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Transcriber's Office

Education Committee
March 10, 2008

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The Committee on Education met at 8:30 a.m. on Monday, March 10, 2008, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on the report of progress to the attainment of higher education priorities. Senators present: Ron Raikes, Chairperson; Gail Kopplin, Vice Chairperson; Greg Adams; Bill Avery; Carroll Burling; Gwen Howard; and Joel Johnson. Senators absent: Brad Ashford. []

SENATOR RAIKES: Good morning. Welcome to this briefing of the...briefing, I think it is, before the Education Committee of the Nebraska Legislature. We have with us today members of the...the leadership, I should say, of the Coordinating Commission for Postsecondary Education to give us a report on higher education progress. This is a briefing as I think required in a legislative resolution adopted two or three years ago, and I can't remember what the number is, but I'm sure Marshall Hill will. I think if there aren't other preliminaries that we need to deal with, we'll proceed directly to Marshall Hill to open the proceedings. Marshall, welcome. []

MARSHALL HILL: (Exhibit 1) Good morning, Senator. Good morning to each of you. You look like you're holding up well to what's obviously a challenging session for the Education Committee. We hope we won't add to your angst this morning with the higher education progress report. For the record, I'm Marshall Hill, executive director of the Nebraska Coordinating Commission for Postsecondary Education. And as Senator Raikes did indicate, the higher education progress report is required by statute and it's provided to the Governor, to the Legislature, and we also share it with the higher education institutions, the media, and other parties. I'm going to start off with telling you the summary of the points I hope you'll take away, and there's a little sheet in your packet there listing three takeaway points from this morning's presentation. And I just want to bring those to your attention, and then you'll see as we go through what we have for you the points that support them. First, we are losing too many students prior to high school graduation--minorities, but white students too. Of course, our view is losing any students prior to higher education is too many. But even departing from that utopian ideal, we are losing too many students. Second, if you think about a scenario which forms the way many of us have tended to think about higher education students, we have tended to think of them as white, as graduating in May from high school, entering college full time within a year of high school graduation. That's a norm that fit many of us in our educational careers, and we tend to also think that that also fits reality. Our data clearly shows that if you depart in any way from any of those points, you significantly lower the likelihood of attaining a college graduate. If a student is not white or Asian, if they don't enter college within 12 months, if they don't enter full time, the likelihood of them ever attaining a degree--any kind of degree, any kind of degree, certificate, baccalaureate, associate--is significantly weakened. And then the third point, although Nebraska students do well compared to their national peers on ACT

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tests--ACT being used as predictor to determine how well they're going to do in college--ACT's own analysis indicates that only about 27 percent of our high school graduates here in the state of Nebraska do well enough on the ACT to predict that they have a 75 percent chance or better of getting a C or better in 4 common freshman-level courses: college algebra, English, biology, and social studies. With those three takeaway points, I'll just launch right ahead into discussion here of the higher education progress report, so long as I can press the right buttons here. Kermit, what am I needing to do? []

SENATOR RAIKES: Let me ask you, Marshall, would you prefer to have questions as you go or would you like to finish and then have a question session? []

MARSHALL HILL: I think that you will find it more useful to be able to ask questions as we go through. So if that's all right with you, I'm fine with that. []

SENATOR RAIKES: Okay. All right. []

MARSHALL HILL: Then all right. The higher education progress report stems from work done earlier by the LR174 Higher Education Task Force. Senator Raikes and Senator Don Pederson, who at the time was chair of the Appropriations Committee, chaired the task force, and they came up with three key priorities for Nebraska higher education that are now specified in statute, and we are required by that report to report on them to you. The first priority is to increase enrollment in higher education. The second is to increase the percentage of students who complete degrees. And the third, something over which the higher education world has less control than the first two, is to reverse the net out-migration of Nebraskans with college degrees. The bulk of the time this morning will take on this first one, increase enrollments in higher education. The first chart shows two points. One, if you look at head-count enrollments, the upper chart, you'll see that they are indeed going up. That is the good news. Everything is measured in this report from a 2003 baseline which was established by the task force, the Higher Education Task Force. So the 2003 baseline, we're measuring from that and you'll see that our head count enrollments continue to go up. And this is for all of higher education, all sectors. The University of Nebraska, the community colleges, the state colleges, the private independent institutions such as Creighton and Doane and so forth, and the for-profit career schools. The bad news is here. These are the total first-time freshmen. And you see that the first-time freshmen entering fresh out of high school continues to go down significantly since 2003. Our high school graduates remain remarkably stable, and if you project on into the future, the estimates are that by the time in ten or more years, we're only going to have 50 more high school graduates. So our high school graduates, presuming nothing changes, presuming we have the same number of dropouts that we now do, that we don't do any better about keeping minorities, we're looking into the future at a mostly flat high school graduating class. And as you see, it's been remarkably flat for a long, long time. Now, even though the number of high school

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graduates is projected to be the same, the ethnic distribution of those graduates is remarkably different. I want to emphasize that these pie charts are estimates based on our not doing anything different than we're doing now. The presumption that the same percentage of white students, Hispanic students, black students, Asian students, and so forth, Native Americans, will graduate in the future at the same rates at which they graduate now. I will tell you, we regard that as intolerable. We cannot continue to lose this many students. If you see, we'll just focus in on the white population there. The white population of the baseline graduates in 2002 to '03 made up 89.5 percent of the high school graduates. In 2017 to '18, we're estimating that's going to drop to 70 percent. The difference is mainly made up by the larger Hispanic population. And once again, that's a larger percentage of Hispanics making up the graduating class, even though Hispanics dropout of high school at significantly higher rates. I'm going to go through these pie charts fairly quickly. []

SENATOR JOHNSON: Can I interrupt for just a second? []

MARSHALL HILL: Yes, sir. []

SENATOR JOHNSON: If you didn't have...and I know that they're...particularly the male Hispanic students drop out at an alarming rate, if you were able to keep them in school, what would those pie charts look like? Do you have... []

MARSHALL HILL: Yes, yes. We're getting good at anticipating your questions because they're good questions. []

SENATOR JOHNSON: Okay. []

MARSHALL HILL: It's in the next slide. []

SENATOR AVERY: I have a question. []

MARSHALL HILL: Yes, sir. []

SENATOR AVERY: Are you going to address the "why?" []

MARSHALL HILL: I knew that was going to come up too (laughter), and I will attempt to do that. []

SENATOR AVERY: Okay. []

MARSHALL HILL: The "why" questions, as you know, are much, much harder. []

SENATOR AVERY: Yes, but much more important too. []

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MARSHALL HILL: And I can...they're very important. I can give you my educated and professional assessment of why, but yes, we'll try to do with that. So to frame the discussion, once again the chart on the left is what we had in 2002 and 2003. That's what we expect in 2017 and '18. The question is sort of are we on track to get to that? Yes. There's 2002 to '03; 2006 to '07. You can already see there's been a 5 percent change there. And that's where we're going from right now to the future. Here is the question that Senator Johnson just asked. This is the projection of high school graduates if we still do what we're doing as we move into the future. And this on the right is a projection of high school graduates if all ethnic groups were to graduate at the same rate of white students. And you'd see as you'd expect, the percentage of white students as a percentage of the graduating class drops even further. And we have Hispanic students making up just about 27 percent of the high school graduating class. That's, again, if all ethnic groups were graduating from high school at the rate of the best performing group, which is whites and Asians. Part of the good news, on the next chart, page 15 if you're following along in your paper copies, this is graduation rates over time by race and ethnicity, and you'll see that all ethnic groups are improving high school graduation rates. These data are taken from our Department of Education. Two things to note on this slide. One, every ethnic group is getting better, but Hispanics, Native Americans, and blacks still trail the graduation rates of the white and Asian students by a significant amount. We had a lot of dropouts. We have about 2,500 students who drop out of high school: 1,350 of those are white. I think many of us presume that the majority of dropouts are Hispanic or African-American. That's not true. We have 1,350 white dropouts, 520 Hispanic dropouts, 450 black dropouts. 1,420 of our total 2,500 are from Omaha and Lincoln. Losing these many students prior to high school graduation is like losing the entire population of Minden or Waverly or Milford, plus Beaver Crossing. We were clever enough to pick a few towns in your districts so that you could get some sort of sense of the magnitude of the loss that we are having. So you can see that the percentages work out differently. Hispanics have a lot more dropouts than they represent as part of the high school graduates. But there are plenty of problems there for all of us to solve. []

SENATOR JOHNSON: How about males and females on that? []

MARSHALL HILL: We did not put that on here for you. I don't have it handy, but we will provide that information. We'll look that up and give it to you. Basically, we're losing more males than females. This is true throughout higher education. When I started working in higher education, one of the big equity issues were whether women were allowed to enter college and proceed at college and graduate at equal rates to men. In the past 35 years, women are ahead of men in almost all of those aspects. They graduate from high school at higher rates. They enter college at higher rates. They stay in college at higher rates, and they eventually graduate at higher rates. And many campuses now are majority female. If you look deeper into the ethnic issues of that, the

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particular problems with African-American young men and Hispanic young men for two seemingly different issues. A societal, cultural kind of issue in the Hispanic community seems to be the general sense. And in the African-American community, more of a social problem of lacking financial resources and addition to being incarcerated. We have a huge percentage of our young what should be college-going black students are in jail. Senator, we do have a chart on the four-year public higher education graduation rates by gender. It's on page 27 here. []

SENATOR JOHNSON: Okay. []

MARSHALL HILL: It shows that our rates are going up for both male and female. But in '06 and '07, the high school boys graduated at 86.9 percent, and high school girls graduated at 90.1 percent. So about a 4 percent difference. The third takeaway point I talked to you about today was this issue of how well we're preparing our students to do well in college. The data is sketchy on this, I will admit. But if you presume that performance on ACT can be predictive of performance of a student in college, and ACT has looked at the performance of Nebraska students and every other state as well and analyzed their ACT test taking patterns, only 29 percent of our white non-Hispanic students are scoring sufficiently high on the ACT to predict that they will have a 75 percent chance or better of getting a C or better in 4 very common freshman-level course. Now, this is somewhat like buying a ticket at the horse race. You're odds are longer if you buy the...trying to pick two winners, trying to pick three winners, trying to pick four winners. The number of students who are doing well enough to do okay in English is much, much higher than this, and similarly for all of them. But to do well in all--and I don't think any of us would really define C or better as well--is problematic. So there is some disconnect. A reasonable question is to say is this actually coming true? I can't answer that for you. We don't have available the actual grade distribution patterns of students once they enter our colleges and universities. And there is an issue of grade inflation, which has been talked about widely. But in terms of what the ACT through its analysis has come up with, this is pretty grim assessment, I think. []

SENATOR RAIKES: So this is really an indictment of what we're doing in the way of preparing kids in high school? []

MARSHALL HILL: I think we all share blame for that. I mean, I think it's not just the blame of the high schools and the public schools. It's the blame--it's easier for me, a nonpolitician, to say this--it's the blame of parents. It's of a society which doesn't tend to reward and champion learning, but looks in other directions. I taught for 20 years in universities. It's been a long time since I have, but most faculty I know say that our brightest students coming in are at least as well prepared as any students they've ever had, but the bulk have major preparational problems. A group of faculty this past week appealed to the state of Washington's legislature with a wide indictment of the performance of their incoming students in terms of math. And they said they found that

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it was quite common that students were challenged with middle school-level math problems. So yes, we are not producing students who are uniformly across the board ready to do what college faculty define as college-level work. []

SENATOR RAIKES: ACT or somebody has looked at the question of--pick a group there--white non-Hispanic at 29 percent. If you raise that to 50 percent, there would be a corresponding higher completion rate? []

MARSHALL HILL: I think so, yes, sir. []

SENATOR RAIKES: Okay. []

MARSHALL HILL: Yes. []

SENATOR AVERY: You mentioned math being a deficit area. It's writing. It's reading. I experienced it. Students couldn't even calculate their GPA, didn't know how. It was stunning sometimes. []

MARSHALL HILL: I understand that. And writing continues to be an issue. The man who was for many, many years head of education statistics on the higher ed side at the U.S. Department of Education said something to me years ago that has always stuck. By his analysis, the greatest predictor, the greatest predictor of baccalaureate attainment was the level of high school mathematics taken by the student. That trumped GPA. It trumped ACT scores. It trumped family income. It trumped ethnicity and gender. The greatest predictor of baccalaureate attainment is the level of high school math course taken and completed by a student. We do have some good news. Our college continuation rate is going up. The governor has made this a key point of his higher education goals. These are students who...Nebraska residents who go to degree-granting institutions all around the country. This next chart indicates that we get about 80 percent of our high school graduates in Nebraska staying at Nebraska institutions, degree-granting institutions within 12 months from graduation from high school. We're always going to lose some students to out-of-state institutions. In my judgment, Nebraska should always be sending some students to Yale, Harvard, Princeton, Williams, Stanford, so forth and so on. We hope they come back. []

SENATOR HOWARD: Smith. []

MARSHALL HILL: Smith. Smith, yes. Once you start down a list like that, you... []

SENATOR RAIKES: Northwest Missouri State (laughter). []

MARSHALL HILL: No. []

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SENATOR AVERY: Not even K State. []

MARSHALL HILL: We have done analysis of that and if you're interested, we can let you know what institutions our students do go to all around the country. We see a remarkably consistent pattern. We were asked to keep track of the net migration issue. You know, every year students come into Nebraska to study and some leave Nebraska to study. And in 2002, we had 232 more students going out than we had coming in. Now, the incoming number includes students from other states, as well as students from other countries. []

SENATOR JOHNSON: Do you have a percentage that shows what percent of people from Colorado, for instance, that come to Nebraska to go to college that stay compared to the Nebraska students that stay in Nebraska the whole time? []

MARSHALL HILL: I don't think we do. But I think we have estimated in the past that roughly 10 percent or so of the students that come in to attend a Nebraska institution end up staying in Nebraska. []

SENATOR JOHNSON: Just 10 percent? []

MARSHALL HILL: I think so. []

BARBARA McCUEN: No, it's about 35 percent actually stay. []

MARSHALL HILL: Boy, I was really wrong on that one. I apologize for that. Let us look into that. []

SENATOR JOHNSON: Because that's...okay. []

MARSHALL HILL: And give you some more information about that. []

SENATOR ADAMS: Do we also know, Marshall, the number of students that...we know the number of students who are leaving Nebraska to go to institutions in other states, do we know anything about their success rate? []

MARSHALL HILL: No, we don't. We don't. We can look at the performance of groups of students in the aggregate, but we can't look at them as individuals. By... []

SENATOR AVERY: Do we know how many stay out of state (inaudible) how many come back? []

MARSHALL HILL: No. []

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SENATOR AVERY: No. []

MARSHALL HILL: No. We have--I'll digress just slightly--we have in the United States an inability to answer reasonable questions like that. We do not have a data system which is good enough to answer what I tend to think are reasonable policy questions. And... []

SENATOR JOHNSON: What I'm getting at, should we do away with outstate tuition? []

MARSHALL HILL: Well, I think the people...in general, our pattern in the United States has been that the people of a particular state provide some support to help educate their own residents. Now, as a percentage of institutional revenue, almost uniformly around the country that percentage has gone down and down and down. There are jokes about that. People talk about the sliding scale of being a state-supported institution, a state-assisted, a state-neglected, and a state-molested institution (laugh). And there is...if you look at the pattern of appropriation levels, that goes down. Most any institution that you can think of has seen a decrease in their percentage of support from state sources of something on the order of 10 to 15 to 20 percent over the past 15 or so years. So states being faced with Medicare, with roads, with prisons, with all of those things have been unable to provide. Net migration got a little worse in 2004. It got a little better in 2006. These are statistically insignificant numbers though. We're talking about a base of 20,000 or so students. So 100, 200 there doesn't make all that big of difference. But we are indeed bringing in a lot of students. We need to do more about that. If you look at race and ethnicity, this is a surprising slide to me. Many of you I think know that I worked in Texas, the Texas Coordinating Board for 11 years before coming here. I'm familiar with national data. We have a different situation here in Nebraska. Most states lose a high percentage of their high school graduates who are black and Hispanic after high school. They don't go on to college. The rates of going on really drop out for blacks and Hispanics especially. That's not the case in Nebraska. I call this the complexion slide. The complexion of the high school graduating class in Nebraska as a whole and the college freshman class as a whole looks remarkably alike. Whites make up 87.1 percent of the graduates, high school graduates. In the next fall, they make up 86.9 percent of the college freshmen. Native Americans make up 1 percent of the high school graduates, 1.2 percent of the following year's freshmen. Blacks make up 4.6 percent of the high school graduates, 4.7 percent of the next year's freshmen. Hispanics are the only group that loses from high school graduation to freshman attendance. Now, this is just getting them into college. So we are not losing our minorities between high school graduation and college entry. Yes. []

SENATOR AVERY: Here's a question, Marshall. Do you distinguish between the Nebraska Hispanics and outstate Hispanics or these are all Hispanics, all blacks? []

MARSHALL HILL: These are Nebraska students. []

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SENATOR AVERY: Nebraska students only? Okay. []

MARSHALL HILL: Nebraska students only. Yes, sir. And this is not what I think is common in many other states with which I am familiar. Yes. []

SENATOR HOWARD: I'm just curious, do you project that the bill we passed last year, DiAnna Schimek's bill, is going to be helpful? I know they said 28 Hispanic students took advantage of it this last year. But do you see that being supportive to Hispanic kids maybe staying in high school, graduating, and knowing they have the opportunity to go on? []

MARSHALL HILL: I do. I do. []

SENATOR HOWARD: Good, good. []

MARSHALL HILL: And the Coordinating Commission met last Thursday and we discussed this. And there...if we'd had the opportunity to do that my testimony on the bill would have been in an opponent status instead of the neutral status that it was. Yes. As a matter of practicality the commission believes, and I certainly do believe, that despite all of the emotion and the difficulties and the discomfort that surrounds illegal immigration, as a bottom line, it's better to have educated Nebraskans than uneducated Nebraskans. And as a practical matter, a child of an illegal immigrant who has graduated from one of our high schools, if they were forced to pay out-of-state tuition, that the small numbers of them that can go on would be reduced to practically zero, I'm sure. []

SENATOR HOWARD: Well, and plus they have the additional restriction of not being able to apply for grants and scholarships. So when you add all those things together... []

MARSHALL HILL: Right. []

SENATOR HOWARD: ...it's pretty discouraging for anyone to... []

MARSHALL HILL: The only two possible avenues of support for those students who may have done very well in our high schools and graduated, if there's a wealthy patron in their community who can help them as an individual or this particular avenue to allow them to pay in-state tuition. And these are populations which we know of come from families which are not doing well, economically anyway. []

SENATOR HOWARD: Well, and I certainly agree with you. We'd rather have people paying into our system than taking from it. []

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MARSHALL HILL: Right. If we look a little bit further at this loss of students that we're talking about, we took a look at the number of white non-Hispanic first-time freshmen, fall 2006 to fall 2003 baseline. We have 2,500 fewer white students in '06 than in '03. So we are having an increasing number of white students who are not attending colleges. Now, the bulk of a loss there was to the community colleges and the for-profit schools. The next question is, you know, what if those students were attending...what if those students were attending and paying tuition? How much lost tuition and revenue have we seen from that group of students, just the white students in the past...in that three-year period? And it comes out at about I think \$16 million. Now, a bulk of that is lost to the for-profit schools. But still, significant amounts of lost tuition revenue from our independent institutions, community colleges, and the state colleges. The university has been bringing in enough people and maintained its white student populations, so that's not a case for them. So students represent many things. They represent higher instructional costs. They represent the need to have the facilities for them, but they also represent lost tuition revenue if they're not there. One of the reasons perhaps why we're having some challenges is that the state has increased in this period of time from '03 to '06-07 its need-based financial aid, which is the Nebraska State Grant Program. The state has increased its funding for that by 41 percent, which is admirable. There are very few states that were able to increase their contributions to need-based financial aid over that period of time. Institutions have come to the floor and increased their need-based financial aid during that period by 29 percent. The federal aid has been absolutely flat, less than a 1 percent increase in that period of time. The Pell Grant has not changed. The Pell Grant will be changing and will be going up, but the availability of financial aid, the rising tuition, many other things contribute to some of these challenges. So the bottom line for increasing enrollments to me is that Nebraska institutions have to continue to encourage people from outside the state to come. We have to reach deeper into the pool of high school graduates, deeper into the pool of high school graduates, especially in the minorities to get more of them to go onto college--more of the minorities because they are a rapidly growing part of our population. And then thirdly, we have a lot of adults in this state who could use and benefit from additional education and we need to reach out to them in different ways. Yes, Senator. []

SENATOR ADAMS: So if we're going to reach deeper into the pool of high school graduates, then we've also got to make sure that they are prepared to succeed when they get there. []

MARSHALL HILL: Yes. I read something... []

SENATOR ADAMS: You know, maybe I'm making an erroneous judgment here, but I'm assuming as we reach deeper into the pool, we also probably increase the probability that we're touching on students who may not be as prepared as they need to be. []

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MARSHALL HILL: That's true. And we can lament that, as we should. I read someone's quote the other day that in a relatively short period of time in our country, we've gone from teaching Latin and Greek in high schools to teaching remedial English in colleges and universities. That is true, and it is difficult to get faculty, to get people at colleges and universities to be all that enthusiastic about remediation. People don't become university faculty members to teach remedial English. They really don't. So the expectation is that someone who has gone through a doctoral program, prepared to teach about the Civil War really is all that interested in teaching remedial subjects is just false. We need to develop a separate cadre of people who do care passionately about improving the skills of the students that reach the college campus. And we don't do a very good job about that nationwide. We really don't. The counterargument is just to say it's never going to get any better and we're going to go back to educating just a small percentage of students at colleges and universities. I don't think that's economically tenable for the country and certainly not for the state. []

SENATOR ADAMS: Is some of that remediation the need for remediation as a result of the increase of the nontraditional student that's coming in? []

MARSHALL HILL: Oh, I think absolutely. []

SENATOR ADAMS: I mean, it would seem to me that you cannot put it all on the lack of preparation in our K-12 environment. []

MARSHALL HILL: I think it's a whole variety of things, but the two biggest ones are the changing student population, rising expectations for performance. When I left Texas in 2005, the state was spending \$175 million a year on remedial education in the public section. That's a lot of money even in Texas. But the number was leveling. And the reason it was leveling is because the state put in a...elevated the requirements for high school graduation. I know this is a touchy difficult subject and you've been spending a lot of time on that. But what we found in Texas was when the legislature did establish a minimum high school graduation requirement that was higher than it had been in the past, although the absolute dollars for remediation continued to rise because of a rapidly growing population, the percentage was flattening. Thank goodness. I mean, what if you required better preparation and saw your remediation continue to rise, but it wasn't. []

SENATOR RAIKES: All right. All right. Somehow this is on my mind. We don't need to do that in Nebraska because our students are, according to our statewide accountability system, 90 percent proficient, maybe as low as 86. []

MARSHALL HILL: Well, you've spent a great deal more time on that than I have, Senator. But I have been carefully reading, and of course that's not unique. Many state systems have been... []

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SENATOR RAIKES: I do have a serious question. []

MARSHALL HILL: Yes. []

SENATOR RAIKES: In terms of some sort of a proficiency rating that would be an indicator of college preparedness, what would be a rating for our high school graduates in key areas? []

MARSHALL HILL: We haven't offered one ourselves. We are attracted though to and are concerned by this ACT analysis, which indicates that even the students who take the ACT, and a high percentage of them do here, we're still not preparing them sufficiently to do well in college. And one of two things are going to happen: Either they're not going to do well or college faculty, who frankly cannot keep their jobs if they establish an expectation level where 70 percent of the students fail, they will just lower their standards. And then we will not be able to compete in the ways that we should, both internally in the United States and around the world. []

SENATOR AVERY: Marshall, it's already happened. []

MARSHALL HILL: It is indeed. []

SENATOR AVERY: It's already happened. []

MARSHALL HILL: It is indeed. Yes, sir. []

SENATOR JOHNSON: Marshall, one of the things and there's a number that always keeps coming back in my head because it's external factors that are involved as well. And there's one night I was watching C-Span or something and there was this sociologist or professor, whatever, listed three things for girls: If they graduate from high school, get married after 20, and have a baby thereafter, the likelihood of their ending up on some sort of welfare roll was only 7 percent. Flunk all three and it's 77 percent. And that's always stuck with me. And so these other external factors that aren't, you know, classroom factors have got to be a tremendous part of where our failure comes from. []

MARSHALL HILL: As I indicated to Senator Avery earlier, the "why" questions are the hardest ones. And we all have opinions. But clearly we have social systems which are designed not so much to support the society that we have, but the one that we used to have. We don't acknowledge that we have so many children who grow up in single-parent, at best, families. They don't have the kind of support that many of us experienced when we were growing up. If I misbehaved at another friend's house, I could count on getting the same response from that friend's parents as I got from my

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own and so forth. And I think now people wonder about whether they're going to be sued if they do that. In the large global sense, I think we have to set an expectation level that's higher than it is. We have to provide the resources and support to get people there and we have to not give up on it, try to do what we can on our watch. []

SENATOR AVERY: The long-term implications of what you're telling us are very serious because sometimes these college graduates wind up in the labor force underemployed relative to their expectations. They feel like they're not getting their due. They wind up angry, often want to point to somebody to blame for this, not to themselves for avoiding every class where it had a writing requirement or every class that had more than one book to read. I had a class once that almost emptied because I had a writing assignment, had to turn in a 25-page term paper at the end of the year or the semester, and the next time the class met, I had half the people there because the rest were dropping. Oh, you mean you expect me to read a book? No. []

MARSHALL HILL: I understand. []

SENATOR AVERY: Then they become angry at society, angry at something and they turn into sullen...and they vote too, that's the problem (laughter). []

MARSHALL HILL: That's right. I'll move ahead so I don't take too much of your time here this morning. Second priority: increase the percentage of students who complete degrees. Our first-time freshman retention rate, first-time freshman is notable here. The thing to note from this is the red is...that's the freshman retention rate for full-time students. Now, at the university, that's about 85-86 percent, somewhere thereabouts of the students. That's the freshman retention...and retention means you come back for your next year, your second year...is you see a huge drop off. That's my point that if you start part time, you don't tend to persist as well. The drop off is much less in the state colleges, and then about in the middle for the community colleges. []

SENATOR ADAMS: Marshall, does that take into account...let's say I'm a full-time student as a freshman, but I...what would be the equivalent of my sophomore or my second year, I'm not a full-time student on campus, but I'm taking online courses and so... []

MARSHALL HILL: I think this is if you just come back period. []

SENATOR ADAMS: Okay. []

MARSHALL HILL: This is if you just come back. []

BARBARA McCUEN: To the same institution. To the same institution. []

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SENATOR ADAMS: So do we know...we probably don't because it's a person-by-person account of how many might be... []

MARSHALL HILL: No, we don't. I mentioned that we don't have a national data system that allows us to answer reasonable policy questions. We have and draw on the Integrated Postsecondary Education Data System, which is run by the National Center for Education Statistics at the U.S. Department of Education. Forever, what they count for graduation rates, for example, reasonable to ask what our graduation rates are, they count only full-time freshman who enter and then graduate from the same institution. And that is a smaller and smaller and smaller percentage of reality. They're asking about graduation rates from the kind of behavior patterns that we had when we were in college, not what students now have. A year ago, we found out that more than 10 percent of Nebraska college students are enrolled in 2 courses at 2 institutions at the same time, more than 10 percent of them. Some are enrolled in three institutions at the same time. The vast majority...the majority of students now transfer between institutions. And so anytime you see such and such institution has such and such graduation rate, that leaves all of that out. So we went beyond that. We found that for Nebraska institutions at least, the posted graduation rates are really about 10 percent better than that if you presume that if a student starts at UNO and transfers to UNL and later graduates, that's not a failure for UNO, is it? It's not in my view a failure for UNO. But according to the way the data is tracked, they're a dropout for UNO and they lost in the system. []

SENATOR ADAMS: So is the same thing true, you look at community colleges, you may have a fair number of students that are starting. But they don't intend to get associate's degree; they're getting their gen eds and intend to move on. []

MARSHALL HILL: You'll see that in the next slide here. Graduation rates for our postsecondary institutions. See, the good news is in most institutions...there's the University of Nebraska, and this is '02-03 and this is '05-06, graduation rate is up. It's up for the state college systems, it's down for the community colleges, up for the independents, up for the degree-granting, and still stays high for the nondegree granting for-profit schools. We think that's exactly what's happening with the community colleges. The students are starting there. They're not staying until graduation. They're transferring somewhere else beforehand. Graduation rates by ethnicity: White students are doing a little better; Asian/Pacific Islanders had a slight drop, which is kind of atypical around the country; Hispanic graduation rates from college are going up; Native Americans are staying about the same; and black non-Hispanic graduation rates are going up a little bit. Once again, I'd equivocate all of this by those comments that I made. But to those numbers, you can tack on somewhere around 10 to 12 percent of students who are starting at one of our institutions and then graduating eventually from somewhere else. And you can add on another 15 percent of students who are still out there knocking around the higher ed system, taking courses from somewhere. Number of graduates,

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just as...we're increasing the number of graduates in all sectors. So we have about 26,000 graduates per year. Third priority, reverse the net out-migration of Nebraskans with college degrees. Here, the data gets even worse in that we have historically relied on the census reports. The census is having challenges in having people provide the amount of information that they did in the past, and they are not going to do the depth of census work in an individual basis going into the future that they have in the past. They're going to be much, much smaller samples, so we're less, less confident of the accuracy of the data. But basically, we import people with some college or less, and we export people with associate's degrees or more, and that is the comparison. Again, these are our estimates based on shaky data, but the statute requires us to make the assessments for you. This is the best we can do. We think the directions are correct. We certainly wouldn't defend the numbers all that much. But you see, we're bringing in people with high school or less, and we're sending out people with associate's degrees or more. So this... []

SENATOR HOWARD: Marshall? []

MARSHALL HILL: Yes. []

SENATOR HOWARD: Does this account for people that are coming into Nebraska for like law school or the med center training? []

MARSHALL HILL: This counts for adults after...whatever their status is at that present time. []

SENATOR HOWARD: For employment, not for additional education. []

KERMIT SPADE: No, I think the question just is, did you live in Nebraska one year ago or, you know, if you're in Nebraska, did you live somewhere else in your (inaudible). []

SENATOR HOWARD: So it doesn't take into account any of their motivation for coming here. Okay. []

MARSHALL HILL: This doesn't differentiate...right. []

KERMIT SPADE: (inaudible) law school, people coming into (inaudible). []

MARSHALL HILL: Right. So the summary, small changes over the past year, they're mostly going in the right directions, mostly. Progress generally in the right direction. We continue to face challenges. We need to increase the percentage of our high school students in all racial and ethnic groups to graduate. Please remember here that this high school dropout problem is not specifically and just a minority problem. We are losing white students too. Reverse the decline of declining enrollment of freshmen. If the

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idea that if someone says, I'm graduating in May, but I'm not going to go to college. I'm going to kind of sit out a year and then maybe I'll start back in with a course or two at the community college, generally that does not work, statistically it does not work. My explanation, the "why" answer is that life happens. People get jobs. They get an income. They get married. They have a child. They move. They do whatever. So the idea that you can pick up a little bit here and there and then go on is statistically suspect. And then we continue to support the idea of bringing in more out-of-state and foreign students who are attracted to Nebraska's colleges and universities. We continue to be concerned that we are a relatively low supporting state in terms of need-based financial aid for an FTE basis. We're 37th, I believe, 38th in the nation on that. Several years ago we were worse. We've gotten a little bit better. And we need, as always, to continue to improve our college and retention graduation rates across all sectors, all ethnic groups, and so forth. Now, I've been making this presentation to you in part to shield you from the incredible enthusiasm and depth of knowledge of my research staff. And that's Barbara McCuen, Kermit Spade, and Duncan Hsu who's back in our office. He is so much a computer person that we never can pry him away from that. These folks have done very, very good work and we appreciate that. I'd be please to respond to any additional questions you have. []

SENATOR RAIKES: Okay. Thank you, Marshall. Senator Adams. []

SENATOR ADAMS: Marshall, this really isn't a question, just an observation and fairly anecdotal. But in 31 years of teaching seniors, every year, about this time probably, as I would look across the class of 100-plus students that I dealt with and talked with them about what are they going to do next, those who I felt were capable of succeeding in college but were choosing to stay out a year...like you, I always had the concern that if you lay out, you're probably not going to go back because of life, car payments, on and on it goes. And here's the real anecdotal part. I sensed that the reason in 31 years that that vast number of students was not going on, even though they were capable, one, they did not come from a family of college education. So there were those that were saying you ought to, but there wasn't that climate, that culture, that environment that said that expectation. And secondly, they were scared to death at the amount of debt they would have to incur because they were typically on the ACT scores somewhere between 20 and 25, which virtually knocks them out of any kind of financial assistance. Their parents were not capable of helping them. Anyway, that's what I saw. []

MARSHALL HILL: We are very concerned about that. I think most people have in mind that if you graduate from medical school or law school, you owe a lot of money. And people don't worry about that too much because lawyers can earn a lot of money and physicians generally do. So they don't worry about the ability to pay back. But increasingly, students are graduating from even associate degree programs, but especially baccalaureate degree programs and owing a great deal of money. The average in Nebraska is \$20-some odd thousand dollars of students who do owe money

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at graduation. The average baccalaureate graduation is above \$20,000. That's a lot of money. When you add to that the fact that we tend to pay less in Nebraska for the attainment of higher education degrees, we are about 40th, 46th in the nation. If we're expected to earn more money as a college graduate instead of as a high school graduate, the differential there in the state of Nebraska is about third or fourth from the bottom. I've got a...I e-mailed a couple of you some materials on that the other day, and I'll provide additional. But that does remain a concern and I think people do indeed believe they can't pay it back or they can do just as well without, and they're definitely wrong on one of those. []

SENATOR ADAMS: Would you e-mail me that information? []

MARSHALL HILL: Yes. []

SENATOR AVERY: This is an excellent report, excellent report. []

MARSHALL HILL: Thank you, sir. []

BARBARA McCUEN: (Inaudible) []

MARSHALL HILL: Yes. []

SENATOR RAIKES: Actually, Barb, you probably need to... []

MARSHALL HILL: Need to stop? Okay. We will. []

SENATOR RAIKES: No. The transcriber can't get anything that is not in the mic. []

MARSHALL HILL: Oh, can't get anything. All right. []

SENATOR RAIKES: So she would need to come up to... []

MARSHALL HILL: Remind me what I should say. []

BARBARA McCUEN: That in summary, the freshmen decline at 11 percent is due to where we've had an increase actually in minority students than (inaudible) decline in older ones. []

MARSHALL HILL: That's right. That first chart shows a decline of freshmen, full-time freshmen entering the student. That would be worse were it not for increasing minorities students. But the trend is going in the wrong direction there and we've got to do something about it. []

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SENATOR RAIKES: So in summary, it was a mistake to do LR174 and require all this information. We'd have felt a lot better if...(laugh) []

MARSHALL HILL: I've provided you a somewhat tongue-in-cheek little chart there which indicates that there is a method to our madness, I think. You know, a reasonable person looking at all of this says, is this worth it? Is this worth it? []

SENATOR RAIKES: I'm reminded actually of a story that illustrates that. The farmer who had always fed cattle and done it every year. And his son grows up with him, goes to college, the university, comes back and says, look, we've always been feeding cattle. We need to find out, you know, how we're doing. So I got this recordkeeping system, so let's use that. So he put it in place, and sure enough after the end of the year they looked at the results and they'd lost a lot of money. So the father looks at it, says to the son, well, we're sure not going to do that again. Son says, feed cattle? Father says, no, keep records. (Laughter). []

MARSHALL HILL: Well, we could sympathize with that from time to time. But we do think this is a good thing. We've put a lot of time and effort into it as you can tell. But if a number of institutions that are small and frankly don't have the institutional research capacity that we do, they excerpt a lot from this material. We see it pop up with minutes that come in from the community colleges and the state colleges and so forth. So we have to know where we are, I think, and we have challenges. But we have a lot of people working on them. []

SENATOR AVERY: You can't make good policy without this kind of information. []

SENATOR JOHNSON: I guess the one thing that pops into my head is is there a way of asking some questions of why these people make these decisions as well when you're doing... []

MARSHALL HILL: There are...the "why" questions are the most expensive ones... []

SENATOR JOHNSON: Yeah. []

MARSHALL HILL: ...to kind of answer because you end up having to do survey data. What our approach to that has been to presume that Nebraskans are not all that different from people elsewhere. And so we've looked to other national studies that have been well funded. There are several organizations which are really putting a great deal of money into higher education research now. The Lumina Foundation in Indianapolis and several other entities, and we're working closely with those. Whenever we can come up with good "why" answers, we'll try to keep you advised with that. []

SENATOR JOHNSON: Okay. Thanks. []

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SENATOR RAIKES: I am reminded that I have kind of been a little lax here. This is actually a hearing, so what I need to do is to for the transcriber indicate that we've got: Matt Blomstedt, the research analyst; Brad Ashford wasn't here, but Gwen Howard was; Carroll Burling; Tammy Barry; Ron Raikes; Gail Kopplin; Greg Adams; Joel Johnson; Bill Avery; and our clerk, Kris Valentin. We've just been hearing from Marshall Hill, as he identified. He has completed his testimony. I think there are no more questions. So at this point, I need to ask if there is proponent testimony for this report? Opponent testimony? Neutral testimony? If not, I wish to again thank you very much for the report and the information and the presentation. And that will close our hearing this morning. Thanks for being here. []

Chairperson

Committee Clerk