

February 21, 1996 LB 1205

there's a good reason for that, they traditionally have not produced very high rates of return. Now the Board of Educational Lands and Funds, to be fair, has produced what I would consider to be extraordinary rates of return off the agricultural lands that they have under their jurisdiction and supervision. That is not to say, however, that they could not produce more income. And, in fact, there is a bill on General File that I introduced last year which would, in fact, allow the Board of Educational Lands and Funds to diversify its real estate portfolio in a way that could anticipate additional rates of return. One of the very real problems with the current investment strategy for the benefit of the schools and the children in the state of Nebraska is that we have placed too many eggs in one basket. We have simply placed too many eggs in one basket. We have over 400, almost \$500 million, depending on what numbers you want to use, in agricultural real estate, maybe about 130, somewhere in that neighborhood in securities, either debt instruments or equity instruments. That is not a balanced portfolio from anybody's perspective. None of you would have a portfolio that looked like that if you were expecting both to maximize returns and retain principal, protect the principal value. None of you would have an investment portfolio that looked like that. That's what the investment experts have told the Education Committee. Now, if we're not going to have an investment...if we're going to have an investment portfolio that looks more like what the experts are telling us that will maximize income and still protect value, then we've got to do something. I think that Senator Bromm's proposal is appropriate. I don't think we need to come back to the Legislature to make some decision that we probably don't have any expertise in making anyway. We may as well listen to what the experts are already telling us.

SENATOR CROSBY: Thank you, Senator Wickersham. Senator Bromm. Senator Bromm.

SENATOR BROMM: Thank you, Senator Crosby. And I'll be relatively brief. I don't want to repeat what has been said. There has been a lot of good discussion. And I...and I appreciate Senator Withem's remarks, and I did not...his...his comments about the motivation for the bill being either...getting lands into the hands of private individuals or broaden the portfolio, I didn't take that personally but I appreciate his clarification on that. And, truly, I think most