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Appropriations Committee  
March 06, 2007

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[AGENCY 51]

CHARLES WILSON: You ready? [AGENCY 51]

SENATOR HEIDEMANN: Yeah, we're ready. [AGENCY 51]

CHARLES WILSON: Oh, sorry. [AGENCY 51]

J.B. MILLIKEN: We don't want to fill all this out. [AGENCY 51]

CHARLES WILSON: Yes. I know it's been a long afternoon. Senator Heidemann and members of the Appropriations Committee, good afternoon or evening. My name is Chuck Wilson, W-i-l-s-o-n. I'm the 1st District representative from Lincoln and the current chair of the University of Nebraska Board of Regents, and I'm here today on behalf of the board to support the university's budget request. I've been a member of the Board of Regents since 1991, and I'm serving my third term as chair. I make this personal investment of time and effort because I care about the university and its future, and I passionately believe in the importance of the University of Nebraska to the state's future. And I am concerned that the budget proposed by the Governor and the current recommendation from the Appropriations Committee will put the university and the state at risk of becoming less competitive and less attractive as a place to live and to go to college and to work and raise a family. During my tenure on the Board of Regents, I have seen firsthand the results of budget cuts and tuition increases, and I don't believe it is in the university's or the state's best interest to repeat that. Today I believe University of Nebraska is at a pivotal point. As we continue the transition into the age of information and technology and the age of the global economy, I think the challenges, the risks, and the opportunities for the university and for the state have never been greater. Success for Nebraska and for all of its citizens depends increasingly upon the success of higher education to teach, to conduct research, and to create new economic possibilities for the state. At the university, we're guided by our strategic framework,

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which was developed in collaboration with the chancellors, the president, and the Board of Regents. The six overarching goals of our strategic framework are access to high quality, affordable higher education for all Nebraskans, excellence in teaching, excellence in research, outreach and service, development of a competitive work force for the knowledge economy, and being cost-effective and accountable to the citizens of the state. The university has experienced success toward each of these goals and we intend to expand in those successes, but for us to do so requires adequate investment. I believe university...I believe investment in the university at the level we have requested will have some important results. We will be able to keep tuition at moderate levels. We will strengthen the quality of academic programs which prepare our students for well-paying jobs in the knowledge economy, we will serve Nebraskans in all 93 counties with educational programs, research, healthcare, and business development. We will continue to expand our research programs, bringing in to Nebraska hundreds of millions of dollars of outside funding, which creates new jobs and new knowledge for Nebraska. We will be able to address some of the consequences of the changing demographics of our state, a development that makes it even more critical to keep higher education affordable for all students. And we will be able to pay more competitive salaries, which will help us attract and keep top faculty. We are fortunate to have exceptionally talented faculty on all four of our campuses. Faculty are the key to the quality of the university. Many of these faculty are highly sought after and we are at risk of having the very best of them picked off, and not just by regional competitors such as Iowa or Kansas. In today's global marketplace, we compete with universities and with industry around the nation and, in fact, around the world for top talent in highly specialized areas, such as laser physics, computer science, medical research, and others. I believe investment in the university at the level currently recommended by the Appropriations Committee would have serious and damaging results. Failure to adequately invest in higher education will lead to some combination of larger tuition increases, weakening reduction or elimination of programs important to Nebraskans, and almost certainly to the loss of some of the outstanding faculty who teach our students and conduct the research which has the potential to build our economy. As a member of the Board of Regents, it is my

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responsibility to make the most compelling case I can for the university. I have personally witnessed what a strong university can mean to the state. I encourage the Appropriations Committee to support the critical needs of the university. That completes my testimony and if you have any questions, I'd be happy to try to answer them, although there's more detail to follow with President Milliken. [AGENCY 51]

SENATOR HEIDEMANN: Would anybody like to have a question now? Seeing none, thank you for coming in today. [AGENCY 51]

J.B. MILLIKEN: Good afternoon. [AGENCY 51]

SENATOR HEIDEMANN: Welcome. [AGENCY 51]

J.B. MILLIKEN: Thank you. My name is J.B. Milliken, that's M-i-l-l-i-k-e-n. I'm president of the University of Nebraska, and I am tempted to offer you a...something right now, that if I would leave and take all the proponents with me if we could strike a deal on the increase in the university's budget. (Laughter) So where do you start the bidding? (Laughter) I won't...I won't give all my testimony. You have it in your packet. I am going to try to hit a few of what at least I consider the highlights. That may be pretty subjective. I'm reminded of last evening when Governor Heineman and I spoke at the Kearney Area Chamber of Commerce to 650 people and the dinner started at 6:00 and at 9:00 the Governor spoke and I was the one that got to speak after him, so we probably won't be here that late this evening. I believe that the University of Nebraska is in a position today to assist the state of Nebraska in its competitiveness, its quest for success in the twenty-first century in a way that no other institution in the state is. There are a number of remarkable institutions in the state that contribute mightily, but I do believe that as a leading research university, the university occupies a unique position in the state of Nebraska. You have, I think, all heard me talk about this to some degree so I won't belabor it, but I do believe the twenty-first century success is all about competition for talent. It's how regions in the country and the world can retain and attract

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the most talented people. It is the natural resource that trumps all others in the twenty-first century. Nebraska is fortunate to have a good deal of talent here. We need to take advantage of every bit of talent that we have and to attract more talent to the state. I think we need to be asking ourselves the questions: What do we need to do as a state to be competitive? How do we need to invest in our future? And are we asking the right questions about how Nebraska ought to be positioned in 2007? As I said, I think the first key is taking advantage of the talent we have educating students in Nebraska and attracting more talent to the state, preparing Nebraskans, new and old, for the twenty-first century, and that is the essence of our teaching mission. I believe we need to continue to support a research agenda that attracts top faculty, attracts outside grant support; in turn, creates economic activity and benefits the state. This is the essence of our research mission. And we need to push this knowledge, this new knowledge, this new technology outside the boundaries of the university for the benefit of Nebraskans and their businesses. We've done that for over 100 years with agriculture. We need to expand that to many other areas and disciplines as well, and that is the essence of the university's outreach mission. This is a very good time for the University of Nebraska and, more importantly, it's a very good time for what the university has to offer this state. We have an excellent faculty that's attracted hundreds of millions of dollars of research support from outside of Nebraska. The ACT scores of our students are the highest that they've been in the history of the institution, and we're retaining more top Nebraska students than we ever have. Enrollment has increased in each of the last two years, and we've had especially encouraging increases in first-time freshmen and out-of-state students. We've made a number of strategic decisions about our future, including eliminating programs, investing in programs where we think we are or should be among regional and national leaders, and we're seeing positive results on every campus--in agriculture, public health, water resources, alternative energy, engineering, information sciences, business leadership for a global economy, and many, many others. One of the keys to competitiveness is to provide affordable access to as many people as possible. You're all familiar with Nebraska's success in having a great high school graduation rate. We're among the top in the nation. We don't do as well, by any stretch,

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with college going. We know we have to do better. We know one of the ways we do that is to provide affordable access to education. It is going to be more and more difficult for us to continue education participation rates, even at current levels, with the dramatic shift in demographics that's taking place in Nebraska. The other night we had dinner. Some of you, I hope, were able to attend, with some students and alumni of the University of Nebraska from Russia, Bulgaria, California, Missouri, Ravenna, Sutton, Grafton. Those last three are in Nebraska. Each of these students, or alums, there were 15 of them, could have gone to almost any place in the country. They either chose to stay in Nebraska or they came to Nebraska because of the University of Nebraska and that is, I believe, one of the important ways that the university acts as a magnet for talent for entrepreneurial activity. These alums and students, one of them a high school student, have stayed in Nebraska and started businesses here, all had their genesis at the University of Nebraska. This, at least in the case of the Bulgarian and the Russian and the Californian, is an impressive brain gain and one that I think is part of the solution for Nebraska's future. Last year we ranked 33rd in the country in public research universities in terms of R&D activity, with almost \$300 million of R&D activity generated at the university. This is an example of the kind of work that goes on at the university that is outside the traditional classroom. We've doubled the research volume at the University of Nebraska Medical Center and the University of Nebraska-Lincoln over the last six years. That's important not only for the revenue that it brings into the state, but for contributions it makes to the quality of life and for jobs that it grows. According to the Bureau of Labor Statistics, 34 jobs are created in Nebraska for every \$1 million of research funding. That's over 6,000 jobs just from the funds brought in from outside the state of Nebraska. I know you've been sent a copy of a couple of economic impact studies recently and I hope you have a chance to look at those. One done last fall in the University of Nebraska Medical Center showed that with the University of Nebraska Medical Center campus and the Nebraska Medical Center hospital facility, there's a \$1.5 billion economic impact statewide, including over \$800 million in payroll-supporting jobs. Now that is leveraged from a \$100 million state investment in that enterprise. Similarly, recently the Battelle Institute out of Ohio, which is a very highly respected

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group that does this kind of analysis all over the world, did an analysis of the Institute of Agriculture and Natural Resources and again, at the institute, found a 15 to 1 return on investment from state dollars for the work done there. I want to get to the...talk a little bit about our budget request and the recent history. In the current biennium, we're enjoying strong support provided by you, supported by the Governor. I've been told that if you look at the current biennium, together with the next two years, as either proposed by the Governor in your initial work, that would be an annual average for that four-year period of over 4 percent, which sounds pretty good. But I think really to be fair about this you need to take a little bit longer view. I would suggest that you go back two years prior to the current biennium and look at what that biennium, the current, and the next biennium, either at the level proposed by this committee or the Governor, would mean, and that's with this committee a 2.6 percent annual average over three biennium. Or go back to the one before that if you want even a longer view to smooth things out. Again, it's 2.6 percent annual average increase in the university's budget. In our budget request for this year, which was initially acted on by the Board of Regents last fall, we asked for salary funding that would bring each of our campuses, over a two-year period, to the midpoint of their peers, and a number of other important objectives, including continuing our investment in programs of excellence, continuing to invest in increased diversity and faculty and student body. We realize now, with the numbers for...required to bring our faculty to the midpoint, that that request is significantly beyond what this committee will be able to fund, so today I'm going to talk to you only about those items which I would refer to as mandatory--either required by law or that we are going to have to pay out of pocket regardless of what is funded. And in your packet there is a second...I believe the second page of items which, in yellow at the top, a yellow bar, says "Mandatory Expenses." I direct your attention to that sheet. It's not surprising, in an era and for an enterprise such as the university that depends on talent, that our budget is almost entirely driven by compensation. About 80 percent of our state-aided budget is for salaries and related benefits. Last month we were unable to reach an agreement with the bargaining units at the University of Nebraska at Omaha and the University of Nebraska at Kearney, and to bring those two campuses to the midpoint of their peers

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we were ordered by the special master to pay 4.3 percent a year at UNO and 4.4 percent a year at Kearney. At UNL and UNMC, our nonunionized campuses, we are farther behind the midpoint of their peer institutions, so to treat them equitably we should be providing larger increases for those two campuses than we do for UNO or UNK. At UNL, that would take 5.3 percent per year over the biennium, and at UNMC 8.4 percent per year. Now with staff salaries, which compare in many cases to those of other state employees, we're about 9 percent behind their peers. What we're asking you for with regard to this mandatory level of expenses is to enable us to pay salaries across the board at the level required by the special master for the University of Nebraska at Kearney. So 4.4 percent, even though that does not approach the amount for state salaries, UNL, or UNMC that would get them to the midpoint of their peers. We have other mandatory expenses, including the utilities costs, buildings, operation, maintenance, and depreciation, which is required and is about \$4 million this year. So on this sheet that we provided, on a hypothetical budget with mandatory expenses, we've proposed a 5 percent tuition increase and an additional 1 percent assessment, which we have imposed starting last year to pay debt service on the LB605 projects. So without any other investments funded, including no contribution to health insurance for the first year, if we were to budget these mandatory expenses together with the 6 percent tuition, that would leave a gap or a request amount of 5.7 percent in the first year and 5 percent in the second year. I also want to mention two other items briefly. One is the College of Technical Agriculture at Curtis, for which we have a responsibility. We're essentially asking for the same type of increase for Curtis, and it follows on pages 3 and 4 of the items I gave you, and I would direct your attention to the mandatory expense page for Curtis, which is number 4 with the yellow bar. Again, we're seeking there the same salary level that we are proposing to pay across the university, and only those other items that are absolutely required for out-of-pocket expenses. We have a capital request, which is on page 5, which includes essentially two items. Fifteen million dollars for a student information system: The current student information system that is the predominant base of our information system on all four campuses is...will no longer be supported after 2011. At that point it will be, for all practical purposes, obsolete and

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we have begun a process now to replace that system before that time. This is a multiyear process, very involved, involving a team of people from all of the campuses, and we need to start working on this now and investing in this now. I would put that also in the category of mandatory expenses. We can't run the university without a functioning student information system. The other is greater Nebraska projects, which are four projects in Sidney, Concord, and Mead that were proposed by the Institute of Agriculture and Natural Resources. And so I would just call those to your attention and close by saying that...what I've said to you on a couple of occasions before, I think, that I consider myself extremely fortunate to be in a position to help lead this great university. I think it has provided extraordinary service over 138 years to the state of Nebraska, and I hope that it will be in a position to continue to. I do not believe it is an exaggeration to say that the strength of the University of Nebraska is one of the most significant determinants of the success of our state. I appreciate your thoughtful consideration of our request and what you do for the people of the state of Nebraska. Thank you. [AGENCY 51]

SENATOR HEIDEMANN: Just a quick one from me. This might be a pretty broad question, but just trying to maybe probably get to a point where what's going to happen if the Appropriations Committee decides that unfortunately we can't go any further and we stay where we're at? And we sit back in here in a year's time, J.B., and you're back to us, what is going to look different at the university than it is today? What are you going to have to do to accomplish what you have to do with what we give you? [AGENCY 51]

J.B. MILLIKEN: If you stay where you are today, which is a 2.1 percent increase, and want to understand why I say that I'd be happy to say...discuss that as well, but if you stay where you are today and we only fund those mandatory items I mentioned to you, we'll be a little over \$16 million short in the first year of the biennium, so at that...so we will...we will address that deficit in one of three ways: one, we will increase tuition beyond what I have proposed in this pro forma; two, we will cut other programs across



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the university to fund these mandatory increases in our budget; or three, and likely...I would say the most likely scenario, we will do some of both. We will have to increase tuition and we will have to cut programs. There are only two sources of funding for the state-aided budget, for all intents and purposes--tuition and General Fund. And unfortunately, because of...well, it's not unfortunate, it's just that a percent of General Fund raises \$4.5 million; a percent of tuition increase raises \$1.7 million. So it is a...to replace General Fund with tuition is not particularly good strategy. For every 1 percent of General Fund that we're short, we have to raise tuition 3 percent to make up for that. So I would suggest to you that we would do one of the three, and probably the last of those. I would also, by the way, suggest to you that we will be more than \$16 million short because, while we're not asking you for it, we're going to make some of these other investments that we have discussed with you, such as the programs of excellence. Every year we've invested in that. We've continued to reallocate funds within the budget for those programs, and I think it's one of the best things that we've done. [AGENCY 51]

SENATOR HEIDEMANN: The student information system, it appears that whether we acknowledge you need to do that or not, you're going to go forward with that also? [AGENCY 51]

J.B. MILLIKEN: We are...it is...I would put that in the category of mandatory. It's one-time funding, but we absolutely will continue to do that to support the university; have to do it. [AGENCY 51]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 51]

SENATOR FULTON: Thank you for testifying, President Milliken. [AGENCY 51]

J.B. MILLIKEN: Thank you. [AGENCY 51]

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SENATOR FULTON: Probably doesn't need to be said there's a great deal of attention on the university, and rightfully so. That being said, there will need to be a firm conviction on the part of this committee as a whole that there is an appropriate level of efficiency. And I wonder if you could speak to some examples or some...with some specificity to the past regarding efficiencies within the university system. [AGENCY 51]

J.B. MILLIKEN: Well, I can speak with some specificity, but I'm going to start with a little bit more generality, because during the period...earlier part of this decade when there were several years of budget changes, two increases and one significant decrease, the university cut a significant amount out of its budget, about \$50 million. During that time, each campus was charged with finding appropriate not only efficiencies, but eliminating programs out of the budget, and the University of Nebraska at Lincoln, the University of Nebraska at Omaha cut programs, academic programs, out of the budget, in fact, at the University of Nebraska-Lincoln, eliminating faculty positions. There were consolidations on at least two of the campuses at the highest levels where offices of vice chancellors were eliminated and those responsibilities taken on by others. We've reduced significantly the number of people that are on administrative staffs managing buildings, for instance, while we've still added buildings to the university. So the ratio of square foot per person in the facilities offices has gone up significantly during that time. So there have been...there have been forced reductions in that amount during the first four years of the decade. And as I mentioned, we have also done reallocations voluntarily to continue to move money from what would be less high priority programs, programs that were deemed not as important to those that were higher priority. I think...I'm not sure if in your packet we provided a list of the efficiencies, but there's a two-page list that I've proposed and, rather than go through those individually, I would...I would invite you to look at that and be pleased to give you any further information about it. And if it's not in the packet and if it's only in my packet, I'll be happy to provide it to you. [AGENCY 51]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 51]

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SENATOR WIGHTMAN: One of the things I always look at is the personnel and also enrollment. Can you tell us over the last five years what enrollment has done at the university? Let's say UNL. I'm sure it varies from campus to campus, but... [AGENCY 51]

J.B. MILLIKEN: Yeah, I can tell you that. I'm going to have to get to the information. In the last two years enrollment has increased systemwide. At UNL there was...in fact, UNL had the largest increase in enrollment from last year to this current year, about a 2.2 percent increase I believe in enrollment at UNL with over an 8 percent increase in first-time freshmen. But university-wide the enrollment increased about .7 percent this year, about .8 percent last year, so a little less than a percent each year. Head count enrollment is about 46,000 right now at the university. [AGENCY 51]

SENATOR WIGHTMAN: How much? Forty-six thousand? In looking at the total number of employees and, again, I don't know what that's a gauge of and I don't know that the figures we've been furnished are that accurate, but... [AGENCY 51]

J.B. MILLIKEN: Uh-huh. [AGENCY 51]

SENATOR WIGHTMAN: ...in 2003-2004 it shows in our information that we have 13,250 employees; 2005-2006, 14,389, which would be an increase of about 1,100 or about 8 or 9 percent, I suppose, 8 percent. Can you tell me a little bit about whether that...whether, first of all, that's a correct set of figures and, second of all, what was done in the university system that would account for the increase in employees. [AGENCY 51]

J.B. MILLIKEN: Sure, I'd be happy to. And first I would say that I have no doubt that that's a correct figure, but I'd ask you...I'd say a couple things. One is you have to look at which is...how many of those are supported by the state-aided budget, which is the subject of our discussion today, and how many of those are supported by auxiliary and

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research and other operations that are out of the state-aided budget. And I would suggest that at the university, at a research university, talking about the importance of the relationship between enrollment and FTE employment may not be as tightly coupled or linked as it is in some other kind of educational institutions. The growth has not been in the state-aided budget in FTE employment. It's largely been outside of that. And there are growing elements of the university's budget that are outside of classroom teaching. As I mentioned, we went from about 90...I'm going to get this within a few million, so about \$92 million in research six years ago to \$187 million in research. We're doing almost \$300 million in 2004 numbers, according to the National Science Foundation, in research and development. That's activity that is a net hugely positive for the state and it does require...it does require more people. And the more people that I can hire that are engaged in that growing research enterprise that produce the kind of return on investment that that produces, I'll keep hiring. I mentioned just one example, the UNMC economic impact study where there's \$108 million in General Fund that goes into that enterprise, and there's over \$800 million spent on the payroll, and there's \$1.5 billion economic impact. So it...we can compare the instructional mission and how many employees there are compared to enrollments, which might be a more useful figure for some kinds of comparisons, but I would suggest that if you want to compare a research university to other research universities to see how efficient we are, that's a different kind of exercise, and there are many, many employees outside of the state-aided budget, as there are about half of them in that number you gave. [AGENCY 51]

SENATOR WIGHTMAN: Have you compared, Dr. Milliken, the, I guess, number of employees in the research area with similar size peer groups? [AGENCY 51]

J.B. MILLIKEN: Yep. [AGENCY 51]

SENATOR WIGHTMAN: And then could you tell us about what that comparison would show? [AGENCY 51]

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J.B. MILLIKEN: I would tell you...well, I can't give you the detail today. I'd be happy to get you more information up, but we think we're pretty competitive in terms of administrative load at the university to our peers. We think we're pretty competitive in the amount of employees we have for the size of our operation compared to our peers, and I can show you how we've eliminated positions over the last few years in a number of administrative areas to get to that point. But I think you'd find that we're...we are in no way out of line with similar institutions. [AGENCY 51]

SENATOR WIGHTMAN: Now I know you have a far-flung group of activities that goes beyond the classroom teaching and that includes, I think, probably all the extension offices in the county...or in the state, is that correct, the county? Are they your employees or are they... [AGENCY 51]

J.B. MILLIKEN: Yes. [AGENCY 51]

SENATOR WIGHTMAN: And so all of those be for your employees,... [AGENCY 51]

J.B. MILLIKEN: Well,... [AGENCY 51]

SENATOR WIGHTMAN: ...and I understand that there are a lot of people that are not in the classroom arena. [AGENCY 51]

J.B. MILLIKEN: Some of them are supported by other funds as well, but all of them are supported by some of our funds. [AGENCY 51]

SENATOR WIGHTMAN: Yeah, there's, I think, county and... [AGENCY 51]

J.B. MILLIKEN: Correct, and federal. [AGENCY 51]

SENATOR WIGHTMAN: ...federal funds that go into that. [AGENCY 51]

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J.B. MILLIKEN: Right. Right. [AGENCY 51]

SENATOR WIGHTMAN: But they are considered your employees, is that correct?  
[AGENCY 51]

J.B. MILLIKEN: Uh-huh. [AGENCY 51]

SENATOR WIGHTMAN: So they're included in these numbers. [AGENCY 51]

J.B. MILLIKEN: Yes. [AGENCY 51]

SENATOR WIGHTMAN: Thank you. [AGENCY 51]

SENATOR HEIDEMANN: Are there any other questions? Senator Harms. [AGENCY  
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SENATOR HARMS: Well, thank you very much for coming. [AGENCY 51]

J.B. MILLIKEN: Thanks. [AGENCY 51]

SENATOR HARMS: You, in your earlier testimony, talked about preparing the students for the twenty-first century. That means then that we have to take a good look at the skill sets that they're going to need and that's changing, so what are you doing to make sure that you have the right core there to meet the twenty-first century and the twenty-first century careers? Because that's all change and it is changing rapidly, so... [AGENCY 51]

J.B. MILLIKEN: Yeah. Well, I think it is and I think, Senator Harms, as you know, as well as...probably better than anybody in the room, that there are a number of sectors of

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education, types of institutions that are addressing those changing needs in the work force. But I suspect I'm preaching to the choir here that we know that of the 30 fastest-growing new jobs that are new job types that are created, 70-some percent require education beyond high school today, so we are looking at a different job market that requires a higher level of training. That's why we are taking to the Board of Regents at this meeting several new majors for students in agriculture, natural resources. We have...this is...I think explains the phenomenal success that we have enjoyed with the Peter Kiewit Institute in Omaha where we've created a College of Information Science and Technology that didn't exist a decade ago, with the J.D. Edwards program in Lincoln creating a cadre of students who are graduated with experience in both information technology and business that we did not require, even encourage, in the past. So I think we are...we are trying to align our programs, and as you, again, know better than anyone here, the process at a university of doing that is not as rapid as it might be sometimes but it is something that is important to us, aligning our programs with the needs. It's one of the reasons what we're discussing the shortage of nursing in Senator Engel's part of the world because, according to the World-Herald, that is the fastest-growing job sector in Nebraska today, and we have a current shortage, so we're deploying more resources to producing more nurses. So we're establishing a College of Public Health at the Medical Center because of the growth and the demand in, not just in Nebraska but across the country and across the world, in those public health disciplines. So I do think that this is...it's part of our strategic plan. It is something that we talk about at every meeting of the Board of Regents, how we are aligning the programs that we offer with the future needs of Nebraska, not where they are in 2007, which is not my main interest. It's an interest, but my main interest is where are they going to be in 2017 and how do we position the university and the state to be...

[AGENCY 51]

SENATOR HARMS: Actually, it's got to be way beyond Nebraska. As you know,...

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J.B. MILLIKEN: I agree with that. [AGENCY 51]

SENATOR HARMS: ...it's got to be internationally and globally, because you are our key university and your students are going to go all over the world and they've got to be competitive. You brought up the question about planning. I guess that's the thing I'd like to talk to you about, a little bit about, is what is your plan for the university and what do you want it to be five years from now? And if we're going to...if we're actually going to address this issue of preparing students for the twenty-first century, that means your plan has to be in that line. Where are you with that plan and how does that relate back to Nebraska? And then...because, you see, you are the ones that's going to move Nebraska forward. The rest of the colleges will work at it, but they're not going to get it there because you have the research arm, you have everything you need to have. Where are you going to take this university and Nebraska at the same time, because there's a relationship, as we both know, so... [AGENCY 51]

J.B. MILLIKEN: Well, I think that's right. I appreciate the question. I think...I think what I would have said, if I had given my entire testimony, I would have begun with what I believe is probably the most important function that we play and that is providing the broadest access possible to the broadest number of Nebraskans who are prepared for college education, because I do believe that nurturing that talent is a...and providing access is a fundamental role of a public university. I believe that is one of the fundamental reasons why we were established and why you all and Nebraskans support us today. So I...taking advantage of the talent and particularly in a Nebraska that is changing pretty significantly from the one that you and I grew up in, where in ten years from now the population in our high schools and our public schools in the state will be 30 percent underrepresented minority and 20 percent Latino, the university has an important role to play in providing access to education to that changing population, and that requires a whole set of new strategies. I think it requires partnering with the community colleges in ways that we haven't done. I think it requires partnering with K-12 in a way that we haven't done. The academy that UNL has initiated in Grand Island, the



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similar programs that UNK has initiated in Lexington and in North Platte I think are fundamental to that. I think the university is perhaps the most significant institution in retaining talent, young people, 18-year-olds, who could do many...who have many different choices, retaining them in Nebraska, and so I think that has to be a part of our strategy, and I think it has been over the past ten years. We now retain, if you look at the World-Herald and Lincoln Journal Star stories on the top high school graduates, last year 45 percent of them came to the University of Nebraska. The reason they're staying in Nebraska, often, is to attend the University of Nebraska and that is an essential function for the university. I also think bringing in students from out of state is an essential role for the university. Last year we had a 4.5 percent increase in out-of-state students coming to Nebraska. We've increased significantly the amount of international students, which we could spend a lot of time talking about why that's important for our institution and the state, but that's on the...I think on the teaching side. On the research side, this is where we're in a new area. We've doubled in six years, as I've mentioned. We are beginning to reap many of the benefits of being a more mature research university. It's one of the reasons that I think that it is important to have area contiguous to the university to realize the benefits and leverage that research in the private sector. I've seen what that can do around the county in other research universities. I've seen what it can do even 50 miles up the road in Omaha with the Peter Kiewit Institute and the Scott Technology Center, and now the STRATCOM facility and other kinds of enterprises that are there because of the University of Nebraska. I think we are poised to see much more dramatic leveraging and result from the success we've had in research over the past few years. I want to see the University of Nebraska continue on this trajectory, build on the success that we have had so far by making sure that we provide the resources and the tools to these faculty that are so talented and that are bringing in funds from outside the state. I think that is one of the most significant things we can do for the future of the state of Nebraska, and I...and whether you read Michael Porter or Richard Florida or any of these folks, economists, who discuss the importance of talent, the importance of having a strong research university and the ability to draw jobs and resources into the state. [AGENCY 51]

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SENATOR HARMS: Oh, I agree. I think it's our only hope for Nebraska's future. I just want to ask you one other question, because I know it's getting late. Public policy: Do you have a public policy research center, and how are you going to get that public policy research center to really help us in the areas that you...well, I think we both know we need some help in? [AGENCY 51]

J.B. MILLIKEN: I would say, you know, we actually have a couple of public policy arms now. We have the University of Nebraska Center for Public Policy, which is a university-wide center that I actually was involved in creating about nine years ago, and it's headquartered in Lincoln and administered by the University of Nebraska-Lincoln. We also have the Center for Public Affairs Research in Omaha, and we have faculty from each campus that are involved in public policy research. Am I completely satisfied with the scope of those activities now and how frictionless we have made the process of seeking public policy advice from the university? No. I would be the first to tell you that I am not. I think we've got a ways to go and I believe it is important function and I hope, if I'm here before you next year, that I'll have a little different story to tell. But I do think it's part of the outreach mission of the university, I believe, to serve as objective as possible public policy...provider of policy options and analysis for policymakers in the state. [AGENCY 51]

SENATOR HEIDEMANN: Is there any other questions? Senator Kruse. [AGENCY 51]

SENATOR KRUSE: Dr. Harms has asked the question that had my thought and as I listened to him and you I don't...I can't imagine how you can get one head around the whole thing. So it's just a curiosity, really, on the side in terms of strategic planning. You have this big segment and that big segment, research and the academic, let's just say. How do you get those to talk to each other? What kind of interchange do you have, or do you just, out of self-protection, go with one and then the next day go with the other? I'm sure you... [AGENCY 51]

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J.B. MILLIKEN: Well,... [AGENCY 51]

SENATOR KRUSE: ...how do you communicate with each other? [AGENCY 51]

J.B. MILLIKEN: ...I would be the first to...if you're talking about whether I am that big head, I'd be the first to confess that I am not. You probably don't hear confession that often, so I...but... [AGENCY 51]

SENATOR KRUSE: (Laugh) It's been awhile. [AGENCY 51]

J.B. MILLIKEN: I'll tell you how you do it, though, and why I think it explains part of the momentum of the University of Nebraska, is you put leadership in place that is as good as you can get, as good as you can attract and afford, and you let them do what they're best at. And we are incredibly fortunate today that we have leadership on our campuses that may be the best that we have had. I could not be more pleased with the work done by our chancellors. If you look at our two campuses that have vice chancellors for research, UNMC with Tom Rosenquist, and the UNL with Prem Paul, part of the success we've seen over the last few years is due to a kind of leadership there that has a vision and an understanding of how you achieve that vision and marshalled resources and put it in place and advocated for it. We have a culture in place that supports and rewards research activity and so that is...that's something that we need to protect, I think, because it's a place where we've probably been successful beyond what we had any right to expect. And so I'm delighted with the leadership there. But that is, I think, they key, Senator, is throughout the organization you have to be pretty careful about the choices you make and the people you put in place to do it. You're no better than the people you've got leading the different activities within the university. [AGENCY 51]

SENATOR KRUSE: Thank you. Thank you. [AGENCY 51]

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SENATOR HEIDEMANN: Senator Harms. Senator Wightman, excuse me. [AGENCY 51]

SENATOR WIGHTMAN: Two questions: one short and one a little longer. Number one--and the committee would think I was remiss if I didn't mention health insurance (laughter) so I feel committed to doing that--but I see you have zero down for the proposed increase for the year 2007-2008 on your mandatory expenses. Can you tell me how you arrive at a zero percent increase, and if you can, I applaud you for being there. [AGENCY 51]

J.B. MILLIKEN: Well, obviously, Senator, with an abundance of caution, we would request more than zero on that category, but we are now looking at how we are going to make do in an environment where we aren't going to be able to meet all the obligations that we might have, and so this is our best guess. We have made...we've made some tough choices and I asked the chairman of board, before we came in we were talking a little bit about health insurance and I've asked my chancellors how many letters they've gotten from people covered by our plan because of changes, tough choices, we've made over the last few years where we've taken out what we believe are some of the inefficient cross-subsidies and where we've increased our rates. We've met with actuaries a number of times to show us what we had to do to get our health plan in as healthy a shape as we could and we followed their guidance. And so that's why our costs...I think today it may be part of the reason why our costs are significantly less than the state's costs. They may have some other challenges that we don't have, but I do know that in the two and a half years I've been here I've probably been put in the position of making more tough choices on premiums than I would...and coverage than I would prefer to. But we have a good... [AGENCY 51]

SENATOR WIGHTMAN: I applaud you. [AGENCY 51]

J.B. MILLIKEN: ...people that are working on that, and that's why. [AGENCY 51]

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SENATOR WIGHTMAN: I applaud you on any steps you've taken in that regard. Now the other question I have and the whole budget, it bothers me, I think it bothers everybody in here, that we've become so personnel driven that by the time we factor in increases in personnel on almost every agency we are getting close to the limit...beyond the limit probably the Governor is suggesting and maybe the limit that the taxpayers are imposing upon us. Do you have any suggestion of how we handle that problem?

[AGENCY 51]

J.B. MILLIKEN: Well, you know, I'm not sure I have any great suggestions. Of course, you've all seen the chart that shows that a percent of a General Fund increase doesn't even support 1 percent of the university's compensation obligations. And so a 2 percent increase from this committee doesn't even support a 2 percent increase in our compensation, and not only do we need to be competitive I think to keep attracting the kind of faculty that we are attracting, that are doing great things in research and in the classroom, we have an obligation with regard, a legal obligation now, to fund 4.4 and 4.3 percent increases. You know, I don't think we're out of the norm at the university in terms of if you look across the country at how much is driven by personnel costs. That is our business. We are driven by talent and driven by people, and I would suggest that part of the reason that personnel may occupy as high a percentage as it does is making do with less in other areas as well and taken some of those off the balance sheet. I don't know how you address that but I think that, from the university's perspective, we are only as good as the people we hire as faculty. Now one of the things that where we have an advantage that I think the rest of what you're looking at does not enjoy is the support of a private foundation, and I would suggest to you, and I know you all know this so I won't do a primer on this, you all know that 95-plus percent of the foundation's endowment is restricted by donors, but it is restricted for purposes that are really very, very good investments and leverage the privates. The public sector investment is restricted largely to scholarships, named professorships, and facilities that are built, and those named professorships, the success that we enjoy today, the growth in our

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research budget and the level of top students that we're attracting I would tie back to the success of the capital campaign and the support of private citizens in this state who...and outside the state who contributed to the last capital campaign. And we are seeing now...that ended in 2000 and we are seeing now, after the resources from the annual contributions last year, \$87 million to the university, are fully deployed, what a difference that makes. I can look down, I can look over my shoulder at one faculty member, but I can look at friends of mine on the campuses, people I've met over the last two years who have come here from Johns Hopkins, Cornell, Virginia, Yale, Michigan, MIT, who are here for I would say a couple reasons. One is they're here because they see that this is a university that has great momentum, is on the move, and they now have an opportunity to create a program and pursue their research and their activities in a way that is meaningful to their career; but secondly, we're even in the game to be competitive to attract them because of this named professorship, this contribution that we're able to make on top of the...we wouldn't be in that game if we were entirely dependent on state support. [AGENCY 51]

SENATOR WIGHTMAN: Thank you. I appreciate that. And certainly there's no worse problem with the university and the personnel, but it's pervasive throughout the budget, as I'm sure you're aware. Thank you. [AGENCY 51]

SENATOR HEIDEMANN: Are there any other questions? Senator Nantkes. [AGENCY 51]

SENATOR NANTKES: Hi, President. [AGENCY 51]

J.B. MILLIKEN: Hi. [AGENCY 51]

SENATOR NANTKES: Thank you so much for joining us. I think... [AGENCY 51]

J.B. MILLIKEN: Did I have a choice? (Laughter) No, I'm delighted to be here. Thank

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you. [AGENCY 51]

SENATOR NANTKES: I just wanted to talk a little bit on the context of the unique and special mission that a land grant university has and that our university enjoys, and also in the context about in recent history when we saw dramatic decreases in state support and the university had to make difficult decisions in eliminating programs and increasing tuition. We talked a bit about enrollment today. What happened to enrollment numbers during that time period? [AGENCY 51]

J.B. MILLIKEN: Well, we lost enrollment, and particularly at the University of Nebraska-Lincoln, suffered during that period. I don't think it was entirely due to those reductions, but I do think the cumulative effect of four years or double-digit tuition increases had to have an impact. And it's tough to draw it directly but we lost about the same...the enrollment, the overall enrollment in the state of...and college didn't change that much, but we lost, and others whose prices were lower gained. And they may have gained for other reasons, but I don't think it would be illogical though to conclude that a significant increase like that, 45 percent over four years, had some impact on it. [AGENCY 51]

SENATOR NANTKES: And then also if you could just expand a little bit, we've had many discussions internally with the committee and then with other members about the fact that Nebraska produces well-qualified members of the work force. We provide a strong public education, kindergarten through college, for the most part. And if you could talk more about the opportunities that additional investments in research and development may provide to capture those students upon graduation. [AGENCY 51]

J.B. MILLIKEN: Well, I think that one...I think that a key for us in Nebraska, in terms of keeping and attracting talent here, is going to be to developing a stronger partnership between public and private sector. I think you can look across the country at models for this, and we have done some of this very effectively I think now with internship

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programs which we're developing. Peter Kiewit is sending people to McCook and Aurora, and J.D. Edwards is doing the same thing. There's Dan Shundoff, a friend of mine in Kearney, who has started a business in telecom, which is now in two cities, based in Kearney, where he has hired...I can't remember the number but it's in the double digits of Kearney computer science students as interns, and then hired them on full-time as his work force. That's the kind of thing, I think, that we need to find more ways to encourage. Another fellow I met not too long ago, Paul Urick (phonetic), who has a business in Atlanta in IT, is locating part of his operations in Kearney because of the talent from the work force in Nebraska, the students that we're producing on three of our campuses, UNL, UNO, and Kearney, that can...that will want to stay in Nebraska, enjoy the quality of life here, but also have opportunities to work in a field where they...where their career...where their education has prepared them. I think the kinds of spin-off activities that we're seeing more and more of as our research enterprise becomes more mature...the other night at dinner there was a couple of folks there from Twenty-First Century Systems, which is a company that was created by a professor at UNO when he was on the faculty. It now has 140 employees in ten states, most of...the largest single concentration are in Nebraska in Omaha and in McCook. That's the kind of activity I think that we will see more and more of as we continue to have success attracting the kind of faculty who not only are doing cutting-edge work, but also have an entrepreneurial bent. And I want to do everything I can to encourage that and encourage them to express that entrepreneurial interest. I have one of them here today and I hope you'll hear from him before...then you'll get to hear a little bit more about that, and somebody who actually knows about it, than you would from me. [AGENCY 51]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you so much for your patience with all our questions. [AGENCY 51]

J.B. MILLIKEN: Thank you very much. I appreciate it. Be happy to answer any other questions you have at any time. Thank you again for what you do. [AGENCY 51]



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SENATOR HEIDEMANN: Thanks, J.B. Is there any other testimony on this agency budget? [AGENCY 51]

SENATOR CHRISTENSEN: Chairman Heidemann, fellow senators, thank you. My name is Mark Christensen, for the record, M-a-r-k C-h-r-i-s-t-e-n-s-e-n. Sorry, I'm about to lose my voice here. First of all, I want to say that I'm a UNL graduate in support of the whole system, but my testimony leans more towards the Curtis Technical College there in Curtis, in my District 41. I've been very concerned about the budget of this year's because it appears the university is going to have to be asked to come up with salary increases based upon salary savings on open positions. NCTA, Nebraska College of Technical Agriculture, is so low on positions that almost \$23,000 represents one-half of a position for an already very small faculty. I'm told that NCTA Education Center building that will provide more classrooms and laboratories are on a capital facilities list that will not come up in this hearings. The facility has been on the capital facility list for ten years and now is seventh on the list. The proposal this year is to provide \$55,000 to this...this year to the planned building, with building funds coming in future legislative sessions. It would be a wonderful thing if it could be done. Joint facilities, joint appointments on facility directors which facilitate the sharing of facility personnel between the two units--speaking of NCTA and also UNL West Central Research Extension Center, located in North Platte--the West Central Research and Evaluation (sic) Center facility are teaching courses at NCTA, and the NCTA facilities are involved in research and extension activities at the research center. This action adds substantially to the expertise available to students and clientele served by each unit. The NCTA students now have access to huge livestock, agronomy, and horticulture systems available at the Gudmundsen, North Platte, and Brule Laboratories. The West Central Research Center has made equipment available to NCTA that could not...could not fund on its own. NCTA is now in the process of developing a precision agriculture program that will provide students with an in-depth understanding of agronomy services, agribusiness, and mechanization and supports today's cropping systems. NCTA is in process of adding entrepreneurship concepts throughout its curriculum. This program

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requires students, in terms of five to plan and provide leadership for the implementation of projects that benefits the community. Growth in the NCTA veterinarian technological program has current facilities taxed beyond their limits. New education senator...center, sorry, on the capital facilities list since 1995, is now critical for future growth. This building will provide new classrooms, laboratories, and equipment that will keep Nebraska's largest veterinary technological program on the cutting edge in technology. Recently, Dr. George Garlic (phonetic) has agreed to set up holographic imaging systems in NCTA Veterinary Hospital. NCTA facility will apply the system's use in veterinary medicine. In addition to education centers, has requested that the Legislature new...a new student living center and activity center will be funded through private donations. The NCTA dormitories and activity centers were built in the 1930s and '40s and are far past their prime. These new facilities, coupled with the new education center, will provide NCTA with facilities necessary to double its current student body, making it very efficient institution with a huge desire to build rural Nebraska. The NCTA teaching veterinarian technicians will teach the lecture portions of the courses through Internet services, local veterinarians will provide laboratory experiences for their assistants in their respective clinics. Summer of 2007 will mark the beginning of an animal safety program for feedlot personnel. The feedlot industry requested this program because workmen compensation claims are substantially increasing their policy rates. The program will be taught by NCTA campus and at the feedlot locations throughout Nebraska. NCTA is currently investigating the viability of offering a horticulture program in North Platte and Kearney. NCTA will deliver the technical courses in partnership with Mid-Plains Community College and UNK for general education courses. City of Curtis recently received private funds for a new community center that includes a gymnasium. The city is working out details allowing NCTA to work with this new facility. NCTA is also developing policy through the university that would allow the city to use NCTA facilities. NCTA administration is extremely concerned about providing salary increases for vacancy savings because it has lost more than half its positions during the past 20 years. This is a result of budget cuts and institution's inability to attract faculty with available funds; 1981-82 NCTA had 29 faculty, to day it

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has 18. It must build back to the previous number of faculty to ensure critical faculty mass and allow the institution to add an additional 200 students to make it economically viable. Just want to encourage you to visit the campus, too, sometime. I've had the pleasure of not only seeing the campus but actually speaking on the campus to students there and I can tell you this campus reaches a lot of students that otherwise would not go to college. Thank you. That's a very abbreviated version of what I wrote. Is there questions I can answer? [AGENCY 51]

SENATOR HEIDEMANN: We appreciate that. (Laughter) Are there any questions? Seeing one, thank you so much for coming in today. [AGENCY 51]

SENATOR CHRISTENSEN: Thank you. [AGENCY 51]

SENATOR HEIDEMANN: This evening actually. Is there any other testimony on this agency budget? [AGENCY 51]

BRUCE BOHRER: Yes, good afternoon, Mr. Chairman, members of the committee. Bruce Bohrer, appearing on behalf of the Lincoln Chamber of Commerce, and for the record my name is spelled B-r-u-c-e, and Bohrer is B-o-h-r-e-r. I'm the executive vice president and general counsel for the Lincoln Chamber of Commerce, and it's my pleasure and honor to be here this afternoon to support the University of Nebraska. I'm an alumni, both the university and Nebraska College of Law, and I am very impressed with the leadership that we have at the university and I hope you are as well. I think both as a person that watches issues related to the business community and a father of three sons, I am very proud to be here this afternoon. I'm very hopeful for the future of our state as a fourth generation Nebraskan with three boys that are hopefully going to stay here as well. I'll get back to my testimony here. We hope that you, as the Chamber of Commerce does, the Lincoln Chamber, supports placing a high priority on funding for the university, and we request that you invest at a level that will sustain the economic contributions the university provides to our state, as President Milliken outlined so

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eloquently. As committee members and state senators, you are charged with an awesome responsibility to balance legitimate spending requests with the need to bring state spending in line for sustainable and significant tax relief, and we support and applaud that effort as well that I know that you, Governor Heineman, and many members here on this committee are concerned with too. We do agree that spending decisions must be prioritized in order for meaningful tax relief to be possible, but the Lincoln Chamber also believes that these objectives can and must be accomplished within a state budget framework that maintains the funding needs essential to the university to bolster private sector economic activity. And as I said earlier, I think President Milliken did an excellent job of covering some of the research that has come in, research dollars that have come in. We have been very involved with Dr. Prem Paul at the federal level, helping the university garner some of that money, and I really heard and paid attention to some of his comments about, and that in particular, about keeping...or, excuse me, reaping the benefits of becoming a mature research facility, and that's one of the key components when we discuss this issue at our board level that we talked about. And I want to just kind of go back to some earlier testimony from today as well, while I'm on a point of our board discussion on this issue. Think it was Mrs. Gail Werner-Robertson who said she was a fiscal conservative, and so she was before and kind of establishing her credentials and bona fides on that issue. I want to assure you our board of directors for the Lincoln Chamber is full of people, business people, who are very concerned about how you invest money and they look at this as an investment, absolutely an investment, and a good one, for our future. And so we didn't take this lightly. It was a good board discussion, but we arrived at a conclusion that this is a priority and this should be a priority for our budget as we move forward and as we try to move our state forward. I'm going to conclude my remarks with just saying that we value the partnerships that we've developed with the University of Nebraska. It's the same public-private partnership that the university has cultivated with communities across this state. We know university leaders are committed to continuing to work in partnership with the business community, agriculture, and all people across Nebraska to maximize opportunities for economic development throughout Nebraska. We are equally confident

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that you and the Governor and the university leadership can arrive at a funding support that maintains the university while also ensuring accountability. I do thank you for your time and the service that you all do provide to the state of Nebraska, and I'll be happy to answer any questions you might have. [AGENCY 51]

SENATOR HEIDEMANN: Are there any questions for Bruce? Seeing none...whoa. [AGENCY 51]

SENATOR NANTKES: I'm sorry. Not really a question, Bruce. Always good to see you, number one. [AGENCY 51]

BRUCE BOHRER: Thank you. [AGENCY 51]

SENATOR NANTKES: Number two, thank you so much for taking the time to come down here and having these important discussions with your board and your membership. I think your testimony today is illustrative of all the common ground that we do share here in Lincoln and across the state in ensuring that young people have opportunities and that we focus our investment dollars on economic development efforts that pay real results. [AGENCY 51]

BRUCE BOHRER: Absolutely. [AGENCY 51]

SENATOR NANTKES: So thank you for being here. [AGENCY 51]

BRUCE BOHRER: Thank you. It's my pleasure. [AGENCY 51]

SENATOR HEIDEMANN: Thank you. [AGENCY 51]

BRUCE BOHRER: Thank you, Mr. Chairman. [AGENCY 51]

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SENATOR HEIDEMANN: Is there any other testimony on this agency's budget?  
[AGENCY 51]

SHANE FARRITOR: Hi. I'm Shane Farritor, spelled F-a-r-r-i-t-o-r, and I got to tell you I'm excited to be here. I'm probably the only one in the room who's excited to be here, approaching 7:00, but I really believe in this university and the things that are happening here, so thank you for the opportunity. I'm an associate professor in mechanical engineering at UNL and I'm here to support the budget request, of course. I got to tell you I was a little surprised when President Milliken asked me to speak here. There's lots of people who could give a better speech. But as I thought about it, I think I have a unique perspective that's probably worth sharing. I'm a fourth generation Nebraskan. My family homesteaded in the 1860s near Anselmo and I grew up in Ravenna where my father owned the hardware store, and I was one of the first in my generation in my family to go to the university, to attend any university. And the university has played an important role really throughout all my life. My earliest memories at that 1978 Oklahoma game where we all yelled at the TV so much, especially my father and my older brothers. I had a brother at UNL and another brother at UNMC going to Med School at that time. But more importantly, my older brother Shawn (phonetic) was 11 years old and I was 10. He was born with a heart defect and had I think four open-heart surgeries by the time he was 11, and I can't tell you how important UNMC was to him and to my parents. Shawn still sees a cardiologist at UNMC today, you know, and we did all the important things through the university--science fairs, leadership conferences, state tournaments--growing up in Nebraska. I came to UNL as a natural choice when it came time for me to go to college in 1992, and then I went on to graduate work at MIT where I studied robotics for planetary exploration. I received my master's and Ph.D. degrees at MIT and worked at NASA Jet Propulsion Laboratory in the Kennedy Space Center. You know, MIT and NASA are great places, but they're not Nebraska, so I chose to come back here to this university to continue my professional career. I came back in 1998 and I returned here because I knew it was a quality school. I had been here. I knew I'd have access to excellent students, which as a professor what I do is I find good students, get

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good work out of them, and then I take credit for everything they do. That's really the secret of being a good professor. And specifically, I knew it was a place where I would be my only limitation; where there was a supportive environment in terms of administration and the state. Since then, you know, I found all these things to be true. Farm kids often make great engineers and with the help of the supportive environment we've been very successful. I need to tell you about one specific research project that I do that's part of a campus...cross-campus collaboration with UNMC. About three years ago I worked...started working with a surgeon named Dmitry Oleynikov at the Medical Center. He's a laparoscopic surgeon, nationally recognized in his field, and we started to study robots. I brought one today. I don't go far without one of my robots in my hand. This is used for laparoscopic surgery, so with laparoscopic surgery you make small incisions and you inflate the patient and the surgeons insert long tools and they perform surgery that way. Maybe, this is distinguished group, some of you have had laparoscopic surgery. It's hard...it's great for the patient. You get to go home the same day. You have your gallbladder removed; it's an outpatient procedure as compared with a three- or four-day hospital stay, but it's very hard to perform. So we started building these little robots that are inserted through these small incisions. Once they're on the inside they can drive around and do all kinds of amazing things. It's a little bit out there. It's, you know, sort of science fiction type of research, but we're making it happen. This research is really on the cutting edge and we've really gotten a lot of national attention. We started with funds from the tobacco settlement and from the Nebraska Research Initiative, and that has led to currently we have one NIH grant and we have just received a \$2.25 million grant from the army to deploy these in battlefield environments. They're very mobile and they can provide surgical care right at the scene of an injury, so the army thinks these have great potential. All this has been possible because of the support of the university. We need to keep talented people like my collaborator Dmitry, who's a nationally recognized expert in his field. Nebraska needs that kind of thing, the research reputation is getting stronger and we need to maintain that critical mass of research expertise in the state. The university is also important to the economic growth of the state. Last year Dmitry and I started our own business, called Nebraska Surgical

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Solutions. We've raised a first round of investment capital and now we're preparing to take these devices through FDA clearance and hope to sell them one day. We have two employees. I hope you're all impressed by that. That sounds very small, but one is a Ph.D. out of my lab and one has a master's degree. They're good jobs, and we hope to grow into the next Medtronic, the next Microsoft, the next Google right here in the state of Nebraska. Who knows if it will happen, but it won't happen if we don't try, and we need a strong university to help us with these things. You know, I've seen Nebraska as a football fan, as a kid in central Nebraska, student, now I'm on the faculty here and now the university is a partner in my startup company trying to create jobs in Nebraska. So I come from both of those perspectives. I think in 1978 you would have been hard-pressed to say my family in Ravenna was different than any other family in Ravenna, but the university has made a big impact on that family and, I suspect, all those families. Not all of them now have faculty here, but with that said, it has been very, very important. So I urge you to take favorable action on the budget request and thank you for your time. [AGENCY 51]

SENATOR HEIDEMANN: Thank you so very much for coming in. It was very interesting, everything that you shared with us. [AGENCY 51]

SHANE FARRITOR: You're welcome. Thank you for the opportunity. [AGENCY 51]

SENATOR HEIDEMANN: Any questions? Senator Wightman. [AGENCY 51]

SENATOR WIGHTMAN: I don't know if it's a question, but... [AGENCY 51]

SHANE FARRITOR: Is it a robot question? [AGENCY 51]

SENATOR WIGHTMAN: ...I, too, thank you for coming in. I have no doubt why Dr. Milliken included you on the list of speakers because it's been very impressive. [AGENCY 51]



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SHANE FARRITOR: It's because of my good looks. (Laughter) [AGENCY 51]

SENATOR WIGHTMAN: But I see you have traded your Ravenna Blue Jay shirt for the Nebraska scarlet. [AGENCY 51]

SHANE FARRITOR: Yeah, no confusion, I'm a cornhusker, yeah. [AGENCY 51]

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

SENATOR HEIDEMANN: Any...Senator Nelson. [AGENCY 51]

SENATOR NELSON: Thank you for your testimony. Who has the patent on your mini-surgical robot? [AGENCY 51]

SHANE FARRITOR: We have patents through both the University of Nebraska Medical Center and UNL, and we have licensed that technology into our startup company, so we have a worldwide exclusive license to build and deploy these, sell them I hope, and again grow a big company here in Nebraska. [AGENCY 51]

SENATOR NELSON: If you get as big as Microsoft, are you going to share in some of the millions that you make? [AGENCY 51]

SHANE FARRITOR: Well, absolutely. Absolutely. I'll have you over for lunch some time, get you a good hamburger or something. (Laughter) [AGENCY 51]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 51]

SENATOR FULTON: Be remiss if I didn't state and let the record show that this committee is enormously appreciative of mechanical engineers. (Laughter) [AGENCY

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SHANE FARRITOR: They're certainly the best kind. No robot questions? [AGENCY 51]

SENATOR NELSON: Yeah, just... [AGENCY 51]

SENATOR HEIDEMANN: That's what's very intriguing to me. I... [AGENCY 51]

SENATOR NELSON: ...just one quick...excuse me, is there any... [AGENCY 51]

SENATOR NANTKES: We don't have enough background to ask those. [AGENCY 51]

SENATOR WIGHTMAN: We'd have to be a lot smarter. [AGENCY 51]

SENATOR NANTKES: Yeah, exactly. [AGENCY 51]

SENATOR NELSON: Is that not connected in some way? Does that just move around inside all by remote control? [AGENCY 51]

SHANE FARRITOR: There are a couple of types. We have wireless versions. We're tending to make them wired so they have a little cable that comes out the back. They're always smaller if they're wired because they don't need batteries. But this little guy has two wheels on each side and a little camera on the front, so they can go in there and drive around and do exploratory surgery. Crazy stuff. Cool stuff. Fun stuff. [AGENCY 51]

SENATOR HEIDEMANN: Amazing. [AGENCY 51]

SENATOR KRUSE: (Inaudible.) [AGENCY 51]

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SENATOR HEIDEMANN: Thank you for coming in and sharing. [AGENCY 51]

SHANE FARRITOR: Thank you. [AGENCY 51]

SENATOR HEIDEMANN: Any other testimony on this agency budget? [AGENCY 51]

HOMER BUELL: Senator Heidemann, other senators on the committee, my name is Homer Buell, B-u-e-l-l. I am here representing the Nebraska Cattlemen. I'm going to go through briefly what I have in written testimony and try to shorten it up quite a bit, because of the lateness of the hour, but also because I've got to drive 230 miles to get home tonight. So I come from a little town called Rose, Nebraska, north-central part of the state. [AGENCY 51]

SENATOR KRUSE: Yeah, I've been there. [AGENCY 51]

HOMER BUELL: Not everybody has, but its population is about two right now. It varies a little bit, but usually around that area. I'm the fourth generation on our ranch, Shovel Dot Ranch. We actually now have a fifth generation there. Have a long line. My grand...I had a grandfather that was on the Board of Regents at the university, my parents both attended the university, I attended the university, both my children attended the university. So we have a long line there. What I have in my written testimony, I talk about the importance of agriculture to the state of Nebraska; how important we feel education--and I say "we," I mean me and the Nebraska Cattlemen--we feel education research and extension coming from the Institute of Agriculture and Natural Resources is; current conditions at the institute, I also have in there what the Nebraska Cattlemen is doing to maintain excellence at the IANR and how important it is that the current level of excellence continues. Nebraska is an agricultural state. I hope we can all agree on that. How important is the University of Nebraska to agriculture and to specifically the beef industry? I think extremely. First and foremost, the university is a teaching institution. I believe that's even set by law, but if we were...which has been mentioned in

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other testimony. But if we're going to have the people come back into our industry, the beef industry and to agriculture, the kind of people that we need to lead us forward in the years ahead, we need a strong university. It is giving us those people now; that needs to continue. Research, I'm just going to mention a couple different things. I think research in the last few years that has been extremely important to us, ethanol. We all hear a lot about ethanol in the news. Research done at the university at the institute for uses of by-products of that industry, it's been good for us, it's been good for that industry, helps them move and create value for a by-product that they have. Some of the muscle profiling that's been done at the University of Nebraska, I've seen estimates where it's added, on a nationwide basis, \$1.3 to \$1.8 billion--that's billion with a B--tremendous add of value to the industry, the beef industry. Education and research are vital to this state, I think we can all agree to that, but I want to just give you a few startling facts from the College of Agriculture and Sciences and Natural Resources. Currently the Department of Agriculture and Horticulture have several open positions, including a grassland ecologist and an irrigated cropping system specialist. By September there will be only one-half of an extension position in range management. That is for a state that has 22 million grazing acres. The Agricultural Economics Department has four open positions. The Animal Science Department has several open positions in genetics and rumen microbiology. Nebraska Cattlemen, over the last year and a half, because how important we feel that the university is and how much it adds to our industry, started a UNL task force which I am chairman of. We also started an education committee which I am presently chairman as well. We've worked in the area of advisory, that's communication back and forth from our industry and also the university, the institute; recruitment--student numbers in animal science are up partially because of efforts that we have put forward in conjunction with ag builders. We've worked a partnership, Nebraskans for Nebraska, in that area. Fund-raising, Nebraska Cattlemen and I should say it's the people out there around the state have given over \$150,000 to be divided amongst the next three years. Fifty thousand has already been presented primarily to help in recruitment. We know at least part of the long-term answer to the budget problems and whatnot can be from additional students, so

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recruitment is very important. We've also worked in the area of the UNL judging team. Recently, I was just at our National Cattlemen's meeting in Nashville, Tennessee. There we sponsored and got a directive through that organization that they work on a national level to do what they can to bring various land grant universities together to get federal funding to come back to land grant universities, like the University of Nebraska. A couple things: I want to move away from what I've talked about so far as the importance to the beef industry, to agriculture. I want to talk a little bit on a personal basis. The biggest thing I manage on our ranch is our grass. The things I've learned from research done at the University of Nebraska to how to better manage that resource has made us thousands of dollars. In the areas of financial management, the things I've learned from the University of Nebraska to help me better manage in that area has made our ranch thousands of dollars. I think it's extremely important...and I'm one that, you know, I'm not, like, that much different from a lot of Nebraskans. I complain about how high my taxes and I'm usually not for anything that might raise them. But in this case, to give them what they have requested in their...for their budget I think is extremely important to me, it's extremely important to the Nebraska Cattlemen, and it's extremely important to this state. When we put together our UNL task force, we set up a mission statement to assist UNL in maintaining prominence as a leading agricultural university in the world, while enhancing the beef industry in Nebraska and the United States. I would hope, especially if we would substitute in "agriculture" rather than "beef industry," I would hope that every senator out here that I'm looking at today, every senator in this Legislature and all of us in Nebraska would have a mission like that, and I think if we did and we realized how important this institution is to our state then what they have requested in their budget they will be given. Thank you. [AGENCY 51]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 51]

SENATOR WIGHTMAN: Since you're wearing two hats as a proponent of the University of Nebraska, and I thank you for coming in because I'm interested in hearing your perspective, but you're here as a proponent of the University of Nebraska and also as a

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cattleman,... [AGENCY 51]

HOMER BUELL: Yes. [AGENCY 51]

SENATOR WIGHTMAN: ...and I think you realize the fine difficult problem that we have in assessing priorities. And you're heard the figures as much as we have, the 3.8 percent which is the Governor's recommendation, and the 4.2 percent that we're standing at right now. I guess as a cattleman I would be interested in knowing what do you consider to be an acceptable level of budget increase? [AGENCY 51]

HOMER BUELL: I think what the university, as near as I can tell, they've spent a lot of time coming up with what they have requested. The group within our task force, within the Cattlemen that I work with, we're extremely concerned that they receive that because we think that's what they need to just meet the bare minimums, like President Milliken talked about, to continue their effectiveness. So that's...you know, and I can't base that on any study or anything I've done, but simply on what I've observed and what I think it should be. [AGENCY 51]

SENATOR WIGHTMAN: I don't know what's a fair question here, but, you know, I assume the Cattlemen are also very interested in K-12 education and how much funding we do there, and that we're locked into a formula that probably calls for a 9.5 percent increase. The Governor is at 8.9; we're at 9.8. That alone constitutes over 2 percent, based upon 100 percent of the budget, which means we've got...so I guess I am interested in knowing, as a group, what agriculture, what the Cattlemen would feel would be an acceptable level of increase, because all that is going to become a big item as far as we're concerned. [AGENCY 51]

HOMER BUELL: And your acceptable level of increase in the budget... [AGENCY 51]

SENATOR WIGHTMAN: In the budget. [AGENCY 51]

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HOMER BUELL: They've requested 4.8, is that correct? [AGENCY 51]

SENATOR WIGHTMAN: Who? [AGENCY 51]

HOMER BUELL: What has...the university has requested what? [AGENCY 51]

SENATOR WIGHTMAN: The university is 5.7, as I understand it right now, is they say the mandatory level (inaudible). [AGENCY 51]

HOMER BUELL: I think they should have that and that's...and like I mentioned in my testimony, Nebraska Cattlemen, and we've traditionally worried about, you know, taxes and...but I think all of us in our businesses, we're faced with, every day, of hard decisions of what we...you know, what tractor I buy or what bull I buy or whatever, and...but I think the university is so important to this state, and I've always thought that. In the last year and a half that I've worked with the university and for the Nebraska Cattlemen, I think I've come to see that over and over again, how important it is, and I think it has to be funded at that level if we are...expect them to maintain the excellence that they have shown and they would continue that. [AGENCY 51]

SENATOR WIGHTMAN: And I guess I would ask next if we fund that at that level--and I'm not saying we won't, I'm just trying to get some help from you on how we face competing demands for the dollars--if we fund that at that level and we end up at 5.2 percent over the budget, which we might, is that an acceptable level to the Nebraska Cattlemen? [AGENCY 51]

HOMER BUELL: It's a little bit hard. I mean I'm on the board. I'm a past-president of the Nebraska Cattlemen. It's hard. I can sit here and say, yeah, that's fine for Homer Buell. I don't know as I can sit here today, Senator, and say, you know, that works exactly for the Nebraska Cattlemen. I would like to say that Nebraska Cattlemen, I could direct staff

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to go back and look at that and could send you written information on what they feel, what the Nebraska Cattlemen feel. [AGENCY 51]

SENATOR WIGHTMAN: I understand that's a difficult question and probably impossible to answer and certainly to represent a whole group. But I use it to illustrate the problems we're faced with in arriving at a budget. And so I hope you can understand our position as well. [AGENCY 51]

HOMER BUELL: Yeah. It's tough. [AGENCY 51]

SENATOR WIGHTMAN: And again, thank you for coming because I think you give us a different perspective, as the other testifiers have. Thank you. [AGENCY 51]

HOMER BUELL: Thank you. [AGENCY 51]

SENATOR HEIDEMANN: Are there any other questions? Do us a favor when you get back home tonight. Tell everybody back in Rose hi. [AGENCY 51]

SENATOR KRUSE: Yes. (Laughter) Greet both my friends there. [AGENCY 51]

HOMER BUELL: Okay. I'll do that. [AGENCY 51]

SENATOR HEIDEMANN: Is there any other testimony on this agency budget? [AGENCY 51]

MICHAEL JACOBSON: Well, Chairman Heidemann and members of the Appropriations Committee, I really have been sitting here all afternoon, appreciating all of your patience. And I know I've been watching my clock just like the rest of you have. My name is Mike Jacobson, J-a-c-o-b-s-o-n. I'm the president and CEO of Nebraskaland National Bank in North Platte, and I'm the president elect of Ag Builders of Nebraska. I



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want to tell you right up front that it's my sincere desire to beat Homer Buell home and I've got 220 miles to drive, and so that is my goal and I'm going to keep rolling right through this. I am going to significantly abbreviate my comments. I know most the things that I have written down, it's in the printed text, is...was information that you may be picking up from some other sources. I want to start by just simply mentioning that, as a banker, I and my colleagues throughout the country have all been faced with the challenge over the last couple years called the flat yield curve, and without getting into all the technical pieces of it, what it really means is when you deal with a flat yield curve for an extended period of time, and I'm sorry that Senator Engel isn't here because he can really appreciate this, being involved in the banking industry, but I can tell you that a prolonged flat yield curve has a significant impact on that interest margin, which is the largest part of our income that we generate at the bank level. And because our interest margin gets contracted, I've really got about, initially, three options that I can go to, to either improve or at least maintain earnings. The first thing I can do is I can raise interest rates to borrowers above the market price, above the market. If I do that the likelihood is I'm going to lose borrowers. Conversely, I can reduce my deposit costs below the market and likely lose my funding source. So you would come to the conclusion that the only thing you can do is reduce expenses. I would argue, however, that as I look at my noninterest expense, it resembles that of the university. A large part of my noninterest expense is employee- and salary- and benefits-related costs. And I can tell you from experience that when you make across-the-board cuts on salary expenses you don't lose the bottom end of your staff; you lose the best and the brightest. They are the ones who will go elsewhere. The ones who can't go elsewhere are the ones who will accept the meager increase in compensation or no increase in compensation. Consequently, I come back to the conclusion that the only way you deal with those kinds of situations is you grow, and you grow in areas and you make investments in areas where you have proven historically that you can get value, that you can get return, and that it can bring more revenue to the bottom line. Because ultimately it's a revenue problem, not an expense problem. I know, Senator Wightman, you asked a question with regard to where do we go with the budget. I can tell you, as President

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Milliken expressed, there was the Battelle study that was conducted by the institute. If you read that Battelle study you will find that there's a 15 to 1 return on every dollar that's invested at the university and through the institute from what they've been able to do in research projects. If you look back at what's happening in Nebraska today, we have an incredible opportunity in Nebraska today. I think if you ask most farm producers, and Senator Heidemann, I'm sure you can appreciate that, how many people would have thought that we will be able to sell corn today for over \$4 a bushel? I'm sure you've been holding on to all of last year's crop and it's still available, but (laugh)...  
[AGENCY 51]

SENATOR HEIDEMANN: Actually, I got a lot of it. (Laugh) [AGENCY 51]

MICHAEL JACOBSON: I could believe that. But I think if you talk to most farmers, many of them had sold crop earlier and many of them have contracted into next year because they didn't see the ethanol boom coming. They didn't see the impact that it's had thus far. I would argue that I'm not sure the Forecasting Board has completely factored in that factor. When you start looking at \$4 corn, and Senator Heidemann can really appreciate this, that extra \$1 is the dollar on the profit side, not on the expense side. These are...this is found wealth and I can tell you that I think most farmers who start generating...you start running the cash flows, and I've seen these, you start running cash flows, adding \$1 or \$1.50, or in some cases \$2.00 a bushel, from numbers that were generated a year ago, there are significant revenue increases that take place. And I can tell you that many farmers will take that new growth and invest back into their operations, which will also mean purchasing additional equipment, spending dollars in the service sector, and reinvesting back into the operation as a whole. I think that this is probably the first time that I can recall in many, many years that not only is the price of corn over \$4 a bushel but you can actually forward contract and hedge that corn crop for the '07 and...or the '08 and '09 crop at prices well above \$3.50 a bushel. I don't ever remember seeing that opportunity being out there. And what's driving that again is the rapid expansion in ethanol. Now that's not all a panacea, because I can tell you that with

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the expansion of the ethanol industry we've got some challenges. Four dollar corn is great if you're a grain producer; it's not quite as optimistic and as great if you're a cattleman or, worse yet, you're a hog producer or a poultry producer, because these are significant increases in your production costs to be able to make that work. We're very, very fortunate that we saw some individuals, some folks at the university, and particularly at the institute, who have spent a lot of time and a lot of research in working through the ethanol equation and also figuring out how we can best utilize the distiller's grain from the ethanol, when I look at Terry Klopfenstein and what he's done in terms of determining how we can use more and more of the ethanol product, by-product, into the beef cattle ration so that we can help take some of the edge off of that higher corn price, so that we can see both sectors profitable. There's a lot of research that needs to be done, however through, on the nonruminant animals, particularly the swine and the poultry producers, and there's a lot of research that's going to need to be done to figure out how we can better utilize those distiller's grains as we move on into the future. I would tell you that as you look at the entire ethanol industry, the future looks very bright at this point, particularly when you consider that down the road cellulosic ethanol production will also become very important. I think that most researchers who have spent much in this subject recognize that the ethanol plants that are grain-based are going to be the spots where the cellulosic ethanol plants will be located as well. That's...logic would suggest that would be the case because, in part, they have the rail service already come to those facilities, they have the rest of the processing in place, they have the marketing. They have all the other pieces in place and many of the acres that are producing corn today and wheat today, it will be the wheat straw, it will be the corn stover that will come in and be used as the primary cellulosic feedstuffs to produce cellulosic ethanol. Nebraska is in a unique position today, probably more so than any other state except Iowa, where we're really at a par, where we can really make some significant gains in revenues and wealth statewide from the ethanol industry. And fortunately the university, particularly the institute, has been on the leading edge of doing research, and Ken Cassman has been one who has been...who has published a number of articles and how is probably on the leading edge of researchers who is with

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the University of Nebraska and is helping to determine the future of ethanol and how we can best utilize it and keep our competitive advantage here in Nebraska. Think back, and I know as we look forward everything becomes projections, but just think back ten years ago. If the university had done nothing or, worse yet, that we couldn't afford to have the researchers there to do the work that's been done thus far, would we have missed the ethanol boom? Would we have missed the wealth that's going to come to this state because of the ethanol production? I think at the end of the day you've got to go back and read the Battelle study to really appreciate what the university fully does to this state. To me, this is an investment in the future. It's not an expense item. I understand where the Governor is in terms of his guideline. I understand that there are certain taxpayer groups out there that are putting a lot of pressure on the Appropriations Committee and other senators to control spending. I can tell you, if you want a self-fulfilling prophesy, cut back the university budget or limit their increase and start looking at the cuts that will take place. I've included in my printed remarks the impact specifically to the institute and Kasner (phonetic) if we have to continue with the cuts that are in place today. And when I say cuts, let's face it, we know that when you start looking at inflation that salary expenses, 3 to 5 is where you're going to be on an annual basis or you're going backwards, and that's assuming that you can keep healthcare costs under control. And I can tell you that in our bank if I could sign on right now to a 10 percent increase in healthcare costs annually, I would sign up for that in a minute, because my health insurance costs are going up at a faster pace than that. It's simply unrealistic, I believe, to look at an institution that's so heavily based in personnel to expect them to be able to work within those budget constraints that are there, and there will be very, very damaging impacts, not only to the university as a whole but certainly to the institute. And I would encourage you to read through those numbers. You can really see what that impact is. I think for the future of Nebraska it's vitally important that you very carefully weigh the impact of the budget allocation and what the university has put on the table, because I think that this is truly an investment in the future. Thank you.

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SENATOR HEIDEMANN: Appreciate your testimony. Is there any questions? Seeing none, thank you. [AGENCY 51]

MICHAEL JACOBSON: Thank you. [AGENCY 51]

SENATOR HEIDEMANN: Welcome. [AGENCY 51]

JONATHAN HENNING: I had written originally in my testimony, good afternoon, Senator Heidemann, so considering the late hour, I appreciate your indulgence and your patience. My name is Jonathan Henning, J-o-n-a-t-h-a-n H-e-n-n-i-n-g. I am from Lincoln. I currently live in Omaha, Nebraska, where I'm a third-year medical student at UNMC. I'm president of the UNMC student senate and, as such, the UNMC student regent on the University of Nebraska Board of Regents, and I'm here today to represent nearly 46,000 students in the University of Nebraska system. I am proud to represent students from the University of Nebraska and it is a sincere honor to have the opportunity to present their needs as you consider this year's budget. The discrepancy between what the Board of Regents have requested and what the state is willing to offer has been a moving target lately. For the sake of argument, I'm going to propose that we consider a \$30 million deficit between what the state is willing to fund and the budget request by the Board of Regents. This difference has to be made up by tuition increases or cuts in university programs. We all witnessed what happened to the university the last time budget cuts were made. Important programs, like museum studies programs at UNL, were cut. To add insult to injury, student tuition also went up, way up. In 2002-2003 we witnessed 10 percent increases in tuition; in 2004, 15 percent increases. Tuition increases and program cuts are simply unacceptable in a time of fiscal prosperity in our state. If, however, that \$30 million was to be made up by the nearly 46,000 students at the University of Nebraska, it would equate to approximately \$750. At a \$7 per hour, low-paying, part-time job, that's nearly 100 extra hours the state would be asking students to work in order to make up this difference. Nebraskans are known for their hard work and NU students are no different. They are not afraid to get their

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hands dirty to get the job done. However, they are already working many hours outside classes at their part-time jobs. In fact, they work far more hours than students at other national institutions. According to the 2004 national survey of student engagement hours worked off campus, approximately 23 percent of NU seniors worked over 30 hours per week. Nationally, only 1 percent of students work that many hours. Members of the committee, I submit to you that the burden this budget intends to put on students would be excessive. We are already working hard to pay for our education. We believe in its value, but how much is enough? In addition to the hours we work, the average NU loan indebtedness for an undergraduate degree in 2004-2005 was \$16,872. From my perspective at UNMC, the number is more staggering. The average graduate from the College of Medicine in 2007 was \$112,000. I personally have already exceeded that amount. Do these staggering numbers stop citizens from pursuing degrees? Absolutely. Forty percent of Nebraska students do not continue to college. Sixty percent of low-income students do not continue to college. I personally owe a great deal to this state and the education that I have and continue to receive here. To that end, I humbly like to consider myself a success story, created by educational opportunities this state has afforded me. My first degree was in agriculture at Southeast Community College in Beatrice. I worked as a herdsman for a number of years on a large dairy farm near Firth, Nebraska. From that experience I learned I like working with people more than cows. Anyone who has worked with first-calf heifers in a milking parlor I think will agree with that statement. I found myself at the University of Nebraska in Lincoln pursuing a degree in biology and biochemistry in order to prepare for medical school. Like many students, I chose the University of Nebraska. To be frank, it was a pragmatic decision. That's a trait I got from my father, a Lutheran pastor, my mother, a kindergarten teacher. We are not a wealthy family, so the idea of a budget, a balanced and frugal budget, is an idea not foreign to me. I think most Nebraskans are pragmatic realists who are frugal, hardworking, and most of all bright. I understand and agree with a plan to limit state spending in order to give tax relief to our state citizenry. However, like many Nebraskans, I also believe in investing in our future. I propose to you that the finest investment our state can make is one of ensuring educational access for all

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Nebraskans. The average student at the University of Nebraska is not wealthy, nor is his or her family. As a matter of fact, we represent a lower socioeconomic demographic than students in our peer group at other institutions. Despite these obstacles we complete nationally. We are bright, we are hardworking, and we represent a variety of dreams, aspirations and, most of all, the future of this great state. I hope you will recognize that the average student in this state needs this education, an affordable education. Furthermore, I propose that this state needs college graduates, many more of them. We heard that in President Milliken's presentation about the twenty-first century. Many of you come from areas of the state that have witnessed an efflux and migration of your youth. They travel elsewhere because their hometown does not afford them the opportunities they dream and desire. If we choose not to support our university, we risk losing our state's brightest and finest resource. That is most certainly a risk we should not tempt. I urge you, on behalf of students at the University of Nebraska, to fully fund the budget request as prepared by the Board of Regents. There are many success stories in our state that are waiting to be realized. Help our state's youth realize their full potential and, in so doing, assure a bright, educated and strong citizenry. Thank you. With that, I'd be happy to answer any questions. [AGENCY 51]

SENATOR HEIDEMANN: Are there any questions? Seeing none, did you work at (inaudible) is it Prairieland? [AGENCY 51]

JONATHAN HENNING: Yep. Yeah. [AGENCY 51]

SENATOR HEIDEMANN: Prairieland? You know Dan Rice then. [AGENCY 51]

JONATHAN HENNING: Indeed. [AGENCY 51]

SENATOR HEIDEMANN: This. Thank you for your testimony. [AGENCY 51]

JONATHAN HENNING: My pleasure. [AGENCY 51]

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SENATOR HEIDEMANN: Is there any other testimony on this agency budget? Seeing none, we will close the public hearing on Agency 51, and open up the public hearing on Agency 69, the Nebraska Arts Council. Thanks for your patience. [AGENCY 51  
AGENCY 69]