line item there that would show that once you brought in depreciation, because, in fact, our expenses were flat to down. They didn't increase because we cut so much. Our state aided-- if you do bring in state aided revenue, we were flat. The

reason that it shows an increase is not in the part of the budget that we are here to talk about today.

We increased in areas like becoming a full member of the Big Ten. An increase in dollars in areas-- so, so \$36 million of that would be equity in our joint venture with Nebraska Medicine. So did we increase revenue-- operating revenues did increase by 2.9 percent but not in the budget that we're here talking about today. They, they-- it occurred in other parts of our budget that we don't-- that we don't touch here, because of bond covenants, because of research grants and so forth. So that's just a-- that-- that's just an accounting issue that if you're not really familiar with GASB accounting rules, you might reach that conclusion. But if you-- I can give you this document. So-- in fact, our, our statement is divided in four very distinct ways. And it's not on a cash basis, it's on an equity basis.

**ERDMAN:** [02:54:34] [INAUDIBLE]--

**HANK BOUNDS:** [02:54:34] Does that make sense?

**ERDMAN:** [02:54:35] I have it here.

**HANK BOUNDS:** [02:54:37] So we didn't-- so our operating-- our state-aided budget did not move. It went down.

**ERDMAN:** [02:54:50] OK. When you, when you were here last year, I believe, the question was asked about the baseball program in Kearney. And I think Clem-- Senator Clements asked a question about who made that decision and I think you said, the chancellor made that decision.

**HANK BOUNDS:** [02:55:04] That's correct.

**ERDMAN:** [02:55:06] Do you know what the results was of making that decision-- that cut-- did you save any money? How did it turn out? What happened over there?

**HANK BOUNDS:** [02:55:16] We did save money. So at UNK-- first of all, let me say that any, any cut is difficult. We had administrative reductions. We had-- we've had-- we've merged two colleges. We have had academic support reductions, student affairs reductions, business operations reductions. We removed faculty in business and technology education, fine arts, humanities, natural and social sciences, and library. You can't-- so, so UNK was in a little different situation than other places. The, the cut that we observed from the state-- the increases that we have due to mandatory cost increases and the fact that they declined enrollment for a fourth year in a row-- because when you decrease enrollment that's a cut as well. So we save \$450,000 by cutting baseball, is a ballpark number.

**ERDMAN:** [02:56:39] I've received a couple of calls from people that were donors over there to the baseball program. So was there any lawsuits filed over that?

**HANK BOUNDS:** [02:56:48] I have no idea. I'm happy to ask, I'm happy to ask Chancellor Kristensen to follow up with you.

**ERDMAN:** [02:56:54] Last week there was a meeting there and the-- one of the finalist for the AD job-- interim job-- Bauer, I believe his name was, said that he was surprised-- most surprised by the anger of the individuals for the sports were cut and the donors that they've lost because of cutting baseball. Did you lose a lot of donors because of that?

**HANK BOUNDS:** [02:57:14] I don't know, but I just asked Chancellor Kristensen, there's been no lawsuit filed, if that's your question. Did we lose dollars-- every time we make a cut, we clearly

make people unhappy, but a university is more than a baseball program. And people are more passionate about athletics, and I understand that. I mean, it's just an American way of life. But, but I, I can't-- and Chancellor Kristensen couldn't in good conscience make the kind of cuts and reorganization of the university without also looking at athletics. And was it a tough thing-- did, did-- you know, impacting those young men is the worst, and I would give anything to not have to go down that pathway. But, I'd also give anything to not have to look at the-- you know, having a couple hundred open positions now where we need them or we could do things like Senator Vargas was talking about. To-- I mean, these 100 plus people that we-- that have lost their jobs-- those are real people with real livelihoods, and they're not happy about it.

**ERDMAN:** [02:58:33] The information that those-- that group of people sent me from Kearney with the waiver grants and the financial academic-- financial related help that those students got, and you look at the overall picture of the baseball program, it looks like a baseball program was making a contribution and there was not any real savings. And the other issue you have to have-- you have to ask is just shortly before, just shortly before-- a couple of weeks before you cut the program there was a fundraiser to raise money for the baseball program and that flew right in the face of those people making that contribution in good faith just a couple of weeks before they cut the program. So you, you visited earlier and you said that reputation of the university is important. Well, how important is the university reputation? Last week, Senator--

**HANK BOUNDS:** [02:59:18] Well, can I, can I answer the first set of questions?

**ERDMAN:** [02:59:21] Yeah, go ahead.

**HANK BOUNDS:** [02:59:21] I, I would tell you that the information that you are stating is inaccurate. We saved money. There's no data to validate your point, but I'd be happy to ask

Chancellor Kristensen to visit with you.

**ERDMAN:** [02:59:33] We're get together and talk about that.

**HANK BOUNDS:** [02:59:33] Be happy to get him to [INAUDIBLE].

**ERDMAN:** [02:59:33] So Scott Frost was speaking last week to a group and they were talking about the Washington issue, the young man that's in a little difficulty in California. And I asked him about that and he-- and here's a quote from Scott Frost. He said, our guys in Nebraska need to understand they don't just represent themselves, they represent their team, the Athletic Department, and the University of Nebraska. That's important. Why isn't that same thing important for your instructors, for your professors that do things illegally?

**HANK BOUNDS:** [03:00:05] So, Senator, I know you have-- this, this is a burning issue for you. You've made that abundantly clear. I'm not at liberty to discuss a personnel matter, a student matter, or some matter that may be pending before the courts. It would be improper. I am happy to answer any questions that you may have regarding the budget request that I have before you.

**ERDMAN:** [03:00:36] Let me, one last thing. In the letter that you sent back-- that the Board of Regents sent back at Senator Kuehn's request a year ago for an accounting where our tax dollars go. Are you familiar with that letter?

**HANK BOUNDS:** [03:00:47] I am not. We send out thousands of letters, Senator.

**ERDMAN:** [03:00:50] Well anyway, he sent a letter asking for where the tax dollars go. And then in the, in the document-- I had a document I looked up the other day, the State Higher Education

Executive Officers. Have you ever seen that one?

**HANK BOUNDS:** [03:01:02] I, I don't know that I know what you're talking about.

**ERDMAN:** [03:01:05] Well anyway, it's a State Higher Education Executive Officers' report and they analyze all the universities across the state.

**HANK BOUNDS:** [03:01:11] Oh, SHEEO. I'm familiar with that. I serve on the exec committee.

**ERDMAN:** [03:01:12] OK, good. When, when they got down to one document, I thought it was kind of peculiar. They, they noted at the bottom in a footnote, and it was state public aid for FTE full-time in student enrollment. And as a percentage of the educational appropriations in the U.S., at the bottom of that it said, Nebraska could not separate aid for tuition and fees from aid to other expenses. So they're not included in the, in the charter. If you can't measure something, it's hard to manage it. And so I'm really having a difficult time believing that you manage your operate-- operation with analyzing exactly what exactly you're trying to measure.

**HANK BOUNDS:** [03:01:52] OK. So we can-- that-- we can separate it that information was submitted by CCPE. So I don't know why they-- I don't know-- I, I would say we probably should follow up with CCPE.

**ERDMAN:** [03:02:10] [INAUDIBLE]

**HANK BOUNDS:** [03:02:10] So-- you know, Senator Stinner, walked through the accounting that we do, and I'll just go back through it. We provide budget request documents for three years, almost 3,000 pages. Ten years of actual expenditure information can be found on-line. The annual general

operating budget is 334 pages. The annual budget by department is six volumes, 7,424 plate-- pages. The comprehensive annual financial report is 110 pages. Salary information is contained on the personnel roster that's 1,597 pages. The information is available.

**ERDMAN:** [03:03:03] OK. So in the document that I got back-- that we received back from the Board of Regents said the University of Nebraska made a contribution of \$3.9 billion to economic betterment of the state. Are you familiar with that?

**HANK BOUNDS:** [03:03:15] Yes, it's higher now.

**ERDMAN:** [03:03:16] OK, tell me how you arrive at that?

**HANK BOUNDS:** [03:03:19] So we, we didn't do it. We had a third party analysis and I can provide you with a copy of the study that outlines all the metrics that were used. And Nebraska Medicine-- so we're, we're over \$4 billion now. That's without Nebraska Medicine when Nebraska Medicine is-- Nebraska Medicine's actually over the last three years has, has increased an economic impact by 17 percent and four and a half billion dollars now. I'd be happy to supply you with those, those studies.

**ERDMAN:** [03:03:48] So in the, in the sources of revenue that you have, how much do you think-- what percentage do you think your revenue comes from tax dollars?

**HANK BOUNDS:** [03:03:57] So for the operating budget--

**ERDMAN:** [03:03:59] Your total budget.

**HANK BOUNDS:** [03:04:02] Oh, I would have to do some math on it.

**ERDMAN:** [03:04:05] The 580 you get from the state, that's [INAUDIBLE]--

**HANK BOUNDS:** [03:04:07] I guess 100 percent of it. Yeah, well if you're paying for tuition, that's--

**ERDMAN:** [03:04:13] That's private investment people put into tuition. Right?

**HANK BOUNDS:** [03:04:19] Yeah, I, I would say that every time you don't fund the university and you fund it on the backs of students, that's a tax raise, tax increase.

**ERDMAN:** [03:04:28] So let's assume you're right then, it's a hundred percent. So then I don't understand how you can take tax dollars that were already-- dollars that were already in the economy and take them a form of tax dollars and reinvest them and call that economic development, that redistribution of wealth.

**HANK BOUNDS:** [03:04:42] I didn't call it, call it economic development. I called it economic impact.

**ERDMAN:** [03:04:46] OK, so what's the difference?

**HANK BOUNDS:** [03:04:47] I'll give you the study so you can--

**ERDMAN:** [03:04:50] OK.

**HANK BOUNDS:** [03:04:50] --get the details.

**ERDMAN:** [03:04:50] In your SHEEO program report, it showed Nebraska very high in funding.

In fact one of the reports said Nebraska contributes \$95 million more than any other contiguous states that we have around us to higher education annually.

**HANK BOUNDS:** [03:05:10] Yeah, so you should read the-- you should read the footnotes on that as well. It also includes property tax dollars that go to community colleges.

**ERDMAN:** [03:05:17] I understand that.

**HANK BOUNDS:** [03:05:20] And then what it doesn't include are facility dollars and student-aid dollars. But this is, this is-- that is purely one snapshot, and it's the snapshot that says there are chairs in this room. And so just, just reading that report and not having a sound understanding of the other revenue pieces, you, you can't get a full appreciation for the competitive place that we are as compared to our peers.

**ERDMAN:** [03:05:56] You also have to take into consideration those other states contribute to private schools as well as their university. So that [INAUDIBLE]--

**HANK BOUNDS:** [03:06:04] I'm not familiar with that. Not, not the states that I'm familiar with, they don't.

**STINNER:** [03:06:14] Senator Bolz.

**BOLZ:** [03:06:14] Thank you. I appreciate your diplomacy and your patience with us, you've been

in the hot seat for quite some time. So I-- I'm gonna try to cut to the chase on a couple things.

**HANK BOUNDS:** [03:06:26] OK.

**BOLZ:** [03:06:27] Just maybe in an effort to, to make sure we've got clarity as we walk away from this hearing. One quick question I wanted to make sure we brought up today was, how many students do you graduate annually?

**HANK BOUNDS:** [03:06:44] Eleven thousand-plus.

**BOLZ:** [03:06:45] OK. My, my point is only that I, I think you're, you're functioning quite well as a university system. You're graduating nurses and you're graduating engineers and your graduating teachers and--

**HANK BOUNDS:** [03:06:54] Just not enough of them.

**BOLZ:** [03:06:55] Just not, just not enough. So we appreciate the contribution that you and all of those students make to our state.

**HANK BOUNDS:** [03:07:02] Thank you.

**BOLZ:** [03:07:04] The second point I just want to make sure that we put a fine point on is, the three years of cuts that we have had to put into place through a number of reasons, our votes make a difference. They, they matter. They have a practical impact and the practical impacts that I've heard today are you've had to cut employees, you've had to increase tuition, and you've had to make programmatic cuts. And it's come up a couple of times today, and I, I would like us to hear some

examples of those programs that you've cut. You've offered a couple of times, and I think it's important. I think it's important that we understand that there are real significant impacts when we make decisions in these chairs. So could you just give me a couple of examples?

**HANK BOUNDS:** [03:07:46] Elimination of four faculty positions in the College of Medicine. Elimination of gerontology specialist tracking consolidation of diadactic-- didactics in the College of Nursing. Elimination of a faculty position in general dentistry. Elimination of a research technician for postdocs in the College of Pharmacy. Elimination of one program evaluation minister in the College of Public Health. Elimination of an associate from the Munroe-Meyer Institute. Do you want me to--

**BOLZ:** [03:08:19] That-- that's helpful. I think the point has been made that, that there's a real implication on what we're able to do for students and, and for our community. So that relates directly to the request that you're making this year. And I think you're making some pretty reasonable, practical requests. In the preliminary budget, the committee did not-- was not able at that point to say, yes, your utilities request which was 1.4 million the first year, and 2.9 the second. You'll have to make those, those expenses up somewhere else, right?

**HANK BOUNDS:** [03:08:56] That's correct.

**BOLZ:** [03:08:56] Those, those don't go away and so--

**HANK BOUNDS:** [03:08:59] They, they don't go away and also-- you know, we asked for CPI at 1 percent. CPI hasn't been 1 percent in a long time. It'll be two and a quarter. Mr. Chairman, some-- two and a quarter, two and a half. And so we, we came in with a budget request less than what we needed.

**BOLZ:** [03:09:21] You came under actual expenses.

**HANK BOUNDS:** [03:09:24] That's correct.

**BOLZ:** [03:09:25] And, and we took that down even a notch.

**HANK BOUNDS:** [03:09:27] That's correct.

**BOLZ:** [03:09:28] And the other way in which we didn't fully fund even that less than actual cost request-- well, I don't want to put words in your mouth. You are different-- the university is different than some of our other higher-education institutions because of your relationship with the salary negotiation. Correct?

**HANK BOUNDS:** [03:09:46] Correct.

**BOLZ:** [03:09:47] And so while we treated the three higher education institution systems equally, there's an argument that maybe that's not entirely fair because of your position as having faculty that has-- that is negotiated and the cost of that was about \$6.6 million. The difference between the two point-- the two percent and 2.3. Is that in the ballpark?

**HANK BOUNDS:** [03:10:08] That's a, that's a pretty good number.

**BOLZ:** [03:10:11] OK. The, the only point I'm making in covering that is to circle all of these big visions and big conversations back to brass tacks which is our, our votes have had impacts. You've, you've taken them with integrity and with the best response I think you possibly could. And we still

have some tough decisions to make in terms of the very reasonable requests that you made.

**HANK BOUNDS:** [03:10:33] Well said.

**BOLZ:** [03:10:34] The last point that I want to make is that I, I think what you were explaining earlier is because you've been so pragmatic, which was very kind and diplomatic of you. What we haven't had an opportunity to talk about is the opportunity cost of not investing in some of the proactive things that the university would otherwise invest in. Would you, would you humor me and give me a couple of your wish list ideas? Just so we can think about the future.

**HANK BOUNDS:** [03:11:03] I could, I could be here for a while with this one. But let me, let me just-- I, I wish that we had enough financial-aid support to make certain that we don't give the most talented students in the state of Nebraska-- we make it hard for them to leave. I would bet-- I would invest heavily in engineering and information technology across all four of our campuses because the businesses in Nebraska are screaming for help. I would invest heavily in ensuring that those students from first-generation families from the smaller schools that may struggle, I, I would invest in a way that would make certain that we put supports around them so that they are successful. I would love to be in a place like other states that get GO bonds, government obligated bonds, that we don't have to pay back. Because when we borrow money, it-- there's a cost to it. If I get a GO bond, and I receive \$100 million, I, I can spend \$100 million. If we wanted to get \$100 million, the payback on that would be-- at our current bond rate-- if you did it for 20 years, quick math is 130. I mean, if you just think about-- if you've said 3 percent interest in, that's a very quick calculation in my head. I'd like to be at a place like Ohio-- so we, we have 32 partner organizations at NIC, and 16 faculty affiliates, and we're growing new companies out of there. One is-- one of the coolest things that we do is this new surgery company, where mechanical engineer teamed with a surgeon-- a mechanical engineer at UNL teamed with a surgeon at you UNMC. They are developing a robot to

do surgery that is much less invasive than even the da Vinci surgery and it's mobile from hospital room to hospital room. It will be revolutionary. This-- the, the state of Ohio and their innovation space invested \$1.5 billion. The Legislature gave us \$25 million some years ago. So if you just-- even if you control for population, that's what we're competing against for our kids and our grandkids.

**BOLZ:** [03:14:03] Very good, thank you.

**STINNER:** [03:14:04] Well, thank you. We've kept you in the hot seat for quite a while.

**HANK BOUNDS:** [03:14:07] Thank you, Mr. Chairman, members of the committee. I appreciate the opportunity.

**STINNER:** [03:14:11] Thank you for your candor and your honesty. With that, I think we'll take a five minute break for a whole lot of purpose.

[03:14:19] [BREAK]

## **Appropriations Committee March 4, 2019**

**STINNER** [03:28:39] --testifiers, and we will abide by a five-minute rule until we get through this and then probably go to a three-minute rule for testimony. Regent Clare, you may, you may proceed-- you may begin.

**TIM CLARE** [03:28:52] Good afternoon, or I should say evening.

**STINNER** [03:28:55] Evening. It's close.

**TIM CLARE** [03:28:56] Chairman Stinner, members of the Appropriation Committee, my name is Tim Clare, T-i-m C-l-a-r-e, and I am chairman of the University of Nebraska Board of Regents. I'm pleased to be here on behalf of the board to join President Bounds in asking you to fully fund the university's budget request. I'd also like to point out that all elected members of the Board are here. I guess one had to leave. And one is, is absent so he's-- he was sick back at home, and all four of our student regents are here as well. I just wanted to bring that to your attention. In view of the state's fiscal situation, this is a fair request, or should I say a great investment for the state. And while as, President Bounds said, it is not the kind of growth budget we wish we could be discussing with you. This request does enough to keep the University of Nebraska whole so that we can continue to plan for the future. Keep tuition affordable and produce graduates to address the work force shortage and economic activity that our state needs. I'm a lifelong Nebraskan, a graduate of the University of Nebraska, the father of five children who all graduated from the University of Nebraska, and one is, is-- has his master's degree from the University of Nebraska, and another is pursuing his master's degree at night while working full-time at the University of Nebraska. And I would also add that regents do not get tuition breaks, so

I understand tuition impact as well. I've been a member of the Board of Regents for over a decade and I can tell you with complete confidence that in my lifetime there has never been a more exciting time to be part of the University of Nebraska. Our opportunities to work together to change the trajectory of young people's lives and create economic growth are as great as they've ever been. Your university, as President Bounds mentioned, is 150 years young, and we're just getting started. Let me give you a few examples. I think it's helpful for you to know what kind of return the university is providing for your investment. That's something we as a board look at very carefully, and I'm proud to tell you that the answer is a lot. That starts with our students, 52,000 students, our fourth-highest in total in history representing all 93 counties in Nebraska, every state in the country and more than 100 countries from around the world. They're the reason that we do what we do. That's 52,000 young people who appreciate your leadership in keeping higher education affordable and accessible for current and future generations. Senators, the Board appreciates your leadership in this area as well. Because of your partnership, Nebraska has a great story to tell when it comes to college affordability. Of that 52,000 students, 40 percent are UN-- of UNK's and UNO's freshman class, and 37 percent of UNL's freshman class are first-generation college students. These students recognize the value of higher education and what it can mean for them and for their families. These freshmen and their families truly appreciate your leadership and keeping education affordable. Our research is breaking records. Last summer, we announced that our military research institute has renewed with a five-year, \$92 million dollar contract from the U.S. Air Force. So when the Pentagon has a question on some level of national, national defense, it's the University of Nebraska that they call. Senators Wishart and McDonnell, we were honored that you came to that presentation and that announcement and were able to join us that day. I'm not sure many Nebraskans know that we're one of only 13 universities in the country that have this kind of exclusive partnership with the Department of Defense. Again, when the federal

government needs a research project done that will keep our men and women safe in-- on the battlefield, they count on the University of Nebraska to deliver. It's that kind of national spotlight that we want to shine on our state. If that's not the kind of national spotlight we want to shine on our state, I don't know what is. And there are countless other examples of university research creating real meaningful, impactful results for Nebraskans from agriculture and Extension work that will nearly feed-- or feed nearly the one-seventh of the world's population that's malnourished, work that you'll hear about later that touches every legislative district to medical research, research that one day will eradicate cancer giving new hope to every Nebraskan and every, every person throughout the world that's also battling cancer. We benefit from an unprecedented amount of private support that is yielding a great return for our citizens. In my backyard, Hawks Hall is the home of the next generation of business leaders who will be critical to Nebraska's future work force. This is an \$84 million, 240,000 square foot facility, the largest academic building project in the University of Nebraska Lincoln's recent history. And it was made possible entirely by private donors at just the time we need to be doubling down on recruiting the best students and recruiting the top faculty from around the country. Oftentimes, private investment follows public investment and matches it many times over. Projects like Building a Healthier Nebraska project, which included a Veterinary Diagnostic Center at UNL; the Fred and Pamela Buffett Cancer Center in Omaha; the Health Science Education Complex in Kearney; and the College of Nursing facility in Lincoln would not have been possible without partnership from both the public and private sectors. These benefit-- the benefits that these projects collectively have brought and will continue to bring to our state along with the nation and world are extraordinary and again was made possible because we, the Governor, the Legislature, various communities throughout the state, the university, and the private sector recognize the need for our state and tackled it together. People like the business leaders in this room recognize that the university's momentum, recognize the

university's momentum and want to be part of it. Twenty years ago I'm not sure the word biomechanics was even a word. Today at UNO, because of the expertise of our faculty and generosity of private donors, we have a biomechanics program that is unmatched anywhere in the country. If you haven't had a chance to see the work they're doing to treat autism, stroke, COPD, and build prosthetic limbs for kids-- let me know and I will set up a visit for you. As a board member, one of the most exciting things to me about the university is that we have the right people in the right leadership roles at the right time for our state. We have a president and chancellors who get up every day thinking about what more they can do to serve the young people and help build the work force in an economy of the future. A lot of these young people again are first generation college students. I think that says a lot for the sense of mission that our leadership carries with them. We have faculty who are some of the best in the country working right here in Nebraska to feed the world, treat disease, and put our young people on a path to success. We have student leaders who show me every day that the future of Nebraska is bright. You'll hear from some of them in a few moments. With people like these leading the University of Nebraska, I have every confidence that we can accomplish more, that we can grow, that we can join hands and compete for the future. I do think President Bounds said it, said it best, I offer him-- often hear him tell graduates at commencement that they should remember to keep the main thing, the main thing. Senators, right now, the main thing is to help the University of Nebraska keep-- help keep the University of Nebraska whole for the next biennium, so that we can keep moving forward and help you grow our state. So we can continue providing a top quality education to our students who will graduate and become part of the state's work force solution and the next generation of leaders. I'm asking you as, President Bounds did, to find a way to make the university a priority. Thank you for your consideration. I'd be happy, happy to answer any questions.

**STINNER** [03:37:09] Questions? Senator Wishart.

**WISHART** [03:37:12] Well, thank you so much, Regent Clare, for being here today. I wanted to follow up on a discussion that we had earlier, and I didn't ask President Bounds. You know, when, when we heard you during the deficit and, and two years ago talk about the ramifications of the cuts that you would have to make. One of the things that we heard was timing wise, you know, when you have an immediate cut from the state, it, it means that the things that you have to cut may actually not be the ones that you wish you had to, but because of just the timing of ramping down a program in those kind of things it, it makes it so your hands are tied at times and what is available for you to cut so that you have the immediate savings that you would need in response to our budget decisions. So can you just talk a little bit to that, because I do think we need to clarify that point?

**TIM CLARE** [03:38:11] Well, that answer could take several hours to go through, because I think you can look at it in terms of a cut to the University of Nebraska impacts our state-aided budget which causes us to increase tuition which creates a difficulty for those first-generation students or students generally who are having to-- that, that now can't afford to go to college, so that's affecting and impacting workers. And some of the business leaders from around the state are sitting right behind us-- right behind me here and, and they can attest to the, the work force shortage that they're facing and what that does to impact the ability of their businesses to expand and, and hire more people, and the ripple effect goes on and on and on. To programs that we want to be competitive in, cutting the budget in that regard, impacts those, those programs, and it offers, it offers other states and other universities the opportunity to, to, to provide a competitive product or education or something where we can't now because we've had to cut it and, and generally it impacts our vision. We're worried about where are we gonna come up with, with funds when we

should be looking to the wish list that President Bounds referred to earlier in his-- towards the end of his testimony.

**WISHART** [03:39:33] Yeah. I, I just wanted to make sure that again for the record because we went over this for the past two years that, that the cuts that, that you are making in that list that the-- that President Bounds had, that all of the colleges had to go through meticulously and look at how you would be able to come up with a budget that would reflect our cuts. That some of those were very-- all of them were probably very painful, but because of timing it tied your hands in terms of what was on the table to be cut. So I just wanted to really make sure that was part of the record that when we cut our budget you have to respond in a way where timing gets in the way of what you can prioritize in terms of cutting.

**TIM CLARE** [03:40:22] That's exactly right and in, in addition to that-- you know, it's, it's hard to attract the best and brightest faculty to our, to our campuses, and the best and brightest students when we're, when we're seeing cuts, you heard President Bound speak to that earlier. It's hard to expand access when you're talking about tuition increases because we need to make ends meet. And it's hard to produce work force when our conversations are around keeping the lights on,--

**WISHART** [03:40:48] Yeah.

**TIM CLARE** [03:40:48] --and those are, those are tough. You're right, tough challenges.

**WISHART** [03:40:50] So you know that's-- that goes to my second question which is-- and, and it's-- I guess, more of a statement and, and a, and a push for, for you and for the

president next year to really come in with what those aspirations are. We spend way too much time in this Legislature talking about the past. We spend a lot of time putting out present fires and very too, too small of portion of our time really aspirational and looking to the future, and what we want to do, and who we want to be. And I think it's very important for this committee especially since we've been stuck cutting for two years. I think it's important that we do infuse the discussions we have around policy with some visionary aspects. So I would be really interested in you coming next year because it's deficit time and really talking to us about if we were to give you the resources and investments to make us the most competitive university in the country, what would that look like?

**TIM CLARE** [03:42:00] Well, I, I couldn't agree more-- the a-- that's why the windshield's bigger in the rearview mirror.

**WISHART** [03:42:04] Yes.

**STINNER** [03:42:06] Additional questions? Senator Dorn.

**DORN** [03:42:10] Thank you. Thank you, Regent Clare. Thank you, Chairman Stinner. I-- Anna, there almost took-- I guess, my question almost-- I guess, as a Board of Regents-- what are some of the things you're challenging President Bounds and Chancellor Green with for the future?

**TIM CLARE** [03:42:24] Well, we challenge President Bounds, and Chancellor Green, along with Chancellor Gold, and Chancellor Kristensen with trying to enroll-- growth in enrollment. We challenge them in terms of access for, for students. We challenge them in terms of research. We challenge them in terms of economic impact and community

outreach, and we chall-- challenge them in terms of growth and work force development.

And those are things that, that we think in partnership with the state, that's-- those are things that, that truly benefit the, the campus, which in turn I think benefits the state and the state's economy.

**DORN** [03:43:15] Thank you. Thank you very much.

**STINNER** [03:43:15] My presumption is, is that's part of your strategic planning. How, how many times you do strategic planning? Is it every other year or is it [INAUDIBLE]--

**TIM CLARE** [03:43:22] You mean as a board?

**STINNER** [03:43:24] As a board.

**TIM CLARE** [03:43:25] As, as a board, we try to get together at least once a year to review the strategic plan and the strategic format and see the, the-- what's applicable, what needs to be changed, modified, added. I'd like to meet a couple of times this year to talk about those things because I don't think you can, but, but unfortunately in this-- the, the last several years we haven't been able to do that, because we've had to really focus on, on how we're going to keep the lights on.

**STINNER** [03:43:54] And really kind of reflecting on what Senator Wishart wanted to put in the record, when we cut or we cut back on appropriations, that doesn't necessarily correspond with the cuts that you realize, so then you burn cash in the middle of that, so--

**TIM CLARE** [03:44:07] Exactly.

**STINNER** [03:44:09] that's, that's, that's the bridge.

**TIM CLARE** [03:44:11] Exactly.

**STINNER** [03:44:12] Senator Clements.

**CLEMENTS** [03:44:13] Thank you, Mr. Chairman. Thank you, Regent Clare. I was wanting to ask about enrollment and do you have figures on how enrollment is up or down on each of the four campuses individually?

**TIM CLARE** [03:44:32] Enrollment, as I said earlier and during my testimony, is the fourth highest it's been in, in the history of the University of Nebraska. It did dip this, this past year. Kearney was, was up. I can give you the exact specifics. I can have Chancellor Kristen-- Kristensen give you the exact specifics. Kearney was, was up, UNO was up, and I believe UNL was, was slightly down. We can provide that, that detail to you.

**CLEMENTS** [03:45:03] Thank you.

**STINNER** [03:45:09] Any additional questions? Seeing none, thank you.

**TIM CLARE** [03:45:12] Thank you.

**STINNER** [03:45:27] I, I will tell you that I'm gonna hold you to five minutes. I didn't want to interrupt the Chairman, but--

**SARAH HOTOVY** [03:45:35] Good evening, Chairman Stinner and members of the Appropriations Committee. My name is Sarah Hotovy, S-a-r-a-h H-o-t-o-v-y, and I'm a third-year medical student at the University of Nebraska Medical Center. It is my honor to be here today on behalf of my fellow student regents at UNO, UNK, and UNL, and on behalf of the 52,000 Huskers, Lopers, Mavericks, and health profession students we represent. As one of those 52,000 students, I can tell you firsthand how access to a world-class education has impacted my life. I grew up in York, Nebraska, a small town that filled me with big aspirations. I knew I wanted my life goal to be making health care more affordable, more sustainable, and higher quality for patients. After spending time abroad and considering starting my career elsewhere, I knew I wanted to give back to the small communities in this state who made me who I am. I returned to Nebraska to work for a health care quality improvement organization, and when I came to the realization that I wanted to impact health policy as a physician, I had a world-class medical school in my backyard. A nationally known institution that would not only prepare me to take excellent care of patients, but would position me to be a leader in health care. Like each University of Nebraska student, I see the value of the university through my own unique lenses. I see the impact of the university through the eyes of a current student who has continually aspired by my bright hardworking cures across the system, students who show up to their labs every day in hopes of curing devastating diseases like pancreatic cancer, and students who are active members of our military committed to furthering their education so they may better serve our country. I see the impact of the university through the eyes of someone who plans to work and raise children in this state, who knows that the vitality of my future rural community is dependent on having well-trained entrepreneurs, teachers, agricultural leaders, and innovators. I see the impact of the university through the eyes of a future business owner who knows my ability to keep my future patients healthy is not solely dependent on my own expertise as a physician, but instead relies on being

surrounded by skilled nurses, therapists, social workers, and pharmacists. I see the impact of the university through the eyes of a lifelong Nebraskan who is proud of my state and wants to see it grow and prosper for years to come. An investment in the University of Nebraska is an investment in the young people of this state, rural and urban, from all backgrounds and walks of life. Keeping tuition affordable sends a clear message to young Nebraskans that their energies and talents are needed and welcomed. We can't afford to have the best and the brightest Nebraskans lured out of state because of the cost of education. On this point, I think my fellow students say it best. Your packets include letters of support from university students and in reading the letters, I was struck by how many students lifted up the university's affordability as a key factor in their decision. Trey, a UNK student from Doniphan wrote, keeping tuition rates low is important to me because I want other young adults to be able to enjoy the same opportunities I have. Diane, a senior at UNL wrote, as I join the work force and begin a family of my own, I'm considering where to settle down. I value living in a state that prioritizes affordable, quality education. Another student who simply signed their letter an optimistic Maverick said, choosing UNO has been the single best thing I've done, but paying for college is not as easy as people think. And Jeffrey, an international business major at UNL wrote, I believe there is a way we can all win, a stronger university is a stronger Nebraska. I couldn't agree more. An investment in the University of Nebraska sustains the institution's mission, keeps its programs nationally ranked, and grows its research impact. Now is the time to invest in the future, not the time to slow my peers in their quest to provide nourishing food and clean water to the entire world, to develop the next revolutionary technology, or to find the cure for cancer. So I ask you today to support full funding for the University of Nebraska, with the confidence that an investment in the university is an investment in all Nebraskans and in the prosperity of our beloved state. Thank you.

**STINNER** [03:50:17] Thank you, for your testimony. Questions? Senator Dorn.

**DORN** [03:50:22] I believe we have what three more re-- students, regents or whatever.  
Could you introduce them?

**SARAH HOTOVY** [03:50:28] Yep, they will all be testifying, too.

**DORN** [03:50:30] Oh, they will. OK, good, great.

**STINNER** [03:50:32] You'll get a chance to meet them. Any additional questions? Seeing none, thank you very much.

**DANA BRADFORD** [03:50:46] Good evening. I'll be as quick as I can, certainly under five minutes. Let's see-- Chairman Stinner and members of the Appropriations Committee. My name is Dana Bradford, that's D-a-n-a B-r-a-d-f-o-r-d. I am the president and CEO of C3 Brands, an Omaha, Nebraska based company. In addition, I serve or have served as chairman or as a director of several organizations committed to the well-being of Nebraska, including as the immediate past chairman of the Greater Omaha Chamber. Through these experiences, I'm gonna offer the following testimony-- but before I get into my prepared comments, I thought it'd be helpful to get into a little background. So in 2004, I was asked to get involved in a civic project involving the Aksarben racetrack, and what that led to was an interaction with the university, and it really made me aware of what the university means for the state of Nebraska. And I was fortunate to work with some incredible leadership within the university and through J.B. Milliken and Chancellor John Christensen at that time, some incredible things were created through the-- through this-- the process that we did at that time. And in the spirit of no good deed goes unpunished,

J.B. Milliken had we go out and meet with Chancellor Doug Kristensen and provide the same processes that went into what we tried to accomplish at Aksarben in, in Kearney. And then in that same spirit, I was asked to engage in a study of what could the Innovation Campus be for the University of Nebraska at Lincoln and the, the state. And through that interaction, I became a founding board member, and I'm still on the board of Innovation Campus today. I get asked all the time, why in the world do you spend all this time on this stuff, and the reality is that Nebraska cannot succeed unless the university does. It's that simple. As past chairman of the chamber, I often get asked, why would you spend all this time in Nebraska instead of in Omaha? The reality is, Omaha doesn't succeed if Nebraska doesn't succeed. And so what that brings me to is, there's a big we here. You know, I believe that we as a state have to come together and address what has become an increasing challenge. You heard a lot about work force development today. Well, I would tell you that in the competitive landscape that we're facing as a state against other states, it's become a very serious issue. And I'm gonna touch on some of that with my prepared comments, and then I welcome any, any comments or questions afterwards. While every state must get the most out of their resident population, when it comes to addressing the demands of its work force, the fact is the organic population growth of the state can no longer supply enough workers to meet those demands. As a result, the demand for skilled workers has never been more intense and the lack of supply of skilled workers has created an unprecedented competition for these workers. In order to successfully address this work force demand challenge, every state must take people in jobs from other states in order to grow its economy. I'm gonna say that again, the only states that will win, will be the ones that take people in jobs from another state. Consequently, this level of competition between states will ultimately produce winners and losers. States that cannot gain a competitive advantage will ultimately be faced with a declining economy through the loss of jobs and people. The reality of this level of competition for people in jobs has many

states organizing resources today in ways that will achieve two objectives: retain existing workers and jobs so they don't lose them to, to states trying to take them away; and to take people in jobs from other states. That's the game we're in. We're not making the rules here. It would be a lot easier if we didn't have these rules, but that's a competitive environment. When it comes to achieving these two objectives, a mission critical resource for retaining and attracting people and jobs is a state investment in postsecondary education. When a business is assessing whether to stay or rela-- relocate to another state, a leading indicator in these assessments is the level of a state's investment in postsecondary education. It is simply not possible to meet the demands of a state's existing work force or grow that work force without investing in postsecondary education. For Nebraska to compete in this escalating competitive environment amongst states, it must have a game plan. And that game plan must include investing in the University of Nebraska, and where possible, doing so in partnership with private-sector companies and industries. Nebraska cannot succeed without a successful and affordable university. It is this competitive reality and fear over what may come from it, that brings me before you today in support of investing more in the university, not less. This concludes my prepared comments, and I appreciate the opportunity to speak before you, and will gladly address any questions. Thank you.

**STINNER** [03:55:43] Thank you very much. Questions? Senator McDonnell.

**McDONNELL** [03:55:49] Mr. Bradford, thank you for being here today. In your experience in the different roles that you've filled, where are we sitting with-- you're, you're, you're almost describing that it's a Viking mentality. We have to, we have to go into other states and we have to recruit-- we've got to bring people into our state, but also we have to retain.

**DANA BRADFORD** [03:56:08] Correct.

**McDONNELL** [03:56:09] And right now if you look at in the metropolitan area in Omaha, we've got probably half of the-- approximately half of the people that are interested in the skilled trades-- not the college level but skilled trades, electricians, plumbers. They're failing the entrance test. These are people with high school diplomas or GEDs, they're failing the entrance test. We have the, the generation right now-- the baby boom generation that's retiring, and over the next 15 to 20 years in the metropolitan area we're seeing double the growth. Looking at that-- looking at our issue then in your, your perspective, and what you're experiencing with at the business level. At the college level are, are we, are we competitive, and I'm just missing it at the-- at my day job as the president Omaha Federation of Labor? Am I just saying-- seeing it from the level of the skilled trades versus the level that you're talking about for businesses that want to stay here or businesses that want to grow here at the college level? Is that, is that pretty much the same problem we're about halfway where we should be to have the people to be competitive?

**DANA BRADFORD** [03:57:16] Yeah. Well, let me attempt to answer your question. The-- so I've had the pleasure of working with a number of companies trying to get them to Nebraska, we're keeping them here. One of the challenges we have as we sit here today, if you were to talk to the Nebraska State Chamber they'd tell you there's approximately 55,000 jobs that are open right now. And a number of these companies are making decisions on whether to invest and solve that problem here or open up or expand offices elsewhere to, to fill them. When you look at 845,000 nongovernment jobs, give or take in the state of Nebraska, the-- when then you look at-- if you look at the 66,000 kids that are

enrolled in, in post-- in community colleges, and then roughly 80,000 undergrad, we're kicking out 15,000 associate's degrees-- or bachelor's degrees and about 7,000 associate's, 22,000. It's not near enough to address the gap that we have right now. So there's two big issues here that you addressed. One is-- and this goes to a comment that I believe Senator Vargas was getting at earlier, we have to take care of the kids we got. The, the mountain we've got to climb is so steep that we have to go out and get kids, students, and workers from other states, but you got to try and lessen that slope by making sure the kids you have get through K-12, get into the trades through the community colleges and the four-year institutions. We've got to dramatically expand that. And if you go and look at that math, we're, we're losing that battle. We're not winning that battle.

**McDONNELL** [03:58:51] Compared to 10 years ago-- how are we comparing to 10 years ago, 20 years ago? When did, when did we finally start losing the battle? In your experience-- in your-- in your different positions that you've held?

**DANA BRADFORD** [03:59:03] I can, I can, I can only tell you what, what I know, which usually is never enough. But the-- I chaired the Heartland 2050 planning exercise, which was a two and a half million dollar federal grant. And the gist of that was that states like Nebraska aren't going to grow organically, that the birth rate is going down, death rate is increasing, and that you're gonna have to figure out how to address this by putting together programs that can get the most out of kids you got, students you got and then also to attract people to the state. And if you fail to do that, your economy will struggle. And I believe that's right where Nebraska is right now.

**McDONNELL** [03:59:43] So from a business person's perspective, what, what are we missing as state senators?

**DANA BRADFORD** [03:59:48] Well admittedly, this is changing quickly and I think if you do take the time to look at what other states are doing you-- you'll find a number of states are mobilizing to be the hunter in this, not the hunted. And I do think it is a Viking mentality, you-- your, your position. I look at where we sit. I think we've got to-- you know, and a lot of this comment is beyond the, the scope of the Appropriations Committee, I, I understand. But, I think, we've got to recognize that the fight is not inside these boundaries of this state, the fight is outside. And it's not necessarily neighboring states, because businesses will choose to go to Texas. You know, this is a knowledge-based technology oriented business environment, which means in simple terms from my perspective you can go to engineering business and give them all sorts of incentives and move those jobs overnight, First Data could move out of Nebraska overnight. You know, 4,000 jobs-- if 4,000 jobs walked out of Omaha, I can tell you from a work force infrastructure standpoint, we would never replace that in my opinion.

**McDONNELL** [04:00:52] Currently with your discussions with business leaders, would you guesstimate we're losing half where businesses might not be leaving but they're, they're saying, hey, we're, we're recruiting our people half the time from outside the state Nebraska, and if we don't improve that we're gonna start looking at leaving within X number of years. Is that, is that discussion going on?

**DANA BRADFORD** [04:01:13] The biggest thing that-- from the conversations that I have had, and, and it's been many-- and by the way, I've dragged a number of these chancellors to plenty of meetings. So I'd, I'd be embarrassed to tell how much time I've spent on this. But I, I think you look at-- the biggest thing is this-- the business community is looking for the state's investment in postsecondary education. If the state pulls back on

university funding and the programs get cut, a large company or a small company is not going to invest in work force development when a state is pulling back on its own commitment. You're not going to read about that in the paper, but that's what's gonna happen.

**McDONNELL** [04:01:51] Thank you.

**STINNER** [04:01:53] Additional questions? Seeing none, thank you very much.

**DANA BRADFORD** [04:01:57] Thank you, appreciate it.

**STINNER** [04:02:11] Good afternoon.

**HOMER BUELL** [04:02:11] Good afternoon.

**STINNER** [04:02:12] Still is the afternoon.

**HOMER BUELL** [04:02:13] Still is-- almost six, I think. Chairman Stinner and members of the Appropriations Committee. My name is Homer Buell, H-o-m-e-r B-u-e-l-l, and I serve as vice president of the Agriculture Builders of Nebraska, a network of over 200 agricultural leaders from across the state. I am a fourth-generation rancher and live on the Shovel Dot Ranch in Rock County Nebraska, a 1971 graduate of the University of Nebraska. I'm here today on behalf of the Ag Builders membership to voice my enthusiastic support for the University of Nebraska and the role that it plays in growing our economy and developing the work force necessary for continued growth of our state. The university has been a vital partner in agriculture in our state since it was founded 150

years ago. There has been a long and successful history of the university helping Nebraska farmers and ranchers become more productive and efficient in feeding people in our states and around the world. Personally, I can give you countless examples of how the university has impacted, impacted my business and my personal life. Nebraska Extension has been a centerpiece of helping our ranch make good business decisions about how we manage our land, our people, and our cattle. The university has literally saved our ranch thousands of dollars. And there have been countless other ranchers in Nebraska just like us and my family. Other good examples of the university's impact on our family includes utilizing the research from the Gudmundsen and Barta Brothers ranches; participating in 4-H programs; utilizing the services of the Great Plains Veterinary Educational Center; and I could go on and on. These programs have impacted myself and my family in countless ways. No one understands better than I, and other producers across the state, that today's agricultural economy is constantly changing. I was recently asked by a state senator if a 3 percent or 4 percent budget cut to our ranch would really be a big hardship, and if we couldn't recover easily? A year later, I have to admit, if faced with an additional 3 or 4 percent like the university has-- if our ranch had to face that there would be dire consequences. Producers like myself, as well as the state of Nebraska, make hard choices when revenues decrease. However, to not invest in the entities that provide long-term returns is not in the best interest of Nebraskans. Developing a skilled work force is critical for bringing on new employment opportunities to all corners of the state and keeping youth in our communities outside of Lincoln and Omaha. In my opinion, that can be accomplished through the state's continued investment in the University of Nebraska. A failure to invest in the university and the young people of our state would have long lasting and, I believe, debilitating effects on our state and our number-one industry, agriculture. The university's contributions to Nebraska agriculture are numerous and continue to be significant. Through my past experiences as past president of the Nebraska Cattlemen, to

member of the President's Advisory Council, to my current role as vice president of Ag Builders, I see firsthand how the university manages its resources. It is not an exaggeration to say that Nebraska has become a global leader in the area of agricultural research. The Daugherty Water for Food Global Institute which is developing solutions for sustainably feeding a global population that will reach 9.6 billion by 2050 is just one example. The university will be leading the new national institute for Antimicrobial Resistance Research and Education to help mitigate the risk of drug-resistant superbugs and to help improve our health and that of Nebraska's crops and livestock. To put it simply, the University of Nebraska is addressing the challenges that matter. We should all be proud of that. And we should make the big decisions that help keep that momentum going. The university has made use of efficiencies and other means to address previous reductions in budgets. This year they have brought a very minimal request to you. I fear the impact that further cut-- cuts would have in the terms of quality of academic programs, access to higher education for working families, and momentum created, created over the past decade. The damage would be significant and long lasting. Nebraska agriculture would absolutely be impacted by further cuts to the university. The continued strength of our number-one industry depends on the strength of the University of Nebraska. In closing, I ask that you make funding for the University of Nebraska a priority as you deliberate appropriations and consider it as a strategic investment in our future. Thank you.

**STINNER** [04:07:32] Thank you. Questions? Senator Bolz.

**BOLZ** [04:07:36] Briefly-- as a member of Ag Builders, I assume you're following the Revenue Committee's conversation on property tax relief very closely.

**HOMER BUELL** [04:07:46] Yes.

**BOLZ** [04:07:46] I don't want to put words in your mouth, but from my perspective as a part owner of a small farm, I'd say this is a both and conversation, not an either or. In other words, the idea that not funding strategic priorities through the Appropriations Committee like the university versus property tax relief, it's not an either or, it's a both and. Is that your perspective?

**HOMER BUELL** [04:08:10] Well, I would say that it-- that it's not an either or. I think we can fund, you know, the university. We can fund all of education. We can and fund our, our, our schools out in our counties. And-- but-- and, and we can, we can do all that and reduce property taxes. I'm a firm believer that we got to the situation we are in regards to property taxes because of a tax shift. We've always had the three-legged stool and it's probably shifted more to property tax to fund the various educational things. I mean, I feel that maybe we need to have a, a shift back in, in maybe, you know, some sales tax adjustments. I know you have various bills that are before you to address that.

**BOLZ** [04:08:56] And the Ag Builders are actively engaged in that conversation--

**HOMER BUELL** [04:08:59] Yes.

**BOLZ** [04:09:00] --with the Revenue Committee-- in, in the Revenue Committee?

**HOMER BUELL** [04:09:03] Ag Builders-- I think Ag Builders, our group, has not been actively involved in that.

**BOLZ** [04:09:09] Agricultural interests.

**HOMER BUELL** [04:09:10] Agricultural people in general, the Nebraska Cattlemen,--

**BOLZ** [04:09:13] Right.

**HOMER BUELL** [04:09:13] --Farm Bureau, different organizations I'm involved with are very active in that, yes.

**BOLZ** [04:09:17] With the Revenue Committee?

**HOMER BUELL** [04:09:18] Yes.

**BOLZ** [04:09:18] Yes, thank you.

**HOMER BUELL** [04:09:19] Yes.

**STINNER** [04:09:20] Additional questions? Seeing none, thank you.

**HOMER BUELL** [04:09:25] Thank you.

**STINNER** [04:09:26] Good afternoon. [INAUDIBLE]

**ASHLEY WYSONG** [04:09:44] Good afternoon. My name is Dr. Ashley Wysong, A-s-h-l-e-y W-y-s-o-n-g, and I'm the founding chairman of the Department of Dermatology at the University Nebraska Medical Center. I'm honored to be here to testify on behalf of the University of Nebraska. I'd like to start by telling you a little bit about myself. I'm a through

and through small-town Midwesterner. My Grandpa Wysong was born in Bayard, Nebraska, and moved the family to a small town south of Kansas City, where I was born and raised. I knew almost every family in town and countless individuals helped to support my dream of becoming a doctor, despite no one in my family being in medicine. I worked hard in school and was a three-sport varsity athlete. And whenever possible, would scrub into surgery with the local general surgeon. I went on to grad-- graduate school in cancer epidemiology at Stanford University, and continued my athletic running career, both collegiately, and then professionally at Nike. After missing the Olympic team by fractions of a second, I matriculated to medical school at Duke University where I was valedictorian. I returned to Stanford for residency training in dermatology and served as chief resident, and then received advanced fellowship training for skin cancer at Scripps Clinic in San Diego. After developing research, educational, and clinical programs at the University of Southern California, I was recruited to start a new Department of Dermatology here in Nebraska. Many people were surprised when I ultimately left an established position and career in Los Angeles to come to Nebraska. However, the more I learn about the University of Nebraska, and the people in Nebraska, the easier the decision became. Initially, I was drawn to the unbelievable opportunity to return home to the Midwest and to help fulfill a major need in the state of Nebraska. Prior to our dermatology program starting in July of last year, the people of Nebraska had one of the lowest number of dermatologists per capita, yet one of the fastest growing rates of melanoma, the deadliest form of skin cancer. I was impressed by the recent investments in clinical and research spaces, such as the Buffett Cancer Center, the Lauritzen Outpatient Center in the iEXCEL building. I know this committee was a strong champion of the state's partnership in these facilities, and we're very grateful for your leadership and your vision. If you haven't been to the Med Center recently, I invite you. The energy is literally palpable. I've had the opportunity to train and to work at some outstanding institutions, but never before have I

seen the kind of public and private partnership with a truly shared mission to lead the world in transforming lives with educational programs, innovative research, and extraordinary patient care. The trajectory of our campuses, which I think we've heard a lot about today, and the amount of collaboration between them is absolutely astounding to me.

Nebraskans' commitment to our collective missions is truly unique and allows our faculty to have protected time to develop research, to train the next generation of physicians, researchers, and educators. The exciting thing to me is that Nebraska can do even more to compete on a national level for the best and the brightest faculty and students. There's a unique sense of a shared mission here and people who care that you just don't see anywhere else. It sends a message that as Nebraskans, we care about our people and we care about the future. Since starting in July of 2018, I've recruited four board certified dermatologists and together we've seen over 4,000 Nebraskans needing comprehensive care. We've now employed over 27 people in our clinics, in our department. And through collaborative efforts, we are reforming multidisciplinary teams. We're developing a tele-dermatology program to improve access to care for Nebraskans in rural areas and throughout our region. We've launched multiple research programs with over two dozen ongoing research protocols and 18 students working on transformative science. We've developed educational programs and are working on starting a residency to train the next generation of dermatologists in Nebraska. Finally, our team has been active in outreach and service programs at local high schools and women's shelters, and we're performing skin cancer screenings at The Cattleman's Ball, and attend-- and am planning to attend Harvest Days this upcoming year. All of this is possible through the ongoing support of this body and our Nebraska citizens. I cannot thank you enough. I recognize the difficult financial decisions that must be made by the individuals in this room. However, continued investment in the University of Nebraska could not be more essential. I believe we are at a critical time in the trajectory of our university to recruit and retain the cream of the crop to

support inter collaboration-- intercampus collaborations that will benefit all Nebraskans and to leverage our state dollars for additional federal and private funding. I am proud to be a member of the faculty of the University of Nebraska. I'm proud to be a Nebraskan. And with your support, I'm here to stay. I'd be happy to answer any questions.

**STINNER** [04:14:58] Thank you very much. Any questions? I know Steve Erdman wants to say he's from Bayard. Senator Dorn.

**DORN** [04:15:08] I don't know if I have a question as much as a comment. I-- and on, and on ours, it was your second page-- at the top of your second page when you said, many people were surprised when I left an established position and career in Los Angeles to come to Nebraska. However, the more I learned about the University of Nebraska and the people in Nebraska, the easier the decision became.

**ASHLEY WYSONG** [04:15:28] Um-hum.

**DORN** [04:15:28] I, I, I don't know, maybe we need to make a poster of that or something. I don't know. [LAUGHTER]

**ASHLEY WYSONG** [04:15:35] Yep.

**DORN** [04:15:35] Mr. Bradford talked about our students leaving, and yet I hear so many positive things about why and how we need to keep those students here and then you come back here also because of-- I call it the Midwest value. I don't know what else you call it. And we have so many great things going for us. And yet we dwell on sometimes the negative stuff, and we shouldn't be doing that. We, we have such a great university. It is a,

a vital part of our state, and we need to keep those comments like you made there out in the forefront.

**ASHLEY WYSONG** [04:16:07] Thank you.

**STINNER** [04:16:08] Thank you, and it's encouraging for me to see that we've attracted you here. Now we've got to retain you, right?

**ASHLEY WYSONG** [04:16:14] Yes, sir.

**STINNER** [04:16:17] Any additional questions? Senator Hilkemann.

**HILKEMANN** [04:16:19] What's your area of research?

**ASHLEY WYSONG** [04:16:20] Great question, cancer epidemiology and skin cancer. And so actually, you may, you may not know this, but there is actually more skin cancer in the United States than all other cancers combined. And actually if you add up all the numbers of, of cancers that we treat in the U.S. annually, we actually treat four times as many skin cancers. Unfortunately in the state of Nebraska, what we've learned-- obviously, we have a shortage in dermatologists. And I will tell you over the last six months that we've had clinics open, it is unbelievable the number of patients that we're seeing that have had delayed care in skin cancer diagnoses. And so we are looking for new ways to do outreach into the rural areas, and so that's through our tele- dermatology program. My personal interest is actually in understanding the genetics behind certain skin cancers, and why certain tumors can be cured with just local surgery in the clinic. I'm a mole surgeon by training as well so that's for skin cancer surgery. But some tumors become overly

aggressive and can metastasize and rapidly become life threatening. And so I'm specifically interested in trying to understand what are the unique things in individual person's tumor or their, or their background that would put them at higher risk. And so honestly as a skin cancer surgeon, my job is to cure cancer and get-- and put myself out of a job.

**HILKEMANN** [04:17:35] You know, you-- you've had, you've had excellent training outside of the state, but then you've come back. What's been one observation that you've made about to coming back to UNMC, having been at the other places?

**ASHLEY WYSONG** [04:17:48] Great question. I think that-- well-- I mean, there are several observations, but I think the one that really stands out most to me is truly the amount of people, both in terms of the state, the private sector, and within the university who are all coming together to solve complex, complex problems around medicine. There's no doubt that medicine's an economic driver in this state and in many states, but it's really rare that you see everyone fully supportive and behind their Med Center. I've never seen that kind of pride to be honest on a regular basis. I mean, it doesn't matter if I'm in the grocery store or I'm walking down the street when people hear you're, you're working at the Med Center, they're grateful, they're appreciative, they're excited, they want to hear about what you're doing. And I agree with you, I think that that level of excitement and focusing on the positive and working on the-- working on how do we solve these complex problems in medicine and retain the best and the brightest recruit them back, I think the trajectory in all of our campuses and in my experience at the Med Center is really gonna help us retain and recruit.

**HILKEMANN** [04:18:50] All right, just to follow up, I-- I'd tell you, you mention the Buffett Cancer Institute, I-- my-- I have a daughter who lives in Houston, and she had-- recently when she had her baby I was there and she faced the MD Anderson facility down there in Houston. And I thought, you know, when I first came to Omaha 40 years ago when you had that, people that-- that was one of the places people wanted to go. And I thought, you don't have to do that in Nebraska anymore.

**ASHLEY WYSONG** [04:19:15] Absolutely.

**HILKEMANN** [04:19:16] We have those wonderful facilities right here, and we don't-- I, I, I, I hope that people, just as you've seen, have appreciated-- appreciate the fact of what we have going on in Omaha, Nebraska, at our UNMC. It's just-- thank you for coming back.

**ASHLEY WYSONG** [04:19:33] Absolutely, thank you for having me.

**STINNER** [04:19:37] Any additional questions? Seeing none, thank you very much.

**ASHLEY WYSONG** [04:19:40] OK, thank you.

**JEFF BRADSHAW** [04:19:54] Chairman Stinner--

**STINNER** [04:19:57] It's good to see you.

**JEFF BRADSHAW** [04:20:00] -- and members of the Appropriation Committee, good afternoon. I'm Dr. Jeff Bradshaw, J-e-f-f- B-r-a-d-s-h-a-w, and I am a research and extension entomologist at the University of Nebraska Lincoln's Panhandle Research and

Extension Center in Scottsbluff, Nebraska. Mr. Chairman, as a constituent of yours it's a particular honor to come before you today, and I'm grateful for your leadership on this committee as well as the rest of the members of this committee for creating a bright future for Nebraska. I join President Bounds and Regent Clare in asking you to support the University of Nebraska's budget request. My message for you is simple. A strong Nebraska Extension depends on a strong University of Nebraska. Your investment in the university will ensure that Extension and our 380 research and extension professionals continue to grow our capacity to address and solve the most critical emergency-- emerging challenges and opportunities that impact our state. Allow me to tell you a little bit about the work that we do at the Panhandle Research and Extension Center. PREC is one of the three geographically distributed centers designed to serve the ecologically diverse landscape of Nebraska. We work side-by-side with community, industry partners to address challenges and opportunities facing unique cropping and livestock systems in western Nebraska. In my role as an entomologist, I work to positively impact our community and Nebraska's economy. Since my hire in 2010, I have brought \$12 million to our university from state commodity boards, block grants, private industry, and various competitive USDA programs all to serve the diverse agricultural systems in the Nebraska panhandle. Our work also has economic value. My research with other scientific colleagues found for the first time that native pollinators contribute to 45 percent of the yield in confection sunflowers. This finding represents \$40 million in annual regional value and was supported by the National Sunflower Association. In response to these findings, I continue to collaborate with USDA-ARS, and private industry to identify control tools, tactics, and strategies to better manage key sunflower pests without decreasing yield potential through negative pollinator interactions. Importantly, the pollinators identified in these studies are likely conserved through the vast rangelands of western Nebraska as they are stem and ground-nesting species. These findings highlight the value of the

diverse agricultural and natural resources that we're fortunate to have in Nebraska. Lastly, I have on-farm collaborations every year with dry bean, sugar beet, and wheat producers in western Nebraska focused on a number of pest challenges. Input costs and accurate pest management are two areas over which our producers can exercise some control. In today's poor agricultural economy specialists like myself have a critical role to play in improving profitability on our farms and ranches. Our 380 research and extension faculty could all share similarly impactful stories. We're able to drive this kind of impact because of your partnership. I know Nebraska policymakers have a long tradition of supporting the university and that's one reason that today Extension has a presence in every Nebraska county working proactively with farmers, ranchers, parents, early childhood development professionals, business owners, and community leaders to help them be more proactive--productive, effective, and healthy. I truly believe Extension is a key player in terms of the impact we have on economic growth and quality of life for Nebraskans. Some Nebraskans may not realize how closely Extension is tied to the university. Like the university, Extension depends on a stable base of appropriations to foster deeper relationships we have with learners, and problem solving work-- and the problem solving we work with we do. About 60 percent of our budget is funded by the state. When the state invests in a competitive university, it's likewise investing in a growing and competitive Extension. On the other hand when the university is forced to consider budget reductions, Extension is necessarily at risk. One of the core values of Extension since 1910, has been that every resident of the state is a student of the college. I fear the impact that reductions could have on the breadth and quality of our Extension enterprise when we are focused on being a catalytic partner with you in helping move the state of Nebraska forward. I know you have difficult decisions before you. However, I think President Bounds said it best. At a time when expertise and service of Extensive professionals is so vital to the health and well-being of Nebraskans in all 93 counties, I hope you will find a way to make the University of

Nebraska a priority. Thank you for your consideration, I would be happy to answer any questions.

**STINNER** [04:24:46] Thank you for making it all the way here, Dr. Bradshaw. Senator Erdman.

**ERDMAN** [04:24:52] Thank you for coming. It's a long ways, right, 400 miles, appreciate that. I've told many people in the extension field this, and I'll, I'll say it again today, the Extension is the best kept secret in Nebraska. And we in rural Nebraska don't take advantage of that as we should. And so I appreciate what you do there. The Panhandle Station's been very important to our area. The diagnostic lab was very important in our area and we lost that. And so when you lose those kind of facilities and you lose that kind of service you begin to appreciate what you have left. And so I really appreciate what you do. Thank you for coming.

**JEFF BRADSHAW** [04:25:29] Thank you.

**STINNER** [04:25:31] Any additional questions? And I will echo what Senator Erdman says, you guys do great work and we're very, very, very appreciative out west, so thank you.

**JEFF BRADSHAW** [04:25:48] Thank you, Senators.

**STINNER** [04:25:48] We're now entering the pro-- part of the program where we're gonna ask three minutes.

**JAY WILKINSON** [04:25:57] Good evening, Chairman Stinner and Vice Chairwoman Bolz, and esteemed members of the Appropriations Committee. My name is Jay Wilkinson, J-a-y W-i-l-k-i-n-s-o-n, and I want to just say, first of all, sincerely, I appreciate the work that each and every one of you do I don't think our senators get enough credit for the amount of hours and time and patience clearly that you put into these kind of things. I'm a product of the Sandhill's region. My family has been in Nebraska since before Nebraska became a state on both sides. One of my great-grandfathers was a farming-- was a farmer and a farming family in Curtis and the other was an entrepreneur and county commissioner in Lincoln County back when Buffalo Bill built his Wild West Ranch. And today my brothers and I continue to invest in Nebraska from our home bases in Lincoln, North Platte, and Lewellen. And I'll also share that, in an effort that would make Scott Frost proud, I recruited my wife Tawnya from the south and she now proudly refers to herself as a Nebraskan. And every single time we have someone come visit us from wherever they come in the world, Tawnya insists that there are two places we have to take them. One, is a bike ride through campus, show off the university; and the second, is to bring them here to the State Capitol, where she has taken over from me and she proudly shares the history of the heritage and common sense of this amazing state. And these are the things that I think about-- the, the two things, our state and our university. In my head it's hard to differentiate between the institution of our state and the institution of the land-grant university, which is the University of Nebraska. One is the heart and one is the soul, I just can't tell which is which. While I attended the university in the mid-80s, I started several companies including one that took me to New York City, where I ended up living for four years. And I admit I arrived a bit intimidated in what I perceived to be, you know, the East Coast elite, and it took me just a couple of months to realize that my Nebraska upbringing and my University of Nebraska education had more than prepared me to compete with anyone anywhere in the world. And since moving back to Nebraska in '91, I have founded and sold several

companies, invested in dozens more as an angel investor, and served as one of the original board members on the Nebraska Angels, where I still serve today. I'm a passionate supporter of the entrepreneurial community. So today where I spend most of my time is with my company Firespring. We have thousands of clients in all 50 states, 14 countries around the world, and we are invested in the, in the economy of information and services, and we compete for talent. And it is a problem of epic proportions for us right now to find the people to come to our state and to retain the talent we have in this state without having them leave, to be able to employ the people that we need to hire. We specifically look for people that have the skill and temperament to bring it every day, and we've employed thousands of people over the years through my various companies. The vast majority of them fit the description that we need to a tee. The only complaint that I have, Senators, is we do not have enough of them. We have to find a way to escalate our investment in higher education in this state and propagate so that we can continue to grow our state economy. Thank you for the opportunity to present today. Sorry, I had to cut, because I was originally in the five-minute docket.

**STINNER** [04:29:12] Any questions? Senator Dorn.

**DORN** [04:29:14] Thank you for coming today. You made the comment about that you are recruiting people also coming here.

**JAY WILKINSON** [04:29:20] Yes.

**DORN** [04:29:21] Any success with that or what-- talk a little bit about that.

**JAY WILKINSON** [04:29:24] We have-- we've had some success with it. My company Firespring was the first benefit corporation in the state of Nebraska after legislation passed here in July of 2014. We are a B Corporation, so we exist more for our why than our what. We're a purpose driven company and as such where-- you know, prior to 2014, when we were looking for talent, we might run a help wanted ad and get 20 applications. Today, we get over 200 applications. It's become easier because we're working on developing a process of making business about something more than just shareholder return. We're making it about the people first, and I think that's the way Nebraska is and Nebraska [INAUDIBLE]. In fact we have a-- we're bringing a conference to Nebraska in May, the Do More Good conference. It'll be the first conference of its type anywhere in the world. We're bringing together the founders of all the major movements in using business as a force for good, May 15th through 17th here in Nebraska. And the whole purpose of that conference is to talk about engagement, retention, and we have business leaders from around the country coming here to Lincoln to attend that conference.

**DORN** [04:30:24] Thank you. Thank you very much.

**STINNER** [04:30:26] Any additional questions? Seeing none, thank you.

**JAY WILKINSON** [04:30:30] Thank you.

**STINNER** [04:30:38] Good evening.

**HUNTER TRAYNOR** [04:30:42] Good evening, look at that. Good afternoon-- well I suppose I wrote good afternoon, but now the clock is ticking. Good evening, Chairman Stinner and members of the Appropriations Committee. Thank you for the opportunity to

address you this evening. My name is Hunter Traynor, H-u-n-t-e-r T-r-a-y-n-o-r. I'm a senior political science major, and I currently serve as the president of ASUN Student Government at the University of Nebraska-Lincoln. I'm here today to relate my story as a native Nebraskan, a son of this state, and a student of the storied University of Nebraska. I'm a graduate of Elkhorn High School. My mother is a first grade teacher from Millard Public Schools. My father works in construction, and my younger sisters are in eighth and second grade. I grew up in a modest lower-middle-class household. When I was entering my senior year of high school, the allure of prestige and novelty beckoned me to explore universities beyond Nebraska's borders. However, things quickly changed when I received notice of a Regent Scholarship. I could receive an excellent education, remain close to my family and don the same scarlet and cream that I grew up surrounded by, all for a price that was impossible to resist. I recently repeated this same process and apply the same logic. Next year I'll be attending the University of Nebraska College of Law. I still kick myself for considering options other than the University of Nebraska. Hindsight is of course 20/20, but I've gained so much from my time at Lincoln, and I can't imagine another outcome for myself. Just last Friday, I received an e-mail about ordering my cap and gown for graduation. After I read it, I, of course, first took a few minutes to hyperventilate and panic, but I then reflected on the incredible opportunities that UNL has given me. Here's just one example: last summer, I served as an orientation leader for incoming freshmen. I gained leadership experience, refined my communication skills, and grew in my pride for being a Husker. Part of my training for this leadership role involved learning about characteristics of the incoming generation of students, commonly referred to as Generation Z. In the context of attending a college, all of the research describes this generation as being driven largely by value. What do they get? How much does it cost them? Just four years ago the value of a Nebraska degree was impossible for me to ignore, and the evidence shows that UNL's next 5,000 or so freshmen are weighing the

same factors I did, likely with even more care and more calculation. We can continue to grow the value of the University of Nebraska by expanding our impact and preserving our affordability. Earlier you heard from President Bounds and Chairman Clare about our impressive work. The University of Nebraska's research portfolio includes projects that will shape our future. In my eyes though, the University of Nebraska is most valuable product is our students, my peers. My fellow Huskers work harder than the competition, they ask the right questions, and they act with integrity. They are exactly what this state will need to achieve its aspirations. I ask you today to show full support for the University of Nebraska in your budget proceedings. Preserving the value of this institution for future students will translate directly to value added to our state. Just as we Nebraskans worry about increasing the export of beef products and soybeans, we should show equal care to decreasing our state's export of recent, recent high school graduates, that feat can't be done without a growing and affordable university of Nebraska. Thanks for the opportunity, and Go Big Red.

**STINNER** [04:34:04] Thank you for that. Any questions? Thank you very much.

**HUNTER TRAYNOR** [04:34:10] Thank you so much. I appreciate it.

**RENATA VALQUIERCHAVEZ** [04:34:19] Good evening, Chairman Stinner and Appropriations Committee members. My name is Renata Valquierchavez, that's R-e-n-a-t-a V-a-l-q-u-i-e-r-c-h-a-v-e-z, and I serve as the student body president at the University of Nebraska at Omaha. At UNO, I have the opportunity to compete at the Division I Level in Track and Cross Country, pursue a double major in biotechnology and political, political science, and serve my peers as student body president and student regent at the same time. Seven years ago, my older brother graduated from high school in Sydney, Iowa, and

came to UNO to pursue his undergraduate degree in chemistry. He's now a second-year medical student at UNMC. The day my family moved into the new dorms on Scott Campus, I knew I wanted to be a Maverick. As a middle schooler, I didn't fully understand what it meant to be an independent thinker as a Maverick, but I knew I wanted to study at a university that thrived in a robust city like Omaha. I knew I wanted to receive an education that I would use as a springboard to pursue my career goals. My family moved to Elkhorn, Nebraska, going into my second year of high school, The University of Nebraska of Omaha-- at Omaha literally brought my family to Nebraska. I graduated from Elkhorn High School in 2016, and started, started, started at UNO that fall. As a current student at UNO, I understand how diligently our administrators, faculty, staff, and coaches work to ensure every student reaches their successes. In moments where it feels like the clouds above the-- above campus are circling, a great hue is falling, and the storm of the century is settling in within ourselves, our advisors are there to help us out of our own darkness. That's what makes UNO so special. It is known to every single student that everyone working at the University whether it's somebody who works within facilities, an advisor, a coach, a teacher, a TA, every single person cares about each person's well-being as an individual and a student. Despite any adversity our university will face, the University of Nebraska at Omaha will continue to cultivate a community that will ignite positive change for the state of Nebraska and beyond. On behalf of 15,431 students at the University of Nebraska Omaha, I-- our first-generation students, our military and veterans, our nontraditional students, on behalf of all our Mavericks, I urge you to support the University of Nebraska's full budget request. Thank you.

**STINNER** [04:36:53] Thank you. Questions? Senator Hilkemann.

**HILKEMANN** [04:36:58] What, what year are you in your training?

**RENATA VALQUIERCHAVEZ** [04:37:00] I am currently a junior, so a third year.

**HILKEMANN** [04:37:04] OK, and what do you plan to do with your degree?

**RENATA VALQUIERCHAVEZ** [04:37:05] I'm planning on pursuing a law degree. I want to go to law school and study environmental law.

**HILKEMANN** [04:37:10] Will you be anticipating doing that at UNL?

**RENATA VALQUIERCHAVEZ** [04:37:12] I'm going to review all my options carefully. But, yes, I hope to apply and see. If we have an environmental law and policy program, it would definitely be higher up on my list.

**HILKEMANN** [04:37:24] OK, thank you.

**STINNER** [04:37:24] Senator Dorn.

**DORN** [04:37:27] I don't know if you know this, we do have a state senator now that went away to school, I think on the East Coast, came back, is in law school-- is at law college at the University, and is now a first-year state senator. In the Lincoln paper, we just had an article about all the lady state senators that we have in here. I encourage you to have that as a goal. We need people like you.

**RENATA VALQUIERCHAVEZ** [04:37:52] Thank you, appreciate that.

**STINNER** [04:37:53] Yes, thank you for that. Well, thank you.

**RENATA VALQUIERCHAVEZ** [04:37:57] Thank you for your time.

**LOGAN KREJDL** [04:38:07] Good evening, Mr. Chairman,--

**STINNER** [04:38:09] Good evening.

**LOGAN KREJDL** [04:38:10] --members of the Appropriations Committee. My name is Logan Krejdl, L-o-g-a-n K-r-e-j-d-l. I'm student body president of the University of Nebraska at Kearney, and I'm a senior studying business administration and sports management. I'm from Aurora, Nebraska. I'm attending UNK primarily funded by scholarships. I plan on attending graduate school for sports business next fall in Pennsylvania. UNK prides itself on being the most affordable university in Nebraska, and many students attend UK solely for this reason. With another increase in tuition, many students will be forced to drop out to save money in hopes to return and earn a degree in the future. Over half the students at UNK are first generation and they chose to come here because of affordability. This makes UNK an attractive institution, and we are certain it will damage our marketability if we were to get hit with another round of budget cuts. I can confidently say that UNK has equipped me with the skills and experiences to succeed after graduation. I've used every opportunity to explain to students attending UNK that they'll be able to-- that they will be able to say the same if they apply themselves to everything they do. All it takes is one person on our campus to recognize potential in us, and the rest is up to us to keep pushing our limits and refusing to settle for mediocrity. Many of the things that I have accomplished my four years can be traced back somehow to the people I've met at the university system. My first leadership position as a freshman was because of Brette Ensz, the director of the first-year

program at UNK. She had no reason to invest in me specifically because I was a stereotypical, stereotypical freshman that went to class, studied, and hid my room until the next class day. But because of people like her that truly care about students on our campus, I've become so passionate about leadership, and the impact it can have on those around me. She asked me to help start a leadership organization that assists the first-year program with their events and develop young UNK students to become leaders. After that experience, I felt so much more comfortable in my ability of-- as a leader and person in general. If it wasn't for her, I wouldn't felt capable of running for other positions on campus, applying for large scholarships, or applying for jobs that seemed way out of my league. UNK truly cares about students. My experience here has been so incredible that saddens me knowing that in May, I'll be graduating and won't get to see some of my best friends and favorite faculty and staff members every day. I'm grateful, however, for this because it means that I've made the most out of my four years here, and I was surrounded by people that made it so hard to leave. I wish nothing more than for future and new students to be able to say the same after they graduate from the University of Nebraska. Any college will give you great friends, but UNK also allows us to have great relationships with our professors, Chick-fil-A workers, librarians, the police department, custodial staff, and our classmates. That's the UNK difference. Thank you for serving our state and for being an advocate for NU and its 52,000 students. I trust the committee will make the best decision that will help ensure success in Nebraska.

**STINNER** [04:40:32] Thank you. Any questions? Senator Hilkemann.

**HILKEMANN** [04:40:37] Logan, I, I see you're going to graduate school in Pennsylvania. Do, do we not have a program at UNL or UNK that would be similar [INAUDIBLE]?

**LOGAN KREJDL** [04:40:45] We do, we do have a program. Part of the reason I applied in Pennsylvania is because I didn't decide that I wanted to go until so late that the application was due by then. So basically I'm just relying on the right thing's gonna happen at the right time. So if this doesn't work out, then I would obviously look into that, that would be a good choice.

**HILKEMANN** [04:41:09] OK.

**STINNER** [04:41:09] Senator Clements.

**CLEMENTS** [04:41:09] Thank you for being here, Mr. Krejdl.

**LOGAN KREJDL** [04:41:11] Yes.

**CLEMENTS** [04:41:12] I was also interested in your going to Pennsylvania. But, I was wondering if you found applying for other programs out of state whether you're University of Nebraska at Kearney education is well-respected?

**LOGAN KREJDL** [04:41:29] Yeah, I think I-- like being a sports management program, that's what I'm-- I'm going to sports business in the graduate school. Part my reason for going somewhere out of UNK is to kind of connect with-- and network with different people around the country, too. Being in four years here and being as involved as I am right now, on kind of the ins and outs of most of things on campus and most of people on campus, which is a blessing with the opportunities and leadership positions that I've had. So I think while I'm young, getting to experience the world that one and a half years in that grad

school, meeting different people, and connecting with people around the country that are leaders in the sports business industry would be amazing, so.

**CLEMENTS** [04:42:04] What I was getting at was the fact that Kearney is more of a rural setting and a smaller campus, do you think that hindered you any as far as being able to apply with other graduate schools?

**LOGAN KREJDL** [04:42:18] I actually don't think so. I think-- I've been working in the Athletic Department for the past two years, and I think it's actually been more beneficial because we are lower staffed. It's more of a smaller field that you do get to be a hands-on leader that you might not get with that Division I school. So I have done things from marketing, I've done marketing-- or marketing plans. You do sales, just basically anything that they need help with. You get to experience that versus like a Division I school that you might just be solely ticket sales, and you-- that's all you get to see, but it's more a DII school like UNK. I've seen all the ins and outs of that for two-- almost two years now, so.

**CLEMENTS** [04:42:53] Oh, that's good to hear, and I'm glad to see that you're interested in working your way back to Nebraska. Best wishes.

**LOGAN KREJDL** [04:42:59] Thank you.

**STINNER** [04:43:01] Additional questions? Senator Bolz.

**BOLZ** [04:43:03] Very briefly, I wanted to thank you and the other students for testifying today and for the impressive collection of letters from students and other supporters

across the state. If folks are still listening on-line, I just hope that you'll let your campuses know--

**LOGAN KREJDL** [04:43:17] Of course.

**BOLZ** [04:43:17] --that they're well-received.

**STINNER** [04:43:22] Seeing no other questions, thank you.

**LOGAN KREJDL** [04:43:22] Appreciate it.

**STINNER** [04:43:22] Good evening.

**AYA YOUSUF** [04:43:36] Good evening. Good evening, Chair Stinner and members of the Appropriations Committee. My name is Aya Yousuf, A-y-a Y-o-u-s-u-f. Before I start, I would like to thank everyone for giving me the opportunity to testify today. I'm a first-generation college student at the University of Nebraska at Omaha, majoring in political science and economics. My road at UNO has led me to exceptional networks, resources, and support. My family and I emigrated from my home country. We have lived in various locations across the nation, yet none of which has welcomed us with a warm regard like how Omaha and the UNO community has. To me, UNO is my second home. But more importantly, it is home to 15,000 students from all various backgrounds that come to create a unique Maverick experience. For me personally, UNO provided me the financial and economic support that I needed when I first enrolled, which is one of the main reasons why I decided to stay in Nebraska for my college career. As a college student, I have many-- I may have a lot of uncertainties, but there is any-- but if there is anything I am certain of is

that UNO staff, faculty, and administrations are always ready to provide me with the resources and networks to ensure my academic and personal success. After graduation, I plan to attend the University of Nebraska School of Law. I plan on graduating and staying in what has become my home, Omaha. One day, I hope to have a family of my own and guide them to become the next generation of Mavericks. As a student, I worry about not having the resources to provide me with an affordable tuition. I worry about the students who are unable to pay their increasing tuition fees, and I worry about the future Mavericks who may not be able to attend college due to the increasing tuition rates. I urge you to support our students, families, and higher-education institutions that have provided so much to Nebraskans. Our community is in need of high-demand jobs and institutions that are generating the next leaders of tomorrow. Thank you for your time, and thank you to the senators who have been strong advocates for higher education.

**STINNER** [04:45:21] Thank you. Senator Hilkemann.

**HILKEMANN** [04:45:25] Thank you for being here today.

**AYA YOUSUF** [04:45:26] Thank you.

**HILKEMANN** [04:45:27] Have you, have you taken advantage of the First-Gen Program that they have at UN-- at UNO?

**AYA YOUSUF** [04:45:35] Personally, I have not. But that's due to because I'm part of the Goodrich Scholarship Program which has actually received state funds, and it has provided me to receive full tuition and full scholarship to attend UNO, which is similar to the First-Generation Program.

**HILKEMANN** [04:45:48] So you-- OK, good enough.

**AYA YOUSUF** [04:45:48] Yeah.

**HILKEMANN** [04:45:48] Thank you.

**STINNER** [04:45:52] Any additional questions? Seeing none, thank you.

**AYA YOUSUF** [04:46:02] Thank you.

**STINNER** [04:46:02] Any additional proponents? Don't tell me we ran out of proponents.

[LAUGHTER]

\_\_\_\_\_ [04:46:11] We'll go outside and find some. [LAUGHTER]

**STINNER** [04:46:11] Any opponents? Seeing none, anybody in the neutral capacity?

Seeing none, that concludes our hearing on Agency 51. I would like to put in for the record, we have 179 letters for the record to support the University of Nebraska. I don't know if that includes the letters in the binder. If it doesn't, then we'll count those up and enter those into the written list-- into the record as well. So thank you very much for your attendance, drive safely home.