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Education Committee
March 12, 2007

[BIEGANSKI VRTISKA LB375 LB393 LB509 LB656 LB657]

The Committee on Education met at 1:30 p.m. on Monday, March 12, 2007, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB393, LB509, LB375, LB656, and LB657. Senators present: Ron Raikes, Chairperson; Gail Kopplin, Vice Chairperson; Greg Adams; Brad Ashford; Bill Avery; Carroll Burling; Gwen Howard; and Joel Johnson. Senators absent: None.

SENATOR RAIKES: Good afternoon and welcome to this hearing of the Education Committee of the Nebraska Legislature. This is, in fact, our final hearing session of this first session of the 100th Legislature. We are pleased you could be here. We, this afternoon, will hear two proposed confirmations, I guess I could call them, plus five bills. This will all be heard in the order listed on the sheet outside the hearing room. By now, I think you are used to the practice. We will do five minute time limits. Don't forget to fill out the form. Tell us your name and how to spell it. Turn off your cell phones. Matt Blomstedt; Brad Ashford; Gwen Howard; Carroll Burling; Tammy Barry; Ron Raikes; Gail Kopplin; Greg Adams; Joel Johnson; Bill Avery; and Kris Valentin. Surely can't be all of it. I think that is all. Okay. So with that, we will get underway and our first item of business will be the confirmation hearing for Gary Bieganski.

GARY BIEGANSKI: Bieganski.

SENATOR RAIKES: He anticipated my difficulty. Bieganski, is that correct?

GARY BIEGANSKI: It is a Polish name and I have been spelling it and saying it for people for years. Good afternoon.

SENATOR RAIKES: It is Bieganski?

GARY BIEGANSKI: Bieganski. Um-hum.

SENATOR RAIKES: Okay. Well, good enough. Well, welcome, Gary.

GARY BIEGANSKI: Thank you.

SENATOR RAIKES: And would you tell us a little bit about yourself and the reason you are interested in this appointment. This, by the way committee, as you know for the Board of Trustees for the Nebraska State College system. Gary.

GARY BIEGANSKI: (Exhibit 1) Thank you. Ladies and gentlemen, it is a pleasure to be here and visit with you this afternoon. I am Gary Bieganski, live in Chadron, Nebraska. I have been the chief executive officer and president of Community Hospital in McCook, Nebraska for about the last 29 years. So we have been in the process of retiring

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recently and moving to Chadron. Prior to that, I was the CEO of the hospital at West Holt Memorial Hospital in Atkinson, Nebraska. In my past, I have worked for Chadron State College in adult education. I started programs for them there back in 1969-73. I enjoyed that very much. That was after I had graduated from Chadron State College. It did take me some time, about eight years to graduate, but I worked all the time I was in college. There were a few semesters where I went to evening school, just one class but stayed with it. And I have also managed an office machine store in Chadron, Nebraska. We are retiring to the family ranch. There has been a ranch in my wife's family. She is a Rickenbach up in the Chadron area. Some of our deeds go back to the Homestead Act and for probably about the last 12 years I have sort of supervised the operation of the ranch for the family, there are 3 daughters there, and they did inherit the ranch from their folks. So my lifetime work, of course there are a couple of things that have been really important to me, and one of those, of course, has been education and the other has been working in healthcare. I have enjoyed both of the times I have been able to work in those two areas, and I feel strongly about being able to serve in the capacity on the Nebraska State Board of Colleges. I had completed two terms on the State Board of Health and finished those up about two years ago. So I now have the time, I think, that I can be active and contribute and work with the college system. So I appreciate the opportunity to work in that area. We have, as you know, three state colleges, and I think they are just great colleges and great opportunities to learn. A great deal of my education did come through the state college system. [BIEGANSKI]

SENATOR RAIKES: Well, thank you, Gary. Questions for Gary? Senator Johnson has one. [BIEGANSKI]

SENATOR JOHNSON: Who is Lequolisa? [BIEGANSKI]

GARY BIEGANSKI: Pardon? [BIEGANSKI]

SENATOR JOHNSON: Who is Lequolesa? [BIEGANSKI]

GARY BIEGANSKI: I don't know. [BIEGANSKI]

SENATOR AVERY: I have to correct my colleague, it is Lech Walesa. [BIEGANSKI]

SENATOR JOHNSON: Okay. [BIEGANSKI]

SENATOR RAIKES: He was the Poland... [BIEGANSKI]

SENATOR JOHNSON: Polish labor leader that threw the Russians out and didn't even own a gun doing it. [BIEGANSKI]

GARY BIEGANSKI: Oh, okay. [BIEGANSKI]

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SENATOR RAIKES: He couldn't understand your Polish there, Johnson. [BIEGANSKI]

_____ : Lech Walesa. Yes. [BIEGANSKI]

SENATOR JOHNSON: That is probably correct, Mr. Chairman. [BIEGANSKI]

SENATOR AVERY: And the name of the movement was Solidaritet. [BIEGANSKI]

GARY BIEGANSKI: Solidarity is what it translated to. It is my dad who really is the one that speaks more Polish. [BIEGANSKI]

SENATOR JOHNSON: Well, I have the good pleasure a year ago of hearing him speak, and one of the most outstanding people I have ever heard. [BIEGANSKI]

GARY BIEGANSKI: Great. [BIEGANSKI]

SENATOR RAIKES: Senator Adams, you probably have some boring question about state colleges (laughter) or something. [BIEGANSKI]

SENATOR ADAMS: I am sorry. Thrilling as these guys diverse and Polish history. Pretty simple question, I guess. What do you see as the relationship of the state colleges and the University of Nebraska? What is the nature of that relationship? [BIEGANSKI]

GARY BIEGANSKI: Yeah. I think there are some opportunities to work together on some programs, and one thing that I didn't mention to you was the RHOP program, and I think that has been just an outstanding demonstration. I started working with the RHOP program before their actually was such a program and furthering it, because we really had some feelings out in western Nebraska that it would be great if there would be some priority that we could get rural students into the healthcare careers and then have them return back to the rural areas. And they have had a very good success rate in doing that. So as, one example, working with the med center, that has just been excellent relationship between the state college system, I guess you would say, the two colleges and the university med center. And I think there are probably more opportunities like that are available and can be available. [BIEGANSKI]

SENATOR RAIKES: Senator Burling. [BIEGANSKI]

SENATOR BURLING: Thank you for coming and being willing to do this. Is this a first time appointment or reappointment? [BIEGANSKI]

GARY BIEGANSKI: This would be my first time appointment. I have served two terms

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with the State Board of Health previously. []

SENATOR BURLING: Okay. Thank you. [BIEGANSKI]

SENATOR RAIKES: Any other questions? I don't see any. Well, thank you again for being here and for your willingness to serve in this position. [BIEGANSKI]

GARY BIEGANSKI: Thank you very much, and I would appreciate your recommendation. [BIEGANSKI]

SENATOR RAIKES: Thank you. Okay. Do we have proponent testimony for this confirmation? Opponent testimony? Neutral testimony? Okay. That will close the confirmation hearing for Gary Bieganski, and we will move to...oh, my goodness, Floyd Vrtiska. Floyd, you're looking (laughter)...Did you stage this or...sit down. [BIEGANSKI]

FLOYD VRTISKA: (Exhibit 2) I will start out by saying I am treated like I have been treated all the years I have spent with you, Senator. Anyway, Chairman, you are the Chairman I understand, Chairman Raikes and members of the Education Committee, my name is Floyd Vrtiska, a former state senator. I looked at this position, it is something that I had looked at for many years and having serving almost my entire life in nonpaying jobs, I thought this was another opportunity to continue my last number of years in this role that I played for so many years. You have my resume, I was mayor of our small town for a good many years. I served 24 years on the County Board of Commissioners, and 12 years in the Nebraska state Legislature that I left, probably because of people like Senator Raikes who continually picked on me. I don't want that in the record. [VRTISKA]

SENATOR RAIKES: It is there. [VRTISKA]

FLOYD VRTISKA: I am not enhancing my position a bit, am I Senator? Anyway, during these years I also served on the State Fair Board, which in some ideas is not a plus and others it is, and I also was a member of the State Historical Society until I was offered this appointment and resigned from that position to take this position because I believe in education. I am a strong advocate of education at every level. I do have to tell you that all of my children have graduate degrees and two of them went to state college because it was convenient for them. My oldest daughter decided to go to Doane instead, but she did do some work at Peru State College during the summer. I am proud to say my kids are all successful. My daughter is a physician at the Mayo Clinic in Rochester, Minnesota, and my other daughter works here in Lincoln and probably knows many of the people because she does some lobbying work at times, and our son is a school teacher in the Falls City Public Schools. I have had a longtime interest in education because I think it is important for young people. And my reason for wanting to be on this particular board is because we need to enhance the opportunity for young

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people who are aspiring to become successful in life to get an opportunity to attend an institution of higher learning. And most of you know that many that might want to go to the university or some other college around the country, but maybe they are background or their finances don't allow them to, and so that is why I think that the small colleges we have at Chadron and Kearney and Peru are very important for these young people so they can get an education. I think most of you recognize that and understand why, if you like I do, because it does cost a good deal of money and more to go to particularly the higher institution of learning. Our oldest daughter went to Vanderbilt and I know how much it costs to send a kid to Vanderbilt. But she got her primary education at a smaller college, and that is why I think it is important to give these kids, particularly that come from the schools that we had at the time, although we now consolidated, schools that only had 15, 16, 18 students it was difficult. Our daughter was offered a full-ride scholarship to University of Nebraska but she didn't think that she could fit into that kind of an environment coming from a small school, so she opted to go to a smaller private college, actually Doane, because she thought it would more fit her background and her ability to succeed. And so that is one of the reasons I aspire to become a part of this and gave up my position on the State Historical Society. Although I am a great historian and head of our local historical society, I still think that education is the background of our youth in this county. And as I said earlier, I think it gives a lot of our young people an opportunity that they may not ever get if they had to look to some of the larger institutions. No downplay of the University of Nebraska. It is a great institution and I supported it along with the state colleges and the private colleges because all of them provide the opportunity young people need. And with that, I will be open for any questions. [VRTISKA]

SENATOR RAIKES: Thank you, Senator. Questions? Senator Johnson has one. [VRTISKA]

SENATOR JOHNSON: Got another one. What is what? [VRTISKA]

FLOYD VRTISKA: I don't think you got time to go through that again, Doctor, and I appreciate your question and if you wanted to step outside here and we will talk it over again. [VRTISKA]

SENATOR JOHNSON: Good to have here. [VRTISKA]

FLOYD VRTISKA: But that is a kind of inside joke between... [VRTISKA]

SENATOR JOHNSON: Senator, good to have you here. [VRTISKA]

FLOYD VRTISKA: ...my closing remarks when I left the Legislature. [VRTISKA]

SENATOR RAIKES: Any other questions? Senator Avery has one. [VRTISKA]

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SENATOR AVERY: It is good to see you, Senator. Are you still a member of the State Fair Board? [VRTISKA]

FLOYD VRTISKA: No. The fair board had changed when I was in the Legislature, and it was a change that was made simply to restructure the whole system. At that time, as you may or may not know, there were 30-some members on the State Fair Board, and they restructured the whole system to where there...and also during that restructuring a part that was added said that no state senator could serve on the State Fair Board. In fact, I was challenged in the courts about being a member of the Legislature and also serving on the State Fair Board. But the attorney general ruled that before I was there, I think it was Senator...anyway somebody smarter than me, they had tested it and the attorney general had ruled that it was not illegal because it is not a part of state government, the fair board. [VRTISKA]

SENATOR AVERY: There is a bill before the Legislature this year sponsored by the Chair of this committee that will study the impact moving the state fair out to 84th Street near the county fair. Do you have an opinion on that? Would you care to state your opinion? I bet you do have an opinion. [VRTISKA]

FLOYD VRTISKA: I have an opinion, and I am not going to share it with you simply because it I don't want to lose any of the friends that I have here. Outside of Senator Raikes, it doesn't make any difference whether we are friends or not. But actually I think probably some things need to happen, and what I would do if I were still on that fair board is work in a different direction than they are going. But I am not going to get into that because that is not what this hearing is about. [VRTISKA]

SENATOR AVERY: No. [VRTISKA]

FLOYD VRTISKA: I do appreciate your question. [VRTISKA]

SENATOR AVERY: But you will be working in higher education and research will be an important part of what you will be required to support. [VRTISKA]

FLOYD VRTISKA: Absolutely. [VRTISKA]

SENATOR AVERY: And university is a major research engine in this state. I was just wondering if you would like to add your support to the study. [VRTISKA]

FLOYD VRTISKA: Well, to the study, sure. I think a study is good for anybody. That is how you come up with conclusions even though you don't agree with them always. [VRTISKA]

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SENATOR AVERY: Okay. [VRTISKA]

SENATOR RAIKES: Any other questions? Senator, the Governor complained to me that it was really hard to find good people for the state college board, but I had no idea (laughter). [VRTISKA]

FLOYD VRTISKA: You know, Senator, I knew I could get your support because before I came up here I was told by one of the lobbyist that he was out working the committee trying to at least get four votes together, and he said he wasn't going to include yours. [VRTISKA]

SENATOR RAIKES: Well, thank you for being here, Senator, and for your willingness to serve in this position. [VRTISKA]

FLOYD VRTISKA: Thank you very much, and I do appreciate the opportunity and look for your support. Thank you, ladies and gentlemen. [VRTISKA]

SENATOR RAIKES: Proponent testimony? [VRTISKA]

STAN CARPENTER: Senator Raikes, members of the committee, my name is Stan Carpenter. I am chancellor of the Nebraska State College System. I would like just to take a few moments of your time to talk about both of these gentlemen who are before you and indicate to you that I support both of them in their quest to become board members. Gary has actually served on our board since last June when he replaced our then chair, Steve Lewis, and I knew of Gary through Steve before his appointment, and I can only tell you that he has served very well. He has been on the Enrollment and Marketing Committee, and now he is going to go over to the Academic Affairs, Personnel, and Student Life Committee. He has attended every meeting and he has participated well, and he understands the system and he understands the issues that we face in the Nebraska State Colleges, and I have been very, very fortunate to have an excellent new board member. As far as Senator Vrtiska is concerned, he is, and he may not want to own up to this, but is the very first senator that I met when I got here six or seven years ago, and he was somebody that I began to turn to very early on for advice and for counsel about education issues and the Nebraska State Colleges and how the Legislature viewed us and how we interacted with them, and he was a great source of advice and counsel for me during that time, and I would very much look forward to having him serve on our board as well. And I would be happy to answer any questions that you might have. [VRTISKA]

SENATOR RAIKES: Stan, I don't think you said your name and spelled your last name, so that means you are going to have to do that and then say all that stuff all over again. [VRTISKA]

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STAN CARPENTER: Okay. My name is Lech Walesa. I am sorry, Senator. My name is Stan Carpenter, S-t-a-n C-a-r-p-e-n-t-e-r. And I can't repeat what I just said. But I would be happy to answer any questions. [VRTISKA]

SENATOR RAIKES: Any questions for Stan? Don't see any, thank you, Stan. [VRTISKA]

STAN CARPENTER: Thank you, Senator, for the opportunity. [VRTISKA]

SENATOR RAIKES: Any other proponent testimony? Opponent testimony? Neutral testimony? That will close the confirmation hearing for Floyd Vrtiska. And we will move now to LB393 and Senator Mines. Welcome, Senator. [VRTISKA]

SENATOR MINES: Thank you, Chairman Raikes, members of the committee. For the record, my name is Mick Mines, M-i-n-e-s. I represent the 18th Legislative District and I am the principle introducer of LB393. LB393 amends the Nebraska Scholarship Act in Sections 85-1903 and 1907. I bring this legislation to you today on behalf of the Nebraska Independent Colleges and because the bill that was passed on this matter in 2003 has shown that it is flawed and that it needs to be fixed. We need to come up with something better than we have right now. I don't think it was the intention of the Legislature that aid to independent colleges should be reduced, but it has been by 50 percent. Here is an example. Unfortunately the formula rewards for-profit institutions like Hamilton College, for instance. Hamilton College is a for-profit institution. They are a subsidiary of Kaplan Inc., and Kaplan Inc. is owned by the Washington Post. Hamilton College at both of their campuses, one in Lincoln, one in Omaha, their dollar amount that they receive is more than Hastings, Wesleyan, York, Creighton, Concordia, and Doane colleges combined. That is a for-profit institution. First, this change would make permanent the language regarding the maximum grant, which would be 50 percent of the mandatory fees and tuition for undergrads at the University of Nebraska-Lincoln. The maximum is scheduled to drop to 25 percent at the beginning of the next fiscal year. Secondly, the bill would expand eligibility for the program to the students who are eligible for subsidized federal loans. Currently, only students who eligible for federal Pell Grants are eligible for awards from the Nebraska program. And then finally, the bill would extend eligibility to students who are nonresidents of Nebraska if those students provide evidence of their intent to remain in Nebraska upon graduation. The purpose of the bill is to increase the college-going population in the state of Nebraska and to provide incentives for nonresident students with financial need to attend colleges and universities in Nebraska. Let me just make a point of the Hamilton College/Kaplan affair, this is from their annual report, and I think testifiers following me will be able to better describe. But from their annual report it shows that their higher education revenues, they have a division within Kaplan, education division, and just from the higher education revenues of that division, their revenues are about \$721 million. Revenues from Title IV are \$550 million. That is 70 percent. They get 70 percent of their funding

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from Title IV, and that translates down into Nebraska as well. As I mentioned, I do have other testifiers behind me and I would be able to answer any questions or I will deflect to them. Thank you, Mr. Chairman. [LB393]

SENATOR RAIKES: Thank you, Senator. Questions for Senator Mines? Senator, you mentioned the money going to the colleges. It actually goes to the students who attend those colleges. [LB393]

SENATOR MINES: Attend those colleges, yes. That is correct. [LB393]

SENATOR RAIKES: Okay, and there is a limited amount of need-based aid money. [LB393]

SENATOR MINES: That is true. [LB393]

SENATOR RAIKES: We use lottery money now, plus there is some state appropriation as well. It almost looks like you would be exacerbating the limitation. We are going to allow one student to have more of the money. We are going to expand the students eligible in a couple of different directions. How do you reconcile those? [LB393]

SENATOR MINES: I am going to let the testifiers following me, Senator. [LB393]

SENATOR RAIKES: Okay. [LB393]

SENATOR MINES: They can explain it more fully. [LB393]

SENATOR RAIKES: Okay. Any other items for Senator Mines? I don't see any. [LB393]

SENATOR MINES: Thank you. [LB393]

SENATOR RAIKES: Are you going to stick around? [LB393]

SENATOR MINES: I am. Thank you. [LB393]

SENATOR RAIKES: Good. Okay. All right. We will move to proponent testimony for LB393. Tip. [LB393]

TIP O'NEILL: (Exhibits 3-5) Senator Raikes, members of the Education Committee, I am Tip O'Neill. I am the president of the Association of Independent Colleges and Universities of Nebraska. Last name is spelled O'-N-e-i-l-l. You noted that when you scheduled higher education day here at the Education Committee the sun came out, the birds started chirping, the bees are buzzing, and you know that is what happens. You get rid of K-12, you know, and all the problems go away. Anyway, I did ask Senator

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Mines earlier in the session to introduce LB393 on behalf of the Independent Colleges and Universities. And, again, the details of the bill at this point with the exception of the 50 percent maximum grant provision are probably not an emergency type of situation. I do believe that this is an issue that deserves additional study by this committee and by the Coordinating Commission for Postsecondary Education, and I would anticipate that they would also say that the issue deserves some additional study. I mean, we are four or five years into the program now. And if you look at the left side of the packet that I provided you, I actually go back to 2001-2002 and indicate what has happened to sector allocations during that time. And the major thing that occurred is that we used to have a program here in Nebraska that was just for students attending independent colleges and universities. It was called the Postsecondary Education Award Program. Interestingly, I think the amount that program was receiving at the time it was repealed was about \$2 million, \$2.1 million, which is about the amount that we have lost in the intervening years from students attending Nebraska independent colleges and universities. Again, it is an issue that I think deserves study. One of the items in your packet says "Nebraska affordable", and the National Postsecondary Student Aid Survey was conducted by the Integrated Postsecondary Data System for Nebraska back in 2003-2004. Nebraska was one of 12 states where they really went in and did additional data generation, and some of the findings, I think, many of you would find a little surprising. The median family incomes, for example, of Nebraska resident students who attend independent colleges were found to be lower than the median incomes of Nebraska residents who attend Nebraska four-year institutions. We have a significant number of students who are considered to be at-risk in our sector. If you look at some of the institutions, the College of St. Mary, for example, Bellevue University, and some of the smaller institutions really do have family income profiles that are significantly lower, probably, than the University of Nebraska-Lincoln. We also have some, I think, that are higher, and if you factor in the nonresident students who attend our institutions, the family incomes are slightly higher at our institutions than they are at the University of Nebraska. We have, I think, good student success rates in terms of our four and six year graduation rates at our institutions. But if you lose student aid, as we have done over the last four years, it will make it increasingly more difficult to recruit qualified students. I don't want to talk about arms races necessarily, but the state of Iowa, for example, every Iowa resident student who qualifies for a student loan gets an automatic \$4,000 scholarship to an Iowa independent college. And when I have a Dana College trying to recruit an Iowa student to come across the river to Blair, it is very difficult for them to match that sort of a financial aid package. [LB393]

SENATOR ASHFORD: Tip, could you say that one more time? What did you just say about \$4,000? [LB393]

TIP O'NEILL: I see my red light is on, so may I extend my remarks, Mr. Chair? [LB393]

SENATOR RAIKES: You may, respond please. [LB393]

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TIP O'NEILL: Iowa has a tuition equalization program where they provide money to students to attend their independent colleges over there. [LB393]

SENATOR ASHFORD: Okay. [LB393]

TIP O'NEILL: And, again, this other data, I think, is interesting. One thing you may not know is that we do have particular success with minority students, and even though the numbers of minority as a total are lower, our percentages are higher and, actually, in terms of the total number of degrees awarded to minority students, we actually awarded in '04-'05 775 degrees to minority students compared to 705 at the state college and university systems. Be happy to answer any questions you might have. [LB393]

SENATOR RAIKES: Okay. Thank you, Tip. Questions for Tip? Senator Johnson. [LB393]

SENATOR JOHNSON: This is a serious question for a change. [LB393]

TIP O'NEILL: Sure. [LB393]

SENATOR JOHNSON: You kind of prompted my interest there trying to get a little bit smarter about Iowa. Iowa is a little bit different than most states, are they not... [LB393]

TIP O'NEILL: Yes. [LB393]

SENATOR JOHNSON: ...in that they got Northern Iowa, Iowa State, and Iowa and maybe one other and so on, but by and large they don't have a state college system and so on. [LB393]

TIP O'NEILL: That is correct. [LB393]

SENATOR JOHNSON: So that they have kind of leaned a little more heavily on the private schools and so on to fill that gap. Is that correct? [LB393]

TIP O'NEILL: That is right. That is correct. They made a conscious decision 80 years ago not to create a state college system there and to use their independent colleges as teacher training and nursing, and actually in the independent sector we have had an increase in teacher education graduates in the last 10 years, the only sector which has. And we award about half the baccalaureate degrees in nursing. [LB393]

SENATOR JOHNSON: Thanks. [LB393]

SENATOR ASHFORD: I just have an unserious question. [LB393]

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SENATOR RAIKES: Go ahead, Senator Ashford. [LB393]

SENATOR ASHFORD: Iowa is required to play Drake every year in basketball. So they require the private college to play. How does that work? [LB393]

TIP O'NEILL: I have no idea. [LB393]

SENATOR ASHFORD: But they are. Isn't there a statute that requires Drake and Iowa to play every year? [LB393]

TIP O'NEILL: Well, maybe they do it by saying you are not eligible for our very good grant program unless you play them. That would be significant incentive. [LB393]

SENATOR ASHFORD: Well that is what I was wondering if you were going to answer that way. I mean if we were to do the same thing here, then Creighton... [LB393]

TIP O'NEILL: Would want a lot more money. [LB393]

SENATOR ASHFORD: Yeah. [LB393]

SENATOR RAIKES: Tip, it would be fair to say that one of the concerns you think we need to address is the increase in funding for students attending for-profit schools as compared to independent colleges. [LB393]

TIP O'NEILL: Well certainly the allocations have changed in that four-year time. Again, as you may recall when we were discussing the establishment of the single program, we were never against additional need-based aid for students in the public sector. The way it ended up happening that we got a high percentage of the aid is that until about three or four years ago the representatives of the public sectors always wanted the money directly to the institution as opposed to adding additional money for student aid, and then their position was we will take care of the students at the institutional level. Of course that is not an option for us, obviously, because of the constitutional prohibition. [LB393]

SENATOR RAIKES: Well, I guess one of my questions is making the percentage 50 percent instead of 25, is it possible that that aggravates the problem of funding for-profit schools? [LB393]

TIP O'NEILL: It is possible, but if you reduce it to 25 as is scheduled to happen right now it will have a significant impact on us also, in my opinion. [LB393]

SENATOR RAIKES: Okay. Now there are a lot of students that have financial need that

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attend these for-profit schools. [LB393]

TIP O'NEILL: That is correct. Yes. In fact, that is... [LB393]

SENATOR RAIKES: What is a way to address this issue? [LB393]

TIP O'NEILL: Well, again, the mission of a for-profit institution is totally different than the mission of a public or a nonprofit institution. When you look at the revenues versus profits in the higher education division at Kaplan, for example, the profit margin was 11.5 percent in 2005 and it was 16 point something in 2004. So the question in my mind is is that aid really there to help the students or is the aid there to go to the bottom line of a for-profit corporation? I don't... [LB393]

SENATOR RAIKES: So our difficulty may be then, I am just trying to speculate here I guess, that we may be providing need-based aid to a student so that that institution can in turn charge a higher tuition and have more profit. [LB393]

TIP O'NEILL: Well, I think that is at least one possibility. Certainly. [LB393]

SENATOR RAIKES: Okay. Don't see any other questions. Thank you, Tip. [LB393]

TIP O'NEILL: Thank you. [LB393]

SENATOR RAIKES: Any other proponents, LB393? Jim. [LB393]

JIM CAVANAUGH: Senator Raikes, members of the Education Committee, my name is James Cavanaugh. I am an attorney and registered lobbyist for Creighton University and we appear today in support of LB393. We commend Senator Mines for bringing this matter before you. Just briefly, as Mr. O'Neill outlined and, I think, the materials he circulated to you are demonstrative of. Recent state policy has resulted in a massive redistribution of state tax dollars for higher education away from the larger not-for-profit colleges and universities in Nebraska to smaller for-profit institutions, period. We don't have any problem with you wanting to support for-profit, many of them owned by out-of-Nebraska interests educational institutions. What we say is don't do it at the expense of the long-standing homegrown private colleges and universities in Nebraska, which has been done. Since the elimination of PEAP, you can see from the numbers that Mr. O'Neill circulated to you the dramatic redistribution of these dollars away from these independent colleges and universities and towards these for-profits. We, again, are not advocating that you don't do anything for the for-profits. You have done a lot for them in the last four or five years. What we are saying is don't do it at our expense, which is exactly what has been done since the elimination of PEAP. LB393 is a step in the right direction, but long term you should really look at least trying to get us back to where we were in 2000. We were a state that did much more to support private higher

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education in Nebraska in 2000 than we do now. We haven't stayed the same. We have gone backwards. And if you want to lament the brain drain from Nebraska of some of our best and brightest minds, look at that page in front of you, and that policy has resulted in aggravating that situation. What we would advocate is that you take a look at maybe returning to the time when we put some modest investment in private higher education in Nebraska. I would be happy to answer any questions you might have. [LB393]

SENATOR RAIKES: Senator Johnson. [LB393]

SENATOR JOHNSON: Mr. Cavanaugh, why did this happen, this scenario over the last several years? What are the erosion forces that brought this about? [LB393]

JIM CAVANAUGH: Well, I think that there was a decision taken initially by this committee, and your Chairman could probably inform you on that better than I could, that basically said we are going to eliminate this private not-for-profit program, PEAP, Postsecondary Education Awards Program, entirely. We are going to redistribute those dollars, and that was a policy decision. I don't know if at that time it was anticipated by this committee or by the Legislature that it would result in the dramatic redistribution of wealth that you see has occurred to the great benefit of for-profit colleges in Nebraska. I don't think that that was the intent. It certainly was not the stated intent when PEAP was abolished. If that was the intent, it was somebody else's agenda. But it might have been one of those situations where unintended circumstances, things that weren't perceived at the time intervened and resulted in this result. Although, I think Mr. O'Neill and Creighton University vociferously protested at the time the elimination of PEAP, and I know that Mr. O'Neill made some predictions that have, in fact, come true relative to this redistribution of wealth. So it wasn't like anybody wasn't warned that this might happen. It just did happen, and whether or not it was stated policy, it wasn't publicly stated policy to have it happen, and I think that good public policy, all prejudices aside, would be to, okay, let's try to support all education as much as we can, but let's not go chopping off somebody's support so that they can give it to some for-profit entity. It is not a zero sum game, and the dollars we were talking about, as you can see relative to the state budget, were extremely modest, and relative to what Iowa, for instance, expends which you indicated earlier, are miniscule, even when PEAP was up and running. It was a tenth or less of what Iowa was investing in the same type of education. [LB393]

SENATOR RAIKES: Any other questions? I don't see any. Thank you, Jim. [LB393]

JIM CAVANAUGH: Thanks. [LB393]

SENATOR RAIKES: Any other proponents, LB393? Are there opponents? Is there neutral testimony? [LB393]

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MARSHALL HILL: (Exhibit 6) Good afternoon, Senator Raikes, and members of the committee. My name is Marshall Hill, M-a-r-s-h-a-l-l H-i-l-l. I am executive director of the Coordinating Commission for Postsecondary Education here to present some information and testify in a neutral capacity on LB393. First, the commission wants to make clear that we do support the continuation of the 50 percent threshold. Although, we are aware that it has some of the potential that Senator Raikes has, indeed, pointed out. But to allow it to revert to 25 percent would not only do things which affect the institutions that are in question, but more directly the students that themselves benefit by reducing the awards for which they would be eligible. Second, I wasn't here when this program was changed, but in the research that I have done and the talking that I have done with various people it was clear that the intent at the time, at least to me, seems to be to have the dollars follow the student, that the state would provide some financial aid for students, and the students could take that package of financial aid to whatever institution they chose so long as that institution was approved by the Coordinating Commission for receipt of funds. And what has happened is that students have done just that, and their change in Nebraska has not been unique to Nebraska. We have had a very rapid growth in the for-profit educational sector around the county for lots of different reasons: student convenience, shorter, more focused degree programs that are focused on preparing directly for the workforce, and so forth. So the growth that we have seen in enrollments for the for-profit sector are not unusual here in Nebraska. But the one thing which I do want to call specifically to your attention is that the provisions of the state grant require the students to be Pell-eligible. The federal Pell Grant is the principle financial aid program in the United States government and it is meant to help needy students. So in order to participate in the Nebraska State Grant Program, a student has to be Pell-eligible. And, indeed, the dollars have followed those Pell-eligible students, and those Pell-eligible students have changed their patterns of enrollment. If you look at this chart that we handed out to you, this green chart here, you will see that from 2002-03 to 2005-06, the students represented by the darker bars have migrated, have moved from sector to sector. And so one of the reasons why the independent colleges have received fewer state dollars are that they have been receiving fewer Pell grant eligible students. So has the program accomplished what the Legislature wanted to accomplish at the time? I have no idea. But you have gotten a set of outcomes from the policies that you put in place, and we would suggest that it is time for the Legislature to consider whether or not that is what you want to continue into the future. Is it in the best interests of the state to allow the dollars to follow the students, irrespective of their choice? Or in a time when the state is looking to build a highly educated work force, more high-paid jobs and so forth, is it still the position of the state that you should provide equal financial support for a student studying cosmetology as for a student studying nursing at another institution. So we would suggest that some additional study needs to be made. If you did want to take some step at this point to adjust the flow of these dollars to the students, we don't see an obvious fix for that. Our best guess at this point, best estimate is that if the requirements for the grant itself were tied to expected family contributions and that level were raised, in essence to raise the

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pool of students, we believe that would direct a greater number of dollars to the independent colleges and universities and probably fewer of them to the for-profit sector. We do believe that this program is not working in this regard in the way that it perhaps should to support the best interests of the state. So we would encourage your further review of it in the future. I would be pleased to respond to any questions you might have. [LB393]

SENATOR RAIKES: Thank you, Marshall. Questions? I am not sure I understood what change you were recommending to cause more of the funds to go to other than for-profits. [LB393]

MARSHALL HILL: One of the things recommended in the bill as it stands is in essence increasing the size of the pool of available students. One way of doing that would be by asking their intent for what they intend to do, where they intend to work and so forth. But an additional way to raise the pool would be to for tying the qualification for the grant itself to a higher level of family income than it is now tied to through the Pell program. The state could do that. That would make more students eligible for the grant itself, and then allow them to continue to vote with their feet. Again, we don't have the data to determine whether that is what would likely happen. We could find that out for you. We have been reluctant to query the financial aid counselors at the institutions at this point. It is their busiest season right now. But we can do that for you to take a backwards look, do some what-if scenarios. [LB393]

SENATOR RAIKES: So that is sort of the solution is dilution? [LB393]

MARSHALL HILL: I am not advocating that, Senator. [LB393]

SENATOR RAIKES: The notion that you might use intent to stay in the state, if it means I would qualify I am likely to be optimistic about the chances I am going to stay in the state. [LB393]

MARSHALL HILL: I would think so. Yes. My presumption would be that the majority of people would answer that question in all good faith. But we live in a complex world. People are mobile. It would be very hard to determine. [LB393]

SENATOR RAIKES: Okay. Any other questions? I don't see any. Thank you, Marshall. Is there any other neutral testimony? Senator Mines. [LB393]

SENATOR MINES: Thank you, Mr. Chairman, members. I don't think there is anyone in this room that presumes that this bill is going to advance to the floor or advance any further than that. I think what is expected or what would be expected is that we have had a bit of dialogue. You understand the private independent colleges, their budgets are being cut, their funding is being cut, they are looking for a way to get back to where

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they were in 2001 or that time frame. I would just simply ask that we consider what has been said today. I would also ask that we consider, perhaps, an interim study that would, again, look at the dynamics and look at what we should do as a state for independent colleges or total higher education. And if funding is skewed right now to for-profits, I think that is something we need to look at. You have been very patient today. I appreciate your consideration and look forward to maybe more dialogue in this in the future. [LB393]

SENATOR RAIKES: Thank you, Senator. Questions? Senator Ashford has one. [LB393]

SENATOR ASHFORD: It is over or is it just beginning? [LB393]

SENATOR MINES: Well, I hope it is just beginning. Given the late date of the hearing, I think we all understand it is going nowhere. This bill is not going to go anywhere on the floor. I think we all know that. [LB393]

SENATOR ASHFORD: Oh, okay. You never know. [LB393]

SENATOR MINES: I would be tickled to death if something would happen. [LB393]

SENATOR RAIKES: Wait a minute, I have three bills today (laughter). [LB393]

SENATOR MINES: You do? [LB393]

SENATOR ASHFORD: I was going to say, this is not such a bad time to have a bill. [LB393]

SENATOR MINES: I must be wrong. [LB393]

SENATOR ASHFORD: That is all I have. [LB393]

SENATOR RAIKES: Thank you, Senator. [LB393]

SENATOR MINES: Thank you. [LB393]

SENATOR RAIKES: (See also Exhibit 12) That will close the hearing on LB393 and we will move to LB509. Senator Avery. [LB393]

SENATOR AVERY: (Exhibits 7 & 8) Thank you, Chairman Raikes. My name is Bill Avery, spelled A-v-e-r-y. I represent District 28 here in Lincoln. Senator Mines just pronounced my bill dead. He did make a good point. I am learning that bills get introduced this late probably don't have as good a chance of passing as others. But I

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am here loaded with a bunch of material. I am going to make you suffer nonetheless. LB509 would create a scholarship trust fund. This would put \$50 million into a fund to provide scholarships to students to attend state colleges in this state of Nebraska. These scholarships would be awarded to Nebraska students who agree to pursue a course of study in an area of need, such as specialized teachers, engineers, computer technicians, and things of that sort. The program has a payback feature that requires recipients of the scholarships to work in underserved areas of Nebraska, in particular rural areas. The fund would be administered by the Coordinating Commission for Postsecondary Education, which would identify the areas of need, location of payback employment and things of that sort. They would administer the entire program. Interest earned from prudent investment of the trust money would be used to fund the scholarships. There are several reasons why we should support this, and many of those reasons were mentioned in the previous testimony on Senator Mines' bill. But one of them that was not mentioned is this. We have an opportunity to make a permanent investment in the future of this state that may not come again in at least a decade or more. I am asking you not to squander the opportunity. We have a substantial revenue surplus and the momentum in this body is building to spend it all in tax cuts. You sense that yourself. Now, I am not opposed to tax relief. In fact, I introduced three proposals this session to do just that, and Senator Raikes helped kill almost all of those in his Revenue Committee. [LB509]

SENATOR ASHFORD: There must be still one left. [LB509]

SENATOR AVERY: There is probably one left. But I don't want to see this opportunity pass. We see continuing decrease in population. In particular, we are losing talented and educated young people to other states. I have a very colorful map here that I would like to have the pages distribute to you which will demonstrate what I am saying. When you look at that map, you will see that the lighter colored areas are those parts of the United States where population is either decreasing or is not increasing very fast. The dark blue or green, depending on whether you are as color blind as I am, included areas of California, Nevada, Florida and the northwest. They are growing very rapidly. But look at Nebraska. Nebraska is in the light green, which means 0-15 percent population growth. But most of it is yellow or orange, meaning that we are losing population. So you can see what is happening in the state of Nebraska, and like many of our neighboring states we are not growing at the same rate as the rest of the country. The United States grew from 179 million people to 281 million people between 1960 and 2000, a 57 percent increase. Nebraska during that same period only grew slightly more than 24 percent. And we are still under 2 million people. In fact, most of the counties in Nebraska have experienced serious decreases in population. This is especially true the farther you are from Interstate 80. Analysis of Nebraska's economic development situation shows that the state's lag in population growth has contributed to slow economic growth. In fact, I had a conversation with the director of economic development and he told me, as he has told many of you I'm sure, that the biggest need

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that we have in this state for economic growth is to do something about shortages in our workforce. It is the most pressing need. LB509 is intended to address this problem in a positive and direct manner. It will help strengthen Nebraska communities by providing students with tuition in exchange for their commitment to give back to the state a measure of their talent. How many scholarships are we talking about? Well, it depends on a number of things. I have here for the pages also to distribute what you'll get there is a table that shows the number of students that could be funded if we were looking at a rate of return of 5 percent or 6 percent or 7 percent and the first category there, I don't believe it is marked, is Creighton University, which has tuition rate of \$25,126 for tuition and fees full time undergraduate student. And you work down to the second little table and that is Midland Lutheran, then UNL, Chadron State, and Western Nebraska Community College. So the number of scholarships, obviously, would depend on where the student went to school. My own preference would be to limit this to state universities and colleges and community colleges. I had a conversation with Tip O'Neill. He wasn't happy about that. However, if we were to decide to do something like this, perhaps you would want to cap the amount of the award based upon the maximum that it would take to go to University of Nebraska-Lincoln and have that be available to independent colleges and universities as well. If you don't do something like that then you reduce the number of awards that can be granted. I believe that we need to take a look at what we do in this particular time in the state of Nebraska. We do have an opportunity, I believe, to do something to invest in the future of the state. It is easy to respond to appeals for tax cuts and forget about what we are going to be doing in 25 years. You may not want to put \$50 million in. That is a pretty big number. I know that. But say you put \$25 million in and this would be a investment that we would be benefiting from well into the future. So I would ask that you consider advancing this bill to General File. I have information here if you are interested on job openings that are available in the state of Nebraska that we have not been able to fill. I have a letter here from the Nebraska Hospital Association talking about the need they have in the medical field for well-trained employees. They just simply don't have the employees they need. Why don't we take this opportunity that is presented by a substantial surplus, put some of that into the future, invest in our young people. You get people invested in this. They go to school for four years. They get their degree. You require them to pay back to the state of Nebraska one year for each year that they go to college and you put them in an area of high need, maybe it's Broken Bow, Nebraska. What happens when you get out there? Maybe you get married, maybe you get a mortgage and it is much harder for you to take off for Iowa or some other state once you started sinking roots in local community. So we can do something about the brain drain. We can do something about the most needy areas of our state. Perhaps we can do something about the population drain. So thank you. [LB509]

SENATOR RAIKES: Thank you, Senator. Questions for Senator Avery? [LB509]

SENATOR AVERY: Mr. Chair, if I might make one more point? [LB509]

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SENATOR RAIKES: You might. [LB509]

SENATOR AVERY: I know you were hoping I was finished. The Governor has prepared a budget, and you all have seen it. And if you look at it carefully, just in case you were wondering where the money would come from, there is an item in the budget under Cash Reserve Fund status that cost \$75 million for the Governor's tax proposals to be retroactive until the first of the year. If all you did was say we won't make them retroactive but start this summer you would save \$75 million, more than enough to fund this program. [LB509]

SENATOR RAIKES: Okay. Senator, it should be clear to me but isn't. Are you focused mostly on need-based students, merit based, what? [LB509]

SENATOR AVERY: I deliberately left out those kinds of specific details because I wanted to leave it up to the Commission on Postsecondary Education to identify the needs. I think you could have a combination of need and merit scholarships. But the main thing would be to identify the workforce needs and the location of those needs. What kinds of careers, what kinds of technical jobs do we need fill? Then you look at where are those jobs most needed, what parts in the state. And I have no problems with the commission coming up with need-based criteria to combine with merit in determining who gets these awards. [LB509]

SENATOR RAIKES: Senator Ashford. [LB509]

SENATOR ASHFORD: Just to pick up on that point. That is actually a fairly interesting point, but I am not sure we wouldn't want to put that in the bill. But to be able to have somebody identify the needs in that particular time and the jobs that are available and match those up with scholarships. [LB509]

SENATOR AVERY: That is currently given to the Coordinating Commission in the bill. [LB509]

SENATOR ASHFORD: I know you do that, but I mean that is an interesting concept. What you are saying is that this leaves out some of that criteria intentionally because the needs will shift. So arguably what this is contemplating is a situation where a group, the Coordinating Commission, would identify on a recurrent basis where the needs in the state are and scholarships would be offered to students who are elect to fill those needs upon graduation. [LB509]

SENATOR AVERY: Right. [LB509]

SENATOR ASHFORD: It is almost like the service, like the Army or the Navy. [LB509]

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SENATOR AVERY: That is the way the Army provides for doctors. Doctors do a payback, I think it is two years for every year they go to... [LB509]

SENATOR ASHFORD: Yeah or even armed service commitments, and then there would be a commitment and that is left out here too. [LB509]

SENATOR AVERY: And the commitment is to work in Nebraska. It is not to pay the money back. You would have to pay the money back if you skipped out of the...yeah it is the scholarship. [LB509]

SENATOR ASHFORD: But it doesn't say how long someone would have to stay in Nebraska. I guess you can't really... [LB509]

SENATOR AVERY: Well, if you do one year of training, you owe the state one year. [LB509]

SENATOR ASHFORD: Oh, okay. [LB509]

SENATOR AVERY: And then if you did four years, owe the state four years. [LB509]

SENATOR ASHFORD: Okay. Thanks. [LB509]

SENATOR AVERY: Now I thought about making a two to one trade off, but then you become a lifer. The way the military used to do it by the time you had served your eight years, four years of medical training, eight years in the military you have twelve years, so you might as well stay for life. [LB509]

SENATOR ASHFORD: But the idea of identifying the needs in a scholarship kind of context is pretty interesting idea that I have not necessarily heard. [LB509]

SENATOR AVERY: Thank you. That is one vote. [LB509]

SENATOR ASHFORD: Okay. Thank you. [LB509]

SENATOR RAIKES: Yeah. I think he is backing away already. What about the idea that here I am out in an area of the state that doesn't attract a lot of graduates or skilled people and I need skilled people. So here are two choices: either I step up as an employer and make it attractive for those people to come work for me, or otherwise I let the state do it and then I don't have to. [LB509]

SENATOR AVERY: Or you work with the state in a partnership. [LB509]

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SENATOR RAIKES: Is there a part here that requires me to work with the state?
[LB509]

SENATOR AVERY: No, but you want to amend it as a condition for reporting it out I would be happy to talk to you. [LB509]

SENATOR RAIKES: What would that look like? [LB509]

SENATOR AVERY: Let's say that you are a businessman and you out in Broken Bow, that is the town I keep bringing up, and you have a need for computer technicians but you are having a difficulty finding them. You might contact the Coordinating Commission and say I really have a great need here. I am willing to talk to you about things that I can do to make life more attractive here if you will do what you can to identify Broken Bow and computer technicians as a high area of need and get some scholarship money going in that direction. Details could be worked out. [LB509]

SENATOR RAIKES: So presumably I would be willing also to contribute toward this scholarship fund and/or to say look, I am going to offer a person extra money compared to what they could get someplace else. [LB509]

SENATOR AVERY: That would be my preference. You would offer incentives. The state would do the training. [LB509]

SENATOR RAIKES: If I am not going to do that, what really is the chance of this being successful? [LB509]

SENATOR AVERY: If you are not going to provide the incentives? [LB509]

SENATOR RAIKES: Yeah, if I am not as an employer going to do something. [LB509]

SENATOR AVERY: I would envision at the end of a graduation period you have had four years of computer work in, say, University of Nebraska, and the Coordinating Commission says here are a list of places where you need to consider employment and you have to pick one of these. And that is how I would envision it working. You have a choice. You can go to Chadron. You can go to Broken Bow. You might go to Imperial. You might go to Pierce. But these are places that have a high need for your skills and we paid you for your college education. Now you owe us a payback by going to work in one of these areas. Then the private sector steps up and say we are offering these kinds of benefits, we want you to come here to Pierce rather than go to Imperial. They would have an incentive to do that. [LB509]

SENATOR RAIKES: Okay. Any other questions? I don't see any. Thank you, Senator. We will move to proponent testimony, LB509. Milford. [LB509]

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MILFORD SMITH: Good afternoon Senator Raikes and Education Committee. I have two basic things in support of this bill. We have been talking about nurses, high tech jobs, so forth. There are a lot of vocational positions in Nebraska, some in rural areas and some not in rural areas that are not filled. Beatrice, Nebraska has a lawn mower manufacturing plant. They have advertised for 100 production welders. So far they have been able to pick up one tenth of those. They are looking for production welders. There are computer people. There are people that are looking for computer experts. There is a company in Alliance, Nebraska that is looking for technical mechanics. They manufacture rubber hosing anywhere from one half inch to three feet in diameter. They need somebody to repair their machines and keep them running. They have two people. One of them has hurt his shoulder. The other one is working 18 hours a day because the other one cannot. They need technical people to do that. They can't find anybody to do it. One of the suggestions of how to get the employers involved in this is if they go to school for two years or four years and then you have trained them for those specific employers the employers ought to be willing to say we will hire you, you stay two years and we will pay half of the tuition back into this fund for you. Make it a cooperation between the employer and the colleges in the state. That is one way you could do it. Another thing I would like to remind you of, and I am testifying on behalf of myself and not any organization I represent. [LB509]

SENATOR RAIKES: Any by the way, yourself is Milford Smith, S-m-i-t-h, right? [LB509]

MILFORD SMITH: Milford L. Smith, S-m-i-t-h. Yes. Thank you, Senator. Another thing that I think you should look at is much of the poverty and the depletion of the population is in outstate Nebraska and look at the schools that are providing these people to go to college. So don't forget to fund adequately the rural schools and the small schools in outstate Nebraska. I had to get that plug in, Senator. So that concludes my testimony. I would be happy to answer questions. [LB509]

SENATOR RAIKES: Okay. Thank you, Milford. Questions? Don't see any, thanks for the thoughts. [LB509]

MILFORD SMITH: Thank you. [LB509]

SENATOR RAIKES: Other proponents, LB509? Ron. [LB509]

RON WITHEM: Senator Raikes, members of the Education Committee, I am Ron Withem, W-i-t-h-e-m, representing the University of Nebraska and picked up another group to represent on the way up here, the Nebraska State College System. I have been asked to place their support in the record also. We believe there are a number of things... [LB509]

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SENATOR RAIKES: Is there any money changed hands on that or...nevermind. [LB509]

RON WITHEM: You don't want to know, Senator. I believe Chancellor Carpenter is away getting orientated toward his new board members so he felt that he needed to be there. We are supportive of this bill for a number of reasons. Number one, we believe very strongly the college-going rate in Nebraska needs to be increased. That although we have excellent completion of high school in our state our attendance of college is really only average nationally, and we think this would help improve the college-going rate. We believe Nebraska needs more student aid for students, which you have heard those numbers any number of times. We believe that spending on higher education is an investment in the future of this state, and this bill does that. We also know that one of the critical needs for the economy of the state is greater work force development. I believe Senator Avery's bill does all of these things. I think the impression I am getting is at this point this bill may be a concept type of bill with more work to be done on the specifics of it, and if that is the case we would like to be a part of that development. So thank you, members. [LB509]

SENATOR RAIKES: Thank you, Ron. Questions? Thanks. [LB509]

RON WITHEM: Thank you. [LB509]

SENATOR RAIKES: Any other proponents, LB509? Are there opponents? Neutral testimony? [LB509]

MARSHALL HILL: (Exhibit 9) Senator Raikes, members, I am Marshall Hill, M-a-r-s-h-a-l-l H-i-l-l, executive director of the Coordinating Commission, here to testify in a neutral position. Neutral because we haven't had the opportunity to discuss this with our board, but believe that what I am going to say is consistent with what they would tell me to say if they had the opportunity to do so. We have provided you some information. Some of it is probably redundant from that which Senator Avery provided you. Estimated numbers of students who could be served for their tuition and fees paid based on a rate of return on \$50 million at different rates. We have chosen rates for undergraduate resident students at UNL, at Chadron, and at Western Nebraska Community College. The second page I have there for you puts a little context in Nebraska's provision of student financial aid, need based financial aid. As you perhaps may remember, I have told you nationally we are 37th in the nation. We were last year 38th, so we are moving in the right direction but we still have a long way to go. The other materials there just provide some background information on our student loan situation. The Coordinating Commission could manage a program as outlined by Senator Avery and would be pleased to do so. Prior to coming here to Nebraska two years ago, I worked for 11 years at the Texas Higher Education Coordinating Board, which had a number of programs like this, and they can be managed but they are fairly labor intensive. You can imagine that how do you provide for a student who changes his

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mind, for example, half way through his program, or a student who does graduate received the benefits of the programs then decides he or she needs to move out of state. So there would need to be provisions for insuring the return of those funds and so forth. All that is doable if resources are provided. Obvious questions are how do you determine what is an area of need, either a geographic area or a disciplinary area. And if this bill were to pass the Coordinating Commission would work closely with it, the Department of Labor, economic development, business community, institutions to reach some agreements on those and develop some parameters. Beyond that, I would be pleased to respond to any questions that you might have. [LB509]

SENATOR RAIKES: Thank you, Marshall. Questions? Okay. Thank you. Any other neutral? [LB509]

TIP O'NEILL: Senator Raikes, members of the Education Committee, I am Tip O'Neill, O-'-N-e-i-l-l. As you may have noted, the original draft of the bill did not include a provision for students from independent colleges to receive these scholarships. In my discussions with Senator Avery, I am sure we can come to some sort of an agreement regarding a capped amount, similar cap to that of a student who attends a University of Nebraska system. The most important thing though is that I understand why former Senator Withem was testifying not only on behalf of the university but also on behalf of the state colleges is that I think the state colleges gave him back Kearney (laughter). It was a surprise to me that they had gone back to the state college system actually. I would be happy to answer any questions you might have. [LB509]

SENATOR RAIKES: Okay. Thank you, Tip. Any other neutral testimony? Senator Avery. [LB509]

SENATOR AVERY: (Exhibit 10) Actually I do have some amendments here and I would ask that they be passed out, and it does address the community colleges and state colleges. I think we left out community colleges originally. But I am sorry, Tip, I don't have independent colleges in here, but we could work on that. And this amendment also addresses the penalties for those people who do not meet the conditions for payback. That is all I have. [LB509]

SENATOR RAIKES: Okay. Any questions for Senator? Thank you. [LB509]

SENATOR AVERY: Thank you. [LB509]

SENATOR KOPPLIN: Okay. We are ready to open the hearing on LB375. Senator Raikes. [LB375]

SENATOR RAIKES: Thank you Senator Kopplin, members of the Education Committee, Ron Raikes, District 25, here to introduce LB375. LB375 would change the

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name of the Minority Scholarship Program Act to the Student Diversity Scholarship Program Act and would modify the mission to provide scholarships for students from diverse, racial, ethnic and cultural backgrounds rather than to provide scholarships to students from specific racial groups. As you may have noticed in the committee statement, this is similar to...almost the same as I guess as LB460, which was heard in I think 2005 and advanced to the floor but didn't become law, and I have got just a couple of paragraphs I can read you to give you a little bit more background on this which may be helpful. Dick Davis founded an endowment fund with an additional investment of \$200,000 in memory of his brother, R.H. Dick Davis. In 1989, the Legislature added \$800,000 to the Davis Minority Scholarship Fund and the first Davis scholarships were distributed in 1990. In 2000, the Legislature expanded the effort with the passage of the Minority Scholarship Program Act in LB1379 and the expansion of the program to state colleges and community colleges, and an additional investment of \$800,000 was made for the students at the university and community colleges and \$200,000 for the students of state colleges. Scholarships provided by the new funding are commonly called Chambers/Davis scholarships. In 2003, the United States Supreme Court issued two decisions involving racial preferences in admissions policies at the University of Michigan. Generally, the decisions indicated that the use of race as an automatic enhancement of an applicant's admission status was not acceptable. But that race could be a consideration in attempting to create a diverse student body. As the university considered the potential impact of these decisions on policies in Nebraska, there were some concerns about the Minority Scholarship Program. This bill, as did the LB460, does not change the existing endowments but would direct any future appropriations toward the goal of diversity rather than specific racial groups. [LB375]

SENATOR KOPPLIN: Okay. Are there questions for Senator Raikes? I don't see any, Senator. Proponent testimony. [LB375]

GENE CRUMP: Senator Kopplin, members of the Education Committee, my name is Gene Crump. I am the associate general counsel for the University of Nebraska. I am here speaking on behalf of the university to support LB375. As Senator Raikes testified earlier, this is a bill that modifies the intent and name of the current law and reduces, from our point of view legally, the legal problems that might be attached to a bill that rewards scholarships on the basis of race. We have done research and feel that the university is more in line with scholarships that go to the diversity of the student body or population. Senator Raikes testified earlier, there was a concern on the Supreme Court level with admissions based on race and based on race solely. This bill awards scholarships to students that have met the requirements of the admission to colleges and attempts to seek to eliminate some of the barriers to diversity students and not having a sufficient amount of financial aid to attend and complete their educational experience. So this is a bill that does not go to admissions requirements based on race, but goes to scholarships that would grant students to diversity assistance in their college education. And Senator Raikes testified earlier, the bill supports the university

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students, the state college students, and the community college students in their quest to seek and obtain an education in Nebraska. If there are any questions, I would be happy to answer the questions. [LB375]

SENATOR KOPPLIN: Would you spell your name for the record please? [LB375]

GENE CRUMP: Gene Crump, G-e-n-e C-r-u-m-p. [LB375]

SENATOR KOPPLIN: Okay. Senator Ashford has a question. [LB375]

SENATOR ASHFORD: Just for the record, Gene, so I think I understand the issue in case. But there is no prohibition for a public university to denominate diversity as a goal. Would that be... [LB375]

GENE CRUMP: The Michigan case as I understand it... [LB375]

SENATOR ASHFORD: Or its options. [LB375]

GENE CRUMP: It's progeny. [LB375]

SENATOR ASHFORD: Yeah, progenies. [LB375]

GENE CRUMP: The Michigan case said that there in essence was a finite amount of positions available to students, and to set aside certain positions based on race wasn't supported by the Constitution. [LB375]

SENATOR ASHFORD: That alone isn't, but diversity of any public institution is not in and of itself suspect. [LB375]

GENE CRUMP: I think the Michigan case also said that you couldn't use race as an exclusive criteria. You could use race as a portion of other criteria to be considered. [LB375]

SENATOR ASHFORD: Right, diversity being one and test scores or whatever it is, but diversity is in this country we can still... [LB375]

GENE CRUMP: Thus far. [LB375]

SENATOR ASHFORD: ...that we can still look to diversity as a consideration for public university. [LB375]

GENE CRUMP: Right. And again, this is not an admissions law. This is a law that says once you are admitted if you qualify with all the criteria, there is a possibility of you

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being awarded a scholarship based on diversity and based on the desire of the law to be implemented and that would benefit students of the university. [LB375]

SENATOR ASHFORD: Right, but a public university can develop programs and policies with the goal of increasing diversity. That can be one of it's goals. [LB375]

GENE CRUMP: Right. That would be the position we would argue if it's challenged, and it could be challenged nonetheless, but that would be, we feel, these amendments to this bill would make it more legally defensible to implement the policy that the Legislature... [LB375]

SENATOR ASHFORD: I agree with you about the bill. I am just saying we can still do that. [LB375]

GENE CRUMP: Yes. That would be our recommendation and our assessment. [LB375]

SENATOR ASHFORD: Thank you, Senator. [LB375]

SENATOR KOPPLIN: Other questions for Mr. Crump? Seeing none, thank you, sir. [LB375]

GENE CRUMP: Thank you. [LB375]

SENATOR KOPPLIN: Next proponent. [LB375]

DICK DAVIS: Dick Davis, D-i-c-k D-a-v-i-s, both of those pretty easy though. I support the bill. I had had a conversation with Senator Chambers and Senator Raikes and in terms of your consideration I would maybe ask you to consider when you are renaming it you may want to consider, rather than diversity, you may want to consider Davis/Chambers because the university and everything else in all of the communities say it's Davis/Chambers. And you don't have to do that. I am just saying from just consistency wise, it is nice to have everybody saying the same thing. So that is one issue and I asked Ernie is anybody mad at you if you said Chambers would it be vetoed, and he didn't think that that would be the case. The other issue though it really very frankly talks about Ernie's tenure here in the Unicameral when it's been what I call historic and I had said to him could there be sort of a goodwill gesture, especially this year, maybe next year, how you want to play on that is to add some additional state dollars to the Davis/Chambers scholarships, and at that thought maybe a \$1 million would be the appropriate number. But in my literature I said I think it's \$1 million and then in quotes I said you may think it's priceless, and of course he laughed. But I think it's important to sort of recognize a good soldier for what he has done over the so many, many years and if you do have the dollars he had indicated that he very, very rarely does an A bill in these many years he has been in the Legislature, and it would be a

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good gesture. The other thing is a little bit more technical and I worked with Ron Withem and that group on this, but even as you probably know, I am trying to raise \$8-48 million of private money because when your graduation rate is more than double that of the minority population of minorities throughout university, you know you are doing certain kinds of things well. And so we don't live forever and so we are trying to sort of try to get technical aspect of this give some flexibility for those folks that come after us and I will just sort of read this to you just in this (inaudible) so you know. It is just a technical correction, and that is each community college take college university allocation would be...and this is new money that we are trying to do. Again, each community college, state college and university allocation would be given one year to raise their proportionate share of the match because we always like to do matching dollars. We want to make that fund larger. Any college that fails to raise that match within a year will lose their proportion of that, but it will go to another sector. So there is always a motivation for folks to join and make sure that this scholarship still goes very well. And if they could not really match that in a two-year period, then of course we can reallocate it among all the institutions and, again, the details of that I will let Ron Withem and those folks sort of work out that detail. But the issue very frankly is the reason why we have been enormously successful is the fact that we believe in benchmarks, milestones and performance indicators, and I think the tighter the bill is the better off we are. [LB375]

SENATOR KOPPLIN: Are there questions from the committee? I don't see any, thank you very much. [LB375]

DICK DAVIS: All right. [LB375]

SENATOR KOPPLIN: Next proponent. Are there opponents? Neutral testimony? Seeing none, Senator Raikes, do you want to close? [LB375]

SENATOR RAIKES: (See also Exhibit 12) Well perhaps you noticed that Senator Chambers refers to these as the Chambers/Davis scholarships. Dick Davis refers to them as the Davis/Chambers scholarships. Being gregarious, I would accept if we are going to make a change either Davis/Chambers/Raikes or Chambers/Davis/Raikes (laughter). [LB375]

SENATOR ASHFORD: Or any variation. [LB375]

SENATOR KOPPLIN: Are there questions for Senator Raikes? If not, that will close the hearing on LB375, and we will open the hearing on LB656. [LB375]

SENATOR RAIKES: Thank you Senator Kopplin, members of the Education Committee, Ron Raikes, here to introduce LB656. This bill and the next one which were scheduled by me, I guess, the last two or it turns out the last three bills we are hearing.

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But nonetheless, I would like your consideration of this. Both these bills deal with our recently initiated effort in the area of distance education. This one deals particularly with the Network Nebraska, which is the statewide fiber network that sort of is the basis for this whole system, proposes an alternative for them in terms of meeting some cash flow needs, and in particular allows them to borrow money from a school district reorganization fund that is left over so that they can temporarily provide funding for aggregation routing equipment and network transport costs for Network Nebraska. Again, toward the end of getting school districts up and operational on our new system of distance education in this state. [LB656]

SENATOR KOPPLIN: Questions for Senator Raikes? Okay. Then we will move to proponent testimony. [LB656]

WALTER WEIR: (Exhibit 11) Good afternoon Senator Raikes and members of the committee. My name is Walter Weir, W-a-l-t-e-r W-e-i-r. I am the chief information officer for the University of Nebraska, reporting directly to the president. In addition, I serve as the chair of the NITC technical panel, a position I have held since 1998, and I am here today in support of LB656. The University of Nebraska has been directly involved in the creation and evolution of Network Nebraska, and we are excited with its growth and value to the state. In partnership with the state, we are conducting a multiphase effort to implement the distance education learning network as defined by LB1208. The first phase of this effort includes installing and upgrading connections to over 90 sites across the northeast part of the state. In addition, we are working to ensure we have these schools connected via Network Nebraska's high-speed backbone to schools located in the rest of the state. While the initial Network Nebraska design provides for a predefined amount of bend with across the backbone, we still need to be prepared to add additional bend within routers quickly should they become necessary. This bill, if passed, will help us with the temporary funding necessary to acquire that additional hardware or network transport costs. We will also help pay for increased transport as we await normal network funding from the participating schools scheduled to be available during the next fiscal year. I have provided you all with a handout showing the Network Nebraska backbone. It shows the currently installed major connection and distribution points located in Norfolk, Omaha, Lincoln, Grand Island, Kearney, North Platte and Scottsbluff. The network is designed to ultimately support all of the schools in Nebraska. My colleagues and I thank you for your continued support. [LB656]

SENATOR KOPPLIN: Questions? Senator Adams. [LB656]

SENATOR ADAMS: Walter, will the NITC have a role in this funding? [LB656]

WALTER WEIR: Absolutely. They will be involved in any discussions we have relative to additional funding. [LB656]

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SENATOR KOPPLIN: Other questions? Thank you, sir. [LB656]

WALTER WEIR: Thank you. [LB656]

SENATOR KOPPLIN: Next proponent. [LB656]

BOB UHING: Committee members, my name is Bob Uhing, U-h-i-n-g. I am the chair of the Distance Education Council. The Distance Education Council is composed of representatives from each of the 17 ESUs, and we are responsible for coordination of the implementation of LB1208. This bill is especially important as was mentioned for the 90-plus school districts in the northeast part because we are the first of three stages set that is implementing LB1208. This bill specifically sets up the framework or the structure for the distance learning for these school districts, so it's critical to the development of our statewide network. The equipment, if you will, is the engine that will run the network. We appreciate Senator Raikes for sponsoring the bill. The enhancements new backbone provide school districts will benefit teachers and students across the state, and since our current system is outdated, this is critical to all of our school districts using distance learning across the state. It will also make for a much more robust system. Thank you. [LB656]

SENATOR KOPPLIN: Questions for Mr. Uhing? Senator Adams. [LB656]

SENATOR ADAMS: Can you give me an estimate? How much is distance education being used? [LB656]

BOB UHING: In our area, it is being used a great deal. In fact, one of the superintendents who is in charge of three of our districts will testify next and he will talk a little bit about just in his three districts. But for instance in ESU 1, we have 25 K-12 districts, and I would say right now we have at least 21 of those 25 are using it on a daily basis. So especially in rural Nebraska, distance education is extremely important to us. To me, Rule 10 requirements and also for advanced classes in math and foreign language areas, such as those. [LB656]

SENATOR KOPPLIN: Senator Adams. [LB656]

SENATOR ADAMS: Who typically hosts the classes, the advanced placement class or whatever other things? [LB656]

BOB UHING: Who sends and receives? [LB656]

SENATOR ADAMS: Who is delivering the class? [LB656]

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BOB UHING: The local K-12 district is, teachers within that. We also...a number of our districts have dual credit classes and a lot of those are offered with teachers from the local district, but we also work a little bit with our...for instance in our area it is Wayne State College, Northeast Tech, and then the community college in Columbus. [LB656]

SENATOR ADAMS: Okay. [LB656]

SENATOR KOPPLIN: Other questions from the committee? I have one on the replacement of equipment that becomes dated. How long a period of time are you anticipating new equipment now would last before it has to be replaced again? [LB656]

BOB UHING: That is a good question, Senator Kopplin. Our last...when we implemented it, it was ten years ago and they no longer make the equipment. What we are implementing right now I would hope will last anywhere from five to ten years but a lot of it is dependent on the manufacturers, and with the servers, the CODECs and all of those types of PC equipment, we are using the new technology which actually shrinks the bandwidth and provides a lot more opportunities to our school districts. But I am just speculating when I say five to ten years. [LB656]

SENATOR KOPPLIN: Okay. Any other questions? Thank you, Mr. Uhing. Next proponent. [LB656]

DAN HOESING: Good afternoon Senator Kopplin, Education Committee. My name is Dan Hoelsing, D-a-n H-o-e-s-i-n-g. I currently serve as superintendent in Laurel-Concord, Coleridge, and Newcastle Public Schools. Next year, in addition, I will be serving as Wynot superintendent, so there will be four districts under my charge. I served as a member of the Education Enhancement Task Force last year under the direction of Senator Raikes in crafting LB1208, and I am currently serving as commissioner on the NITC for the state of Nebraska. I come today to testify in favor in favor of LB656, mainly because I do think that the dollars that are allocated for the engine that will run our systems are necessary up front to help us keep our front end administrative costs down. If this is not provided then the cost will be sent back to the school district, so we will already have an increased cost for distance education next year because of the upgrade. I realize that the \$20,000 in equipment reimbursement for school districts will cover most school districts but will cover less than half of my costs, and the reason is that we currently serve 30 distance education classes a day in my three districts. Next year because of state funding cuts, I have an additional \$1 million to cut from the 4 school districts that serve 700 students. Of this cut, \$500,000 is dependant upon distance education, where we are replacing teachers with electronics. All the courses come from within my districts, and of those courses, our students will have the opportunity...right now we have the opportunity for 36 college credit opportunities before they graduate and next year we will more than double, it will be 72 hours of college credit. These districts are willing to move forward, but part of the hold

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up is the unknown about distance education that parents don't know. And so in order for us to make sure that we have a good quality system that matches the quality of the teachers that I have in front of it, we'll rely on an extremely effective electronic system to be able to send a signal to any one of the four districts and then reach to the outside. And so I do ask your consideration of this bill. I think it is important, not only in the funding aspect but also in producing quality for us to be able to move information, move teachers across this system. In addition, for us to be able to save \$300,000 in administrative costs, we use electronics to push administration across the district to make us available not only to our parents but also to the other teachers and the principals in those buildings. There are 30 miles that separate some of our districts, and for us to be able to be there for those people I rely heavily on a camera on my computer and for them to be able to see me and talk to me and for me to make myself available. And so in an effort to be able to serve those schools, those students in those small districts, we rely heavily on the electronic media right now to bring a good, high-quality education to those students and to help win our parents confirmation that their children are in a good system. Thank you. [LB656]

SENATOR KOPPLIN: Questions for Dr. Hoelsing? Seeing none, thank you very much. [LB656]

DAN HOESING: Thank you. [LB656]

SENATOR KOPPLIN: Next proponent. [LB656]

GORDON ROETHEMEYER: Thank you Senator Raikes and members of the committee. My name is Gordon Roethemeyer. I am the executive director of the Distance Education Council, and the spelling of the name is G-o-r-d-o-n R-o-e-t-h-e-m-e-y-e-r, and I am here to support the intent of LB656 to provide a \$200,000 loan to Network Nebraska for the purpose of putting those routers and edge devices in place. Next summer, as you have heard those before me say, we will have 87 schools, 5 ESUs, and 3 postsecondary institutions upgrade their old JPEG systems to an IP-based system, and also this summer there will be the exchange of summer school classes, so things that to happen in a very timely fashion, and it is crucial for that change to happen with the help of Network Nebraska. And this money will help them respond and support our schools so that they are ready to go in the fall of 2007 with the exchange, continued to exchange, an important exchange of synchronous distance learning classes. So I ask for your support on LB656. [LB656]

SENATOR KOPPLIN: Questions? I don't see any, so thank you. [LB656]

GORDON ROETHEMEYER: Thank you. [LB656]

SENATOR KOPPLIN: Next proponent. Are there opponents? Neutral testimony? Would

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you like to close, Senator Raikes? [LB656]

SENATOR RAIKES: (See also Exhibit 12) I don't think I need to. I will go onto the next one. [LB656]

SENATOR KOPPLIN: Okay. Then we will open the hearing on LB657 and Senator Raikes will open. [LB657]

SENATOR RAIKES: Thank you, Senator Kopplin. Ron Raikes, District 25, here to introduce LB657. LB657 also deals with distance education, and it goes a little bit different direction. It suggests that if there is additional or extra money left over on the allocation that we are going to expand the places that that money can be used. And let me give you just a little background on this. This was a multiyear effort by the Legislature to come up with LB1208. The first proposal before the Legislature was, again, dealing with the general area of the technology infrastructure in place to serve our distance education needs and beginning with the realization that that was out of date, that we had JPEG and MPEG instead of IP and those kinds of problems. The first proposal to the Legislature a couple three years ago was that the Legislature needed to spend \$30 million additional money, I think, in the first year and then some millions each year thereafter to address this problem. The Legislature decided that it was not interested in going that route and instead proposed a task force to study the issue and come back with another recommendation. That was done, and Dan Hoelsing was one of the people that was on that task force. There were 4 legislators and about 10 other people or 12. They did an excellent job, and they did in fact come back with a proposal that addressed the issue. We update the technology. We changed the organizational structure to eliminate some duplication and end up with a coordinating mechanism for distance education such that schools all over the state can reach one another for purposes of distance education. And as you can tell by the testimony, not everywhere in the state but some places in the state, distance education is not only widely used but critically important, and I suspect as time goes that will become even more the case. The funding for all of this effort is pretty much left to school districts with some help, and there are a couple of areas of help. We are using lottery money to provide incentives to school districts to cross the threshold and begin their involvement in distance education. In fact, it is going to be ongoing, at least for a time. There is also some help with buying the equipment needed, changing out the old CODECs, whatever that is, to get ones that work with the new system. This bill deals with that funding stream from the state and basically says that if there is money left over after providing incentives to school districts for participating in distance education, it can be used in one of three ways. Either to provide some additional incentive per hour of course work offered or to include some additional equipment reimbursement either for offices or for high school buildings that are no longer being used as high school because of a school district merger. I would urge your support of this. I think this is a good use of the money that was targeted in this direction anyway. [LB657]

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SENATOR KOPPLIN: Questions for Senator Raikes? Okay. Seeing none, are there proponents for LB657? [LB657]

BOB UHING: Committee members, again, my name is Bob Uhing, U-h-i-n-g. I am here to testify in support of LB657. As we have worked our way through implementation of LB1208 we have received input from school administrators in request, and this bill is a reflection of the requests or concerns expressed by school administrators across the state. With the idea that school districts and the ESUs receive incentive payments, especially schools that have preexisting rooms that they have been using for distance learning classes that they would also qualify for incentive payments. It also expands LB1208 in that after high school class' incentive payments have been received by local districts for that, if money is available, it expands it to the elementary classroom. And some schools across the state will use DL, distance learning, for especially foreign language at the elementary level. So what this bill really does, it helps create a P-16 system or environment and that is a benefit to students across the state. So thank you. [LB657]

SENATOR KOPPLIN: Questions for Bob? Seeing none, thank you. Next proponent. [LB657]

GORDON ROETHEMEYER: Gordon Roethemeyer again, G-o-r-d-o-n R-o-e-t-h-e-m-e-y-e-r, and I also am here to speak for LB657. And this legislation was brought about through conference, through Dr. Uhing, myself and as results of discussion among our Distance Education Council and Advisory Council and a need that was recognized among a number of our rural districts and a couple of our ESUs that have distance learning rooms that are vital to the exchange of distance learning classes in their areas. We are talking about ESUs out in western Nebraska and schools mostly out in western Nebraska and northwest Nebraska that serve large geographic areas and they have merged together but they had distance learning rooms that are still very much in use, and the trouble is right now is that one of their rooms would not qualify for that \$20,000 reimbursement to upgrade that equipment because it is now a middle school, for example. Elsie, Madrid, Grant is one example, and there are others. So this would be a slight change to LB1208 in the sense that it would allow that reimbursement to extend to those classrooms that were preexisting to LB1208 so that those can continue to be functioning and be used going forward because there is already a great number of classes being exchanged from these facilities. The other part of LB1208 which also come about through discussion among the council was that recognition of the fact that not all distance learning classes are exchanged at the high school level. And especially as Dr. Uhing pointed out, we have schools that are sending foreign language classes as down to the upper elementary and junior high level. So we would like to see those also qualify for the incentive moneys based on after the other money is paid out for the exchange of high school classes. So thank you. [LB657]

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SENATOR KOPPLIN: Questions? I have one. Could you expand a little bit more, I think I got what you said, the grant moneys right now are high school to high school and middle schools would not qualify. [LB657]

GORDON ROETHEMEYER: Right now, the way LB1208 is worded is the incentives would be paid for the exchange of high school level classes only, and there is not a provision in there for those classes that are sent to K-8 level courses. And when we visited with Senator Raikes on this, one of the things that would have to be looked at is the amount of time, the duration of an elementary level class might be half the time that it is for high school. So the rate of incentive might be half what it is, and those incentives would be paid out after all the commitments to 9-12 classes were paid out. [LB657]

SENATOR KOPPLIN: But on the other hand, you could bring some very talented math or science teachers to seventh and eighth graders. [LB657]

GORDON ROETHEMEYER: Oh yeah, absolutely. Right. [LB657]

SENATOR KOPPLIN: Okay. Other questions? Thank you. Other proponents? [LB657]

DAN HOESING: My name is Dan Hoelsing, D-a-n H-o-e-s-i-n-g, and I come here again to represent Laurel-Concord, Coleridge, Newcastle and Wynot Public Schools in asking you to consider LB657. First of all, I just want to let you know that as a superintendent that it is not my job necessarily to know everything but to know who to blame, and so the shortsightedness of LB1208 is really Ron Raikes' fault (laughter). We tried to enlighten him, but there is only so much you can do with the product that you get. Maybe over distance we would have stood a chance. I think the big question for us is the whole exercise of gaining confidence of our learners and teaching our learners how to become twenty-first century learners. It is moving the teacher from the front of the classroom to be a facilitator rather than an instructor that holds all the knowledge. With the information sources that little kids have at their fingertips today with the resources that we have that we can share over distance that the teacher merely needs to be a facilitator of that kind of learning. With the more than 15,000 homeschool children, it is going to be vital that we help and that we serve our constituents that don't necessarily come into our buildings everyday to be able to reach those students who are limited in mobility that can't reach our classrooms or that are limited by where they live geographically that we can help promote classes across. In considering LB657 rather than as a class by class, but as an hourly reimbursement or something for classes. Because for our teachers at the elementary level, and I am going to liken this much to when I used to teach gymnastics. If I started at the junior high or high school level it was an impossible task. Because in order to get the confidence of the learner that it was too foreign to that student. And distance education is much like that. When you take an adult...and I teach college courses online for Wayne State, and when I teach adults it is

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tougher for me to teach them the environment then it is for me to teach them the content. And so the sooner that we can teach kids the environment, the better response that we are going to have to distance education as they get older. And so the whole exercise of getting them comfortable in that environment is extremely important for us to work with our little kids, because they are the most comfortable. They are not immigrants to this technology. They are natives to it. They grew up with it. They don't know a world without it. And so for them to be in a classroom that enhances and gives them the ability to be able to be the center of their education rather than a teacher being the center that that is really what distance education is leading us toward. A better environment for kids to learn where they are more in control. A project-based environment that is truly twenty-first century. And for us to be able to expose our kids to that environment at a younger age is extremely important if we want the successes at an older age of high school and as an adult. And so I am coming in support of LB657 and believe that it will transform the way that our high school classes are being taught now because it will teach our kids the environment for learning and help our adults learn how to become quality instructors in that system. It is scary for our teachers because if they don't understand facilitation, they will never understand how to teach in that system. Thank you. [LB657]

SENATOR KOPPLIN: Okay. Questions from the committee? Senator Johnson. [LB657]

SENATOR JOHNSON: You referred to the students being at home with this from the start and so on. Does it bother you any that a person of considerable advancing age is the father of this bill that...you don't have to answer that by the way. [LB657]

DAN HOESING: Thank you. [LB657]

SENATOR KOPPLIN: Other questions? Thank you. Next proponent. Are there opponents? Neutral testimony? Senator Raikes will close. [LB657]

SENATOR RAIKES: (See also Exhibit 12) My question for Dan Hoelsing is when is he finally going to get a full-time job? Four school districts, it seems to me like you know adding the 11 over in Sarpy/Douglas County would kind of round out his week for him (laughter). The testifiers corrected my scanty introduction. The extra money is to be used to reach down into elementary, or K-8 is elementary, which they pointed out very effectively is certainly something that shows a lot of foresight. Finally, I would also mention that I didn't make it clear that as far as equipment reimbursement, that is not leftover money. That basically would be an appropriation up front so that then the incentive money for course work would come after that. Just a more-or-less technical note. [LB657]

SENATOR KOPPLIN: Questions? Thank you, Senator Raikes, and that will end the hearing on LB657. [LB657]

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SENATOR RAIKES: And that ends our hearings for today and the year. Thank you very much. [LB657]

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Disposition of Bills:

LB375 - Indefinitely postponed.
LB393 - Indefinitely postponed.
LB509 - Indefinitely postponed.
LB656 - Indefinitely postponed.
LB657 - Indefinitely postponed.

Chairperson

Committee Clerk