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[AGENCY 51]

SENATOR MELLO: Good afternoon. We're going to resume today's Appropriations Committee hearing. Our last hearing of the day is on Agency 51, the University of Nebraska. And just to go through, since there's a significant number of people who have joined us this afternoon after other agency hearings have finished, in the corner of the room you'll see some yellow forms. If you're planning on testifying today, please fill out the form in its entirety. It helps us keep an accurate record of today's hearing. When you come up to testify, please give Anthony over here the yellow sheet. When you sit down, please tell us your first and last name for the...and spell out, spell them out for the public record. If you have any paper handouts, please give them to one of the pages. We ask that you have 11 copies. If you do not have 11 copies, we will make additional copies for the committee. We will be using a five-minute light system, for those who are new to testify today in front of the Appropriations Committee, the five-minute light system in front of us right here. When you start, the light will turn green. When the yellow light comes on, that is your one-minute warning. And when the red light comes on, we ask that you wrap up with your final thoughts. At this time, just to remind everyone, please check their cell phones, senators included, to make sure that they're on silent or vibrate mode. And with that, we will begin testimony, hearing on Agency 51, the University of Nebraska. [AGENCY 51]

TIM CLARE: (Exhibits 14-15) Good afternoon, Chairman Mello, members of the Appropriations Committee. My name is Tim Clare, C-l-a-r-e, and I am chairman of the University of Nebraska Board of Regents. I'm here today on behalf of the board to speak in support of the University of Nebraska's budget request. I believe our proposal to hold the line on tuition for Nebraska students in exchange for a renewed state investment in higher education is a win-win for students and for the families, the university, and the state of Nebraska. It is a proposal that fits with the goals of the Board of Regents' strategic format, which we developed for the university. It fits within our land-grant mission, and it fits with the expectations that policymakers and Nebraskans

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have for us. I appreciate the opportunity to tell you why I think this is the case. This is a special time in the University of Nebraska history. I feel fortunate to be serving as chairman of the board at a time when we're experiencing remarkable momentum and have new opportunities to do more to serve Nebraska. We have seen significant success in enrollment and in research, and we have major goals for even more growth in both areas. We have some very promising partnerships with the private sector and with government that all promise to benefit Nebraska's economy. And most important, our students have opportunities far beyond what was available just a few years ago to participate in rigorous academic programs like the Raikes School, to study abroad and take advantage of other global engagement opportunities, to participate alongside top faculty in conducting meaningful research, and to find internships at leading Nebraska companies and other career focused opportunities that will open doors for our students after they graduate, again, benefiting our students and the entire state of Nebraska. I believe the reason we are in such a strong position today is that we have been good stewards of the taxpayers' monies and have maintained a sharp focus on strategic priorities and on specific metrics that help us ensure that we're living up to those priorities. Since 2005, the Board of Regents has been guided by a strategic framework which lays out measurable goals in key areas such as affordability, enrollment, graduation and retention rates, research, engagement with the citizens of Nebraska, and cost-effectiveness. Each of you has a copy of the strategic framework in your notebook, but let me briefly review six overarching goals. The first goal and the university's highest priority is affordable access to high-quality education. We believe, as part of our land-grant mission, that the University of Nebraska should be accessible to all students who are qualified and who want to attend. In recent years, we have kept tuition increases moderate and predictable, and we are proud that each of our campuses remains a tremendous value compared to peer institutions. We have maintained our investment in financial aid so that cost is not a barrier, and we are committed to programs like Collegebound Nebraska and College Prep Academies at high schools around the state that make the promise of higher education available to students who may not otherwise have had access. A vital component of affordability is

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stable state support. Our budget request represents a renewed state investment in the University of Nebraska, after five years of flat funding. The requested increase in state appropriations would help us achieve our goals and ensure our competitiveness and allow us to freeze tuition for Nebraska students for the next two years. This would make a real difference to Nebraska students and their families and help them plan effectively for the cost of college. The second goal of the strategic framework is to build quality academic programs with an emphasis on excellent teaching. Success depends largely on our ability to recruit and retain outstanding faculty in a highly competitive global environment. However, faculty salaries continue to lag behind peer averages. We need to maintain our investment and talent in order to remain competitive. The third goal is work force development. The University of Nebraska is an important talent magnet for Nebraska, attracting faculty whose teaching and research improves the quality of life for individuals and students who we hope will stay in this state to live, work, and raise a family. I believe the key to keeping our best and brightest students here in Nebraska is to provide them a quality education that prepares them to succeed in today's global economy. Our fourth strategic goal relates to research growth. As a land grant university, we have a responsibility to conduct research in areas that will help the people of our state lead healthier, more productive lives, and we are doing so in a wide range of disciplines. Last week, for example, we heard a presentation from the Medical Center on innovative approaches to agricultural health and safety--an area of great importance to Nebraska. We have built and are continuing to build important research partnerships with the private sector, focused on food, fuel, and water, including a new partnership with ConAgra Foods at Nebraska Innovation Campus, and we will make important contributions to national defense and safety through our new University Affiliated Research Center, a partnership with STRATCOM. The fifth goal is outreach to Nebraskans. The university has a presence and a role in every county in Nebraska, and we are helping Nebraskans start their own companies, increase the productivity and profitability of their farms, ranches, and businesses, and enjoy a better quality of life. And the final goal is cost-effectiveness and accountability to the citizens of Nebraska. This includes careful management of our funds, transparency in our operations, and a

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commitment to implementing efficiencies and identifying opportunities to grow revenue. I have seen this commitment firsthand through my work on the audit committee with our board, and I have great respect for and confidence in the financial management of the university. In short, I believe we are being good stewards with taxpayer monies. I hope this gives you a sense of the priorities that guide the Board of Regents as we make decisions about the future of the University of Nebraska. We greatly appreciate your continued partnership and support for the important role higher education plays in this state. Funding the university's budget request would make a significant difference in affordability, quality, competitiveness, and service to Nebraskans, and I would ask for your favorable consideration. Thank you. [AGENCY 51]

SENATOR MELLO: Thank you, Regent Clare. Are there any questions from the committee? Senator Larson. [AGENCY 51]

SENATOR LARSON: Thank you, Regent Clare, and I'll try to keep more of the politic policy side questions to you, since you're the elected member here, and the budget questions to President Milliken. Many times in your opening you talked about being good stewards of the taxpayer money, and I appreciate the fact that you do recognize that you are a steward of the taxpayer money. Do you, Regent Clare, believe that Nebraska taxpayers should pay for the plus-one program, because I know a lot of the benefits or a lot of the increase that you're asking for is going towards salary and health insurance rates? [AGENCY 51]

TIM CLARE: We held a discussion on that issue last year. We voted on that issue, recognizing the pros and cons of that issue, and the board decided as a whole that that issue, that that benefit should be allowed and granted that benefit to be extended to employees and faculty. And we believe that it was an important competitive advantage for the board to offer that benefit to students (sic). [AGENCY 51]

SENATOR LARSON: And when you say "we," are you included in that "we"? [AGENCY

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TIM CLARE: I am included in the Board of Regents. [AGENCY 51]

SENATOR LARSON: And the "we," that it is a good use of taxpayer money? [AGENCY 51]

TIM CLARE: It's important to attract good faculty and retain good faculty. [AGENCY 51]

SENATOR LARSON: All right. Because I know personally you voted against the plus-one program and I was just wondering if you've since changed your mind or if you did now believe that that was being a good steward. I noticed also in your opening you talked about flat funding and I have...what I...it only goes through 2011. How long did you say that flat funding had been from the state, that you guys had received flat funding? [AGENCY 51]

TIM CLARE: I believe it's been the last five years. [AGENCY 51]

SENATOR LARSON: Five years. It's 2013 so that would go back to 2008. I see, I have a chart here that shows what percentage increase the state appropriation was and the percentage increase of tuition as well. And I guess going back seven years, to 2006, the state appropriation in 2006 was a 7.4 percent increase; 2007, 6.1 percent. But in that five years, if we're going just to 2008, you received a 4 percent increase; a 4.1 percent increase; then just a 1.6 percent; and then the last year, in 2011, you received a negative 1.3 percent. Can you explain to me how that is a flat increase? [AGENCY 51]

TIM CLARE: I believe when you're looking... [AGENCY 51]

SENATOR LARSON: Are you adjusting for inflation or... [AGENCY 51]

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TIM CLARE: Yeah, when I'm talking about the increases that have occurred in state appropriations, I'm talking about adjusted for inflation and the fact that that has been flat. In fact, if you add the 4.2 percent that we're requesting in these next two years, it would be average of 1 percent increase over the last seven years. [AGENCY 51]

SENATOR LARSON: But not necessarily flat funding. [AGENCY 51]

TIM CLARE: Well, essentially. Yeah, okay, I understand. [AGENCY 51]

SENATOR LARSON: (Laugh) I mean we do have to be very careful when obviously words can be minced and whatnot. Flat funding would be X amount of dollars each year. And I would say, you know, K-12 education, obviously you guys took a hit in 2011 with a negative 1.3 percent, but they went from \$900 and some million to \$800 and some million. So their funding actually decreased over that time. And like I said, I know you guys took a decrease in 2011, but your funding did increase in each one of those five years. [AGENCY 51]

TIM CLARE: I understand. [AGENCY 51]

SENATOR LARSON: Looking...I know the university has had a...has made a deal with the Governor, if you want to call it that,... [AGENCY 51]

TIM CLARE: Uh-huh. [AGENCY 51]

SENATOR LARSON: ...and that tuition freezes is very important, from what I can understand, to the Board of Regents and the university. Correct? [AGENCY 51]

TIM CLARE: Yes. [AGENCY 51]

SENATOR LARSON: And you're here asking for that. And we as a committee funded

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you at about 2.25 and 2.75 increases, which I think puts it at...puts you right around an \$11 million increase for 2013...or 2013-14 and a total of \$25 million. So your total appropriation in fiscal year 2014-15 would be about \$528 million, compared to about \$497 million currently. And that's what the Appropriations Committee did. We've heard our Chairman on the floor the past week, as we've discussed the Tax Modernization Commission and a number of other bills coming out of the Revenue Committee that have tax implications, and it's been discussed on the floor that the state of Nebraska only has \$16 million to spend right now built into our budget. And whether or not that, you know, that comes down with projections or whatnot, \$16 million is our working number. If we were to bump you guys up to 3 percent, still far below what the Governor did, that's about an extra \$9 million a year, so that would take the Legislature to have \$7 million to spend. If we bump you guys up to the Governor's budget, that would be about an extra \$25.7 million. We'd have to cut \$9 million in other places to do that. So you're sitting here and obviously you're competing for part of that \$16.1 million with a number of other agencies, number of other groups, and I think that's important. And maybe these aren't winning questions I'm going to ask you but...and I know we're the ones that are tasked with the decision of what happens and that's the glory of the Appropriations Committee. But if you could give me a simple yes or no answer on these I'd really appreciate it, because you are competing with these other things for money. Is the university more important than zero-to-five early education? [AGENCY 51]

TIM CLARE: I would say that the University of Nebraska is an investment in higher education and that when you are appropriating dollars to the University of Nebraska you are ultimately increasing the benefit of all residents of the state. [AGENCY 51]

SENATOR LARSON: All these things have those implications as well. I'm just asking, is the university more or less important than zero-to-five or K-12 or foster care payments or Medicaid or Medicaid provider rates, developmental disability? [AGENCY 51]

TIM CLARE: Yeah. [AGENCY 51]

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SENATOR LARSON: Because that's what you're competing against for this \$16 million. Are you more important than those as every...or wildfire control that the state spent \$12 million on last year? I mean if we give you what you want, that \$25.7 million from the Governor, or even bump it up to 3 percent, \$9 million, we are essentially saying that, you know, you're taking priority over those other projects. [AGENCY 51]

TIM CLARE: Yeah. And I don't know if it's fair to say that we're more important than one versus another. What I look at it as, if I was sitting in your shoes, I'd want to know what am I investing my monies into. And I'd look to see, you know, when I see a statistic that says in 2018, 66 percent of the work force is going to require some sort of postsecondary education, I'd say the University of Nebraska is right up there in terms of level of importance. I'm not going to sit here and categorize one versus another, whether one is more important than another. But I do believe it's a worthwhile investment. I believe that it's a very important investment for the benefit of our state. [AGENCY 51]

SENATOR LARSON: I agree with you that it is a very worthwhile investment, as is higher ed in general. But I guess what I'm also saying is we on this committee do have to prioritize where we spend our money and we do have to. We don't have the luxury of just representing one agency saying we need X amount of dollars. We have to choose between early education, and we've seen the benefits of, you know, early education. A kindergartner... [AGENCY 51]

TIM CLARE: Oh, we see the... [AGENCY 51]

SENATOR LARSON: ...a kindergartner... [AGENCY 51]

TIM CLARE: ...benefits of early education,... [AGENCY 51]

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SENATOR LARSON: Yeah, you know... [AGENCY 51]

TIM CLARE: ...you know, with the Buffett Early Childhood Institute. [AGENCY 51]

SENATOR LARSON: Yeah. A freshman can work at Amigo's; a kindergartner can't. I mean there's (laugh)...we have to be very mindful of those things to ensure that those that cannot work for themselves do have the educational opportunities. Earlier this year or maybe it was at the end of last year there was an article in the Journal Star that talked about administrative bloat. You commented in that article, saying that the Regents were considering ways to improve efficiency in the university system. Can you expound on that? What are the Regents considering to improve efficiency within the university when it comes to administrative bloat? [AGENCY 51]

TIM CLARE: Well, we're constantly looking at efficiencies. We're looking at things that we can do to provide a better quality education for our students. We're looking at it as a good partner with the state, because the state is our partner, as is the private sector. We're looking at ways that we can make the education better for the students so they have an opportunity to compete in the global marketplace. We're looking at ways that we can do more with less, because we recognize it's a tough economic time right now. So we're constantly looking at ways of efficiencies, ways to do...provide a better education. [AGENCY 51]

SENATOR LARSON: And on a last note that I can think of at this point, and we've talked a little bit about it again in the grand scheme of things of where the Regents are, and actually I've talked to the administration of the university and they seem to be on the other side of this than the Regents, as are the students. The new Health Center proposed, privatizing it, I understand, does add to student costs, but to keep it under the UNL auspice, we'll say, actually will cost the students more in fees. Correct? [AGENCY 51]

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TIM CLARE: We don't know that exactly yet and that's why we've pulled it from the last Regents' meeting, because we're going to conduct a financial analysis. [AGENCY 51]

SENATOR LARSON: Do the...will the Regents take into consideration what I know both...or from what I understand, I don't know if President Milliken but I know Chancellor Perlman has expressed his support for the privatization, as well as have the students. And maybe, you know, obviously, fees are an important part of keeping education affordable and that's why you guys are here. That is a significant cost to students. They pay for that. And are the Regents going to listen to, you know, what the students want and take into account what the actual costs are? Because the students have spoken in the last election, I believe,... [AGENCY 51]

TIM CLARE: Yeah. [AGENCY 51]

SENATOR LARSON: ...what they preferred. [AGENCY 51]

TIM CLARE: Yeah, the students did vote on it and it's certainly a factor. Providing top-quality healthcare cost to the students at reasonable fees is paramount. And it's a great recruiting tool for certainly Nebraska students but out-of-state students and international students. This is a tremendous healthcare provider for them, both in terms of the privatization as well as the current University Health Center. So we need to look at all those things and that's what we're going to be doing in the next two to three months and analyzing what is in the best interest of the students. [AGENCY 51]

SENATOR LARSON: Is it up...I guess I know the final answer. It is up to you guys to decide what's in their best interest. Are they...do you think they're responsible enough to make that decision for themselves what is the best for them? [AGENCY 51]

TIM CLARE: Who? [AGENCY 51]

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SENATOR LARSON: The students. [AGENCY 51]

TIM CLARE: I think the students, what they decided certainly plays a role in what we will decide. But I don't know if anybody, us included, know what the final answer is right now. [AGENCY 51]

SENATOR LARSON: Because the Regents have the ultimate authority over it. [AGENCY 51]

TIM CLARE: That's correct. [AGENCY 51]

SENATOR LARSON: I just want, like I said, I think I've always stood up for young...the younger generation and I guess I'd make the point that if you publicly go against that, that would send a bad message to the students. [AGENCY 51]

SENATOR MELLO: Thank you, Senator Larson. Real quick, just for a point of clarification before I call on a few other members, I believe it's more of a clarification point, I think, Regent Clare, in the sense of if you look at the committee's preliminary budget. On line 22, the committee has appropriated \$16 million for posthearing adjustments. I think Senator Larson may have been referring to line 26, which is about \$16 million left for any additional new spending or tax expenditures, just for a point of clarification.... [AGENCY 51]

TIM CLARE: Thank you. [AGENCY 51]

SENATOR MELLO: ...in regards to whether or not the university's appropriation would be competing against something else that is in another committee or another piece of legislation outside of the posthearing adjustments. That's just more for a point of clarification in regards to I think what Senator Larson had mentioned. Senator Bolz. [AGENCY 51]

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SENATOR BOLZ: Thanks for being here this afternoon, Regent Clare. [AGENCY 51]

TIM CLARE: Thank you. [AGENCY 51]

SENATOR BOLZ: I appreciate your comments regarding affordability for the university. I heard loud and clear from my constituents that the university is important and well-appreciated, lots of red Ns knocking on doors in my campaign. My question for you, just one question, is I would like to see affordability maintained, and it sounds like you do too. Are you willing to work with this committee to try to make sure that we can achieve the goal of maintaining that affordability, perhaps even the tuition freeze, while staying in the context of our budget? Can you work with us on that? [AGENCY 51]

TIM CLARE: I would say that over the last several years that I've been on the board we've looked at the state as a partner and we've looked at the state as...in partnership for the benefit of the entire state of Nebraska. I would say that in that situation certainly I'd be lying if I said we wouldn't like the whole appropriation that was requested, but in the event that we can't get that, we would certainly work our hardest to try to do the best that we could to keep in compliance with our strategic framework, which is affordable tuition. [AGENCY 51]

SENATOR BOLZ: I appreciate that. I, too, hope that there is some common ground in maintaining affordability and maintaining the context of our budget as a whole. Thank you. [AGENCY 51]

TIM CLARE: Uh-huh. [AGENCY 51]

SENATOR MELLO: Senator Harms. [AGENCY 51]

SENATOR HARMS: Thank you, Senator Mello. Thank you very much for coming and

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testifying. Appreciate it. [AGENCY 51]

TIM CLARE: Thank you. [AGENCY 51]

SENATOR HARMS: You know, whenever we build a budget, as you know, there has to be a blend. And the university will play a very...I think, a very important part of that blend in the direction we want...that we want to help the university go. But first I'd just like to say that I think it's extremely important that we have a strong university and I don't think this is the time, to be very frank with you, that we should underfund the university or higher education. We're at a point now where we're so...the world has become so competitive, that changing world and global economy, without a strong university this state cannot compete with the rest of the world. There just is no other choice. There isn't any other way we can do it, whether it's at the University of Nebraska Medical Center and their cancer research and that, you know, the Cancer Research Tower that you're building is critical to us in the future for our healthcare; whether it's in the area of agriculture; whether it's in the area of engineering. I mean you just name the list. And the university has to take the leadership role to make sure that we have prepared ourselves appropriately for this competition that's coming. And it's fierce competition. And whatever it takes, I think that we have a responsibility to make sure to set aside whatever our differences might be here and find a solution to making sure that we're all on the same sheet, and that is to make the university strong, give our students the greatest education we can give them so that they can be competitive in this changing world and global economy, and they'll stay right here in our state, in our home, to make us do that. And that, to me, is your challenge and it's our challenge, with your goals that you've established here, I think are important, but to me that's where we have to be. I think it's important to do this and I think it's time that we stay focused on that, not only with the university but state colleges, you know, community colleges all play a very valuable role. The public schools play a valuable role, you know, early childhood development plays a role so we can keep them in school, give them the tools they need so they can get into the university or the colleges. But I just want to thank you for the

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role that you're playing, but the role is going to become greater, as you know, in the future. There's just no other choice. [AGENCY 51]

TIM CLARE: Yeah, and the challenge is going to be it's throughout the entire state. [AGENCY 51]

SENATOR HARMS: Yeah, I agree. [AGENCY 51]

TIM CLARE: You know we're...when last year when we were talking about the healthcare, Building a Healthier Nebraska initiative, you mentioned the Cancer Center, but don't forget about Allied Health out in Kearney. And we had 25 counties that didn't have a physical therapist and 24 counties, I believe, that didn't have a physician's assistant. The Allied Health Center that we're putting in at the university at Kearney is going to be able to help satisfy and train those folks so that we can provide healthcare throughout the entire state of Nebraska, and that helps in terms of the growth of our state as well. [AGENCY 51]

SENATOR HARMS: I think one of the greatest challenges you're going to have and we're all going to have is to...how to address the issue of the drought and drought-resistant crops. [AGENCY 51]

TIM CLARE: (Laugh) I can't do anything about that one. [AGENCY 51]

SENATOR HARMS: You know, drought-resistant crops and all those things... [AGENCY 51]

TIM CLARE: Yeah. [AGENCY 51]

SENATOR HARMS: ...that we're going to be knocking on your door to help us has to come forward, and we can't do it without the university being strong and... [AGENCY 51]

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TIM CLARE: Well, I can't make it rain, but we can certainly work hard to become drought resistant. [AGENCY 51]

SENATOR HARMS: And I agree with that. If you can figure that out, if you can figure that out, we'll both be rich. [AGENCY 51]

TIM CLARE: There you go. [AGENCY 51]

SENATOR HARMS: Thank you. [AGENCY 51]

SENATOR MELLO: Senator Conrad. [AGENCY 51]

SENATOR CONRAD: Thank you, Regent Clare. Appreciate your presentation and it's a good refresher and reminder to us seasoned members of the committee about all of the good work happening at our university system. It's something that I think we can indeed all be proud of. I wanted to just ask a quick question and that maybe there will be others behind you who could offer more specifics. But from what I could piece together in relation to some of the issues Senator Larson mentioned, the Health Center, the plus-one benefits issue, if you had to guess, what would those issues represent as a percentage of your overall budget? [AGENCY 51]

TIM CLARE: Um... [AGENCY 51]

SENATOR CONRAD: Less than 5 percent? Less than 1 percent? [AGENCY 51]

_____ : (Inaudible) [AGENCY 51]

SENATOR CONRAD: Sure. [AGENCY 51]

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TIM CLARE: Yeah. It's significantly less than 1 percent. [AGENCY 51]

SENATOR CONRAD: Okay. Very good. I just thought it was...probably be helpful for the record to put those issues into perspective in the context of this budgetary hearing and remind people, who maybe aren't as familiar with the university's budget, that we're talking about a budget that's over \$1 billion from all sources: state, tuition, federal, revolving, etcetera. So I think it's always important to put those numbers into perspective. The final question that I wanted to get your reaction to was there's been some attention recently in Nebraska and as part of a broader national conversation about performance standards in higher education. And obviously, the devil is in the detail there about what that means, how that's implemented, how it's defined, and how those measures might be utilized. It seems to me that you've done a very good job of illustrating through self-imposed, voluntary benchmarks that the university has set for itself in regards to its strategic plan. But I did want to provide you an opportunity to respond to that issue from a general or specific sense, if you think it would be helpful, because I know that's something that this committee has discussed in our deliberations about how we can ensure we're being good stewards of the taxpayer dollar as well. And I think that the data speaks for itself from the university perspective, but I wanted to give you an opportunity to respond to that if you'd wish. [AGENCY 51]

TIM CLARE: Oh, I think there are some...certainly some very meritorious comments about what was in the report. I think a lot of the issues that they discussed were issues that we address in our strategic framework. Is it the end-all and the most definite answer? No. I think there's exceptions to everything. College preparedness is something that I think we can continue to strive and improve on to prepare these kids so that when they do get done that they are best prepared to meet the challenges of the global economy. And that's something that, again, we strive for. I can give you an example at...within the College of Business Administration. You know, Donde Plowman has initiated a life skills, a career coaching. So in an era where we reduce the number of hours that it takes to graduate, she took it down an additional four hours to emphasize

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that when they're freshmen, sophomore, junior, and senior, they have to take an hour credit class each of those four years in order to graduate. So those four hours that she's making mandatory are hours that will do a better job preparing the students for life after college so they're more competitive out in the work force. And I think that's really what, in my mind, what we're here to do is not only educate but prepare. And if we can do those things, Nebraska is going to benefit. [AGENCY 51]

SENATOR CONRAD: Very good. Thank you. [AGENCY 51]

SENATOR MELLO: Senator Wightman. [AGENCY 51]

SENATOR WIGHTMAN: Thank you, Chairman Mello. Thank you for being here.
[AGENCY 51]

TIM CLARE: My pleasure. [AGENCY 51]

SENATOR WIGHTMAN: I guess we're talking about leaving the tuition rates the same. And I think I've asked this question before. Are we, right now, the lowest university in the Big 12...Big 10 Conference? [AGENCY 51]

TIM CLARE: I'm not sure if we're the lowest within the Big 10. I believe we are. And amongst our peers, we're certainly below the peer average. But I believe that that expresses...again, goes back to what we've talked about earlier with the partnership that the university has with the state. The state has placed a high degree of emphasis on the importance of higher education and, as a result, has, to the state-aided budget, has contributed dollars, one of the two components in the state-aided budget that helps keep the lights on and teach the students in Nebraska. And so the appropriation has been the contribution by the state and recognizing that that appropriation is the formula for a good partnership with the university. And as a result, the emphasis it places on that higher education does allow us to keep tuition rates low and affordable for our

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students. [AGENCY 51]

SENATOR WIGHTMAN: And I agree with you that it's important that we do keep those low. I don't have any problem with that. I do have a question. Do you know what the other universities are doing this year? And maybe they aren't out yet. They may be still dealing with their legislatures. So do you happen to know that? [AGENCY 51]

TIM CLARE: I don't know specifically because I think they're in the process of working, and I've seen some where the tuition increases have been in the...I have heard some universities are freezing theirs at the same rates and some I've heard up to maybe 4 percent tuition increases. [AGENCY 51]

SENATOR WIGHTMAN: Thank you. [AGENCY 51]

SENATOR MELLO: Senator Larson. [AGENCY 51]

SENATOR LARSON: Thank you. And to kind of touch back on where we were, I know that...well, the Health Center will be all student fees. I understand that. None of that is going to be tax dollars. I bring it up because we always talk about good steward of taxpayers' monies and those are obviously your...those are the people that you work for, the students, and obviously the people of Nebraska. In terms of the plus-one, I also understand that it's a minimal part of the university's budget, where your budget is. And I think the last article I saw had 71 employees that...71 people that have filed, and the university averages about \$8,800 per employee for health insurance, by my math, so that's about \$625,000, if that math is correct. But are you good stewards of 99.5 percent of your budget in taxpayer dollars or are you good stewards of all 100 percent?
[AGENCY 51]

TIM CLARE: I think we're good stewards with 100 percent of our tax dollars, and I say that because I know what you're getting at, but at the same time the other side of that

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coin is to provide competent faculty, recruit and retain competent faculty for the benefit of our students and for the benefit of the university, and if that's what it takes to...from a... [AGENCY 51]

SENATOR LARSON: I understand that. I'm just saying that just because it's a small part doesn't mean it's not an important part. I mean we can overlook \$500,000 or, you know, we're spending, you know, all but \$500,000 wisely, whether it's on this or any other program. All of a sudden, it continues to add up. And I think we have to be good...you guys attempt to be good stewards of your entire budget, not... [AGENCY 51]

TIM CLARE: I believe... [AGENCY 51]

SENATOR LARSON: ...no matter how small that spending requirement is. [AGENCY 51]

TIM CLARE: I believe we are. Thank you. [AGENCY 51]

SENATOR MELLO: Senator Kintner. [AGENCY 51]

SENATOR KINTNER: Hi. [AGENCY 51]

TIM CLARE: Hello. [AGENCY 51]

SENATOR KINTNER: Just want to say one thing. When the university does something like a plus-one program...and I know you got pretty good reasons for doing it. I understand that. And I know it plays well in Lincoln, maybe parts of Omaha. You know, it probably plays well in Chicago and Columbus and Ann Arbor and Madison and a few places. It doesn't play well in my district. And if I sit here and support a big appropriation for you, I'm going to hear about it. Hear about it (inaudible) being elected? Probably not. But there's going to be people saying, why are you giving them so much money; what

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they do is offensive to me; why don't you give it in K through 12? That's what I will hear. So I just want to say when you do things like this, you don't make it easy for us, from...the senators who aren't from progressive parts of the state. We, you know, people in my district go to church and they don't think that stuff is...that's not where they are. So I'm kind of caught, you know, between the two. So just want to let you know, you know, you don't do yourself any favors, at least with the senators that are in the nonurban areas. Statement made; you don't even have to reply to it, so... [AGENCY 51]

TIM CLARE: Well, I appreciate... [AGENCY 51]

SENATOR KINTNER: Okay, just so you know. [AGENCY 51]

TIM CLARE: ...I appreciate that. And I think... [AGENCY 51]

SENATOR KINTNER: Okay. [AGENCY 51]

TIM CLARE: ...again, I understand where you're...what your points are. I think that the, as I said earlier, the other side of the coin on that is that we have a duty, as fiduciaries for the land-grant university, to provide the absolute best education that we can. And if that's what is needed to help attract competent faculty and retain competent faculty, whether or not that person takes advantage of the benefit. And it's not all the...there's heterosexual relationships in that, in addition to homosexual relationship. [AGENCY 51]

SENATOR KINTNER: My...but a lot of people out in my district doesn't think much of that either but... [AGENCY 51]

TIM CLARE: I understand. [AGENCY 51]

SENATOR KINTNER: ...so, okay. [AGENCY 51]

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TIM CLARE: But I mean I'm just stating a fact that that's... [AGENCY 51]

SENATOR KINTNER: All right. [AGENCY 51]

TIM CLARE: ...we looked at it as it's providing a benefit to competent, capable faculty.
[AGENCY 51]

SENATOR MELLO: Are there any further questions from the committee? Senator
Conrad. [AGENCY 51]

SENATOR CONRAD: Thank you, Regent Clare. I'll tell you, these public hearings are
always eye-opening, even for members of the committee. I've been interested to hear
my colleague spend so much time and attention on the issue of the benefits matter that
never came up during the course of our preliminary deliberations. And I think it goes
without saying that the values of tolerance, diversity, and equality extend beyond any
legislative district. Thank you. [AGENCY 51]

SENATOR MELLO: Seeing no further questions, thank you, Regent Clare. [AGENCY
51]

TIM CLARE: Thank you. [AGENCY 51]

SENATOR MELLO: Next testifier or proponent, I should say, of Agency 51. [AGENCY
51]

J.B. MILLIKEN: (Exhibit 16) Thank you, Chairman Mello and members of the
committee, for asking Regent Clare all the questions today. (Laughter) I am J.B.
Milliken, that's J.B. M-i-l-l-i-k-e-n. I'm the president of the University of Nebraska and I'm
here to join with the chairman of the board in support of the Board of Regents' budget
request. I will try to respond to some of the questions that were asked in the course of

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my testimony, which where I think it will come up, if I think I can add anything to it. But I look forward to your questions. You know, Regent Clare alluded to this. I think it's an important point to make, that higher education is more important today than at any time I think in our history. The connections between educational attainment levels and personal economic opportunity are the greatest they've ever been. And also I think the positioning of the state and its attractiveness has an enormous amount to do with the educational attainment of its people. Now I pay great attention to whatever comes out of Georgetown, and the Georgetown Center on Education and the Workforce has done state-by-state projections of jobs and education requirements through 2018. Their reports shows the statistic that Regent Clare alluded to. Sixty-six percent of Nebraska jobs by 2018 are projected to require some kind of education or training beyond high school, not just four-year degree--I'll talk about the distinctions between the education and training in a moment--but some kind of education or training. That's 7th in the nation among 50 states in terms of the requirements for Nebraska improvements in education. That's 56,000 new jobs with education beyond high school. A more recent study from the same Georgetown Center--which by the way I kid about this but it is, they do really good work--reinforces that message; shows that the unemployment rate for recent high school graduates is four times higher than recent college graduates, and that since the recession began the number of jobs requiring a bachelor's degree increased by over 2 million. Those requiring an associate's degree broke even, and those requiring a high school diploma or less decreased by almost 6 million. The impact of the recession now, and I believe economic changes in the future, are going to be closely related to the level of education that we provide our citizens. The Bureau of Labor Statistics shows that workers with a bachelor's degree earn on average 36 percent more than those with an associate's degree and 63 percent more than those with a high school diploma. That's \$1 million of earning power over a lifetime, and I think we ought to be providing every Nebraskan who is capable of the opportunity for that economic advantage. You all know that the President of the United States, many of the largest foundations in the country have set educational attainment for the nation as a high priority. We used to be first in the world. Now in the population demographic, 25 to 34, I think we're 18th in the world

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now. When I first started talking about this a few years ago with you, I think we were 11th. But we are not going up; we're going down. The University of Nebraska feels that we have a stake in this and we have ambitious enrollment goals to grow 10,000 students over this decade. I think that's part of providing more opportunity to Nebraskans. So at this time, when higher education is more important than ever, I think it's also a time when it's under more of a magnifying glass than ever before. There's greater scrutiny of tuition, student debt, graduation rates, retention rates, student success levels, and there's more increase...there's more pressure on state funds, as Senator Larson mentioned. There have never been more challenges and more opportunities with technology in higher education, whether it's just on-line education that we have, and is growing rapidly, or MOOCs or other technological advances. Regent Clare mentioned that affordable access is the number one priority. We are quite proud of the fact that our tuition is significantly below the midpoint of our peer groups. Senator Wightman, it's second to the last at UNL, second to the lowest in our peer group. It's about the same at UNO and UNK. And it's lower at UNMC than in any of the colleges than our peers. This year we are encouraging a more dramatic statement about tuition in Nebraska, and I know you've heard a lot about that. On a related note, debt is an issue that you can read about in the national papers every week. I think the reason that we have the lowest debt in our peer group has something to do with our tuition rates. Our debt level is significantly below the average of our peers. It's lower on each of our campuses. Our student loan default rates are the lowest in Nebraska at each of our campuses. To just go down this litany of issues that we are being asked about, graduation rates, we'd be the first to say they're not where we want them to be. Two of our campuses of our three predominantly undergraduate campuses are ahead of their peers. One, UNL has made significant progress over the last few years. In fact, the rate that it's improving in graduation is double the rate that its peers are improving in graduate rate. So it also meets the Regents' criteria of 80 percent retention from year to year at UNL. Regent Clare and his colleagues adopted a measure last year which was designed to encourage graduation within four years, limiting all of our majors, all of our degrees to 120 degree credit hours. That's a significant step from some of the...I won't

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call it inflation but some credit hour loads have grown to over 135 credits a year. What we're saying now to students and their families is take 15 credit hours a semester, you can graduate in eight semesters, in four years, and we will make sure that we don't put requirements on beyond that. I mentioned on-line learning. This is an area of great success for us. We have 1,500 courses on-line now, 130 programs, full bachelor's degrees, master's degrees, and Ph.D.s. We've had a 130 percent increase in on-line credit hours over the last five years, so we think it's some indication that we're meeting needs in Nebraska and beyond of working adults and students, often full-time students, who because of their schedules are taking advantage of on-line courses. We have a fully accredited high school on-line, which is a point of great pride and one that we intend to expand because we think it offers great opportunities across Nebraska, particularly in rural areas where advanced placement, high-level science or math or foreign language courses may not be available in smaller districts. And this will provide us with an opportunity to do that. Now I want to say something now that...I don't know whether I should be venturing here or not. But, you know, I've been following the national debate on high education for 25 years now and how we are measured, and I think it's tempting to say that all higher education ought to be measured in one way: educating the greatest number of students for the lowest cost. And I think in a lot of institutions, there are about 4,000 of them in this country, I think for a lot of them that should be, that may be a great goal. Small liberal arts colleges, regional universities, community colleges, that may be a very appropriate goal. But at institutions like the University of Nebraska, the mission, the responsibility, the cost structure is very, very different. This is not new. One of the great things about American higher education is a great diversity for students. It's also a great diversity for states to offer, to have a full range of the kinds of institutions that a state needs. The University of Nebraska is a research university. It is the only public research university in the state of Nebraska. It has a campus that has a land-grant mission, which Chairman Clare alluded to, with all that entails, including a very significant amount of expenditure on extension and public service and outreach to citizens of Nebraska, which I would guess would be very important to constituents, particularly in nonurban districts. We have a metropolitan

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campus that serves the community with extensive outreach, a health service center...health science center with medical research and treatment second to none, and a residential campus that where over 50 percent of its students are first-generation college goers in an environment that will help them to succeed. So I don't want to take anything away from the other institutions in Nebraska. I think they do a great job. But it is clear that our mission and our cross-structure are very different, our operation is more complex and multifaceted than a small college. The investments that we make in water, in agriculture, in early childhood, in public health, in engineering, in cancer, more recently in national security, they create new knowledge, new jobs in the state, economic vitality, and they affect the lives of Nebraskans. Take the investments in agriculture alone, which contributed enormously to the economy in Nebraska. So with regard to the work that is uniquely the responsibility of a research university, it would be difficult, I think, to think about more dramatic statement of this value than we've seen in the last few years. Our recent selection within the last year by the Department of Defense as 1 of 14 universities in the country to be a University Affiliated Research Center with MIT, with Johns Hopkins, with the University of Texas at Austin, with Penn State. This is a tremendous opportunity for us, basic research for our students, and to cement our relationship with STRATCOM, which is fundamentally important to the state. That's just one example. Innovation Campus, where we are deeply appreciative for two years ago, in a tough budget time, when this committee and this Legislature appropriated funds that jump-started that, that led now to the announcement within the last year of ConAgra, one of the most important businesses in the country let alone Nebraska, signing as our first partner at Innovation Campus. Work is underway now and I think you'll be very pleased and excited about it when you have a chance to visit. Building a Healthier Nebraska last year, again a tough budget year, difficult decisions that you made, but the investment that you made in cancer research and treatment, in veterinary medicine diagnostics, and in extending nursing, allied health, physical therapy is a tremendous statement I think and great benefit to the state of Nebraska. So we recognize the tremendous partnership with this Legislature and what it's done for the people of Nebraska, even during difficult budget years. We understand the causes that

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led to five relatively flat years of investment in the operation. And in this, I don't know if you have this notebook, but in the second page of the briefing on our budget you will see a chart that gives the five flat years of operations, from '09 to '13, and we say relatively flat. There's two years that are flat. There's one that goes down. There's one that goes up. But it is for the most part flat on the size of budget of the University of Nebraska. This is operations. This doesn't refer to the capital investments I just talked about in Innovation Campus and at Building a Healthier Nebraska, but that's the operations that we pay. As you know, 80 percent of our state-aided budget is personnel. We have over 13,000 employees, so benefits and compensation comes out of that operating budget. Let's see, I may just speed ahead here. If I left without saying something positive about the Nebraska Technical Agriculture in Curtis, even without Senator Heidemann here, I would probably be in trouble. But you all supported some great things over that in the last few years and it is really an invigorated place today. The transformation there is amazing. We just recruited a new dean who is a sitting provost at another university who is coming to Nebraska to be the dean of Technical Agriculture. The final thing I'll mention is our capital request, which is \$17 million one-time capital construction funds for a College of Nursing. This was part of the Building a Healthier Nebraska. For reasons that we understood at the time, well, we...I guess we witnessed at the time, it was not part of the package. I would like to ask the committee to consider that because I know that will make Senator Conrad very happy, who has been a champion since day one for this project and probably wasn't completely satisfied last year when it was not part of the package. I'd like to suggest a way that the stewards of the Nebraska taxpayers, the Board of Regents, would propose a possible approach to this. When we programmed and budgeted the vet diagnostic facility, it turned out to be about \$10 million less than the early estimates were. It's closer to \$46 million than \$55 million. So we have a couple of suggestions that we'd like you to consider. One is that you might...you would consider reducing the private match proportionally with what the state appropriation will be. And two, that you consider the use of those funds you had committed last year for a jump-start on or a significant piece of the nursing facility in Lincoln, which will address the nursing shortage here. So I'll

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finish. I'll stop there. I appreciate your indulgence in allowing me to say a couple of things that I thought were important to frame this and I'm now happy to respond to any of your questions. [AGENCY 51]

SENATOR MELLO: Thank you, President Milliken. Are there any questions of the committee? Senator Larson. [AGENCY 51]

SENATOR LARSON: Thank you, J.B. Maybe I asked Regent Clare the more difficult questions so...though I am going to mention real quick, you mentioned 18th in the world in a lot of the educational standards. Most of that is K-12, correct, that we're ranking in terms of science and math and a lot of the rankings that are comparing... [AGENCY 51]

J.B. MILLIKEN: No, what I was referring to is that the United States is the 18th best-educated country in the world in that age demographic, that I think you're in, and we're slipping. In the demographic that I'm in, we're still number one for older people. [AGENCY 51]

SENATOR LARSON: Well,... [AGENCY 51]

J.B. MILLIKEN: So I... [AGENCY 51]

SENATOR LARSON: ...hopefully my generation continues to get involved in things such as politics and take a valued interest in what's going on. I have some facts, figures close to that in terms of our math and science scores slipping in comparison to nations across the world. And maybe it was just the ones that I left out were looking at something different from us. That focus is on our K-12, children entering K-12 and leaving high school. I touched on it with Regent Clare real quick in terms of his comments on administrative bloat and I'll reference back to that article that was written. It said, in that article, it said you had 13 administrators for every student, 24 percent above the national average, and that's university wide. Why? What...why is UNO significantly

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higher than the rest of the nation? [AGENCY 51]

J.B. MILLIKEN: You know, I read the article, then I read Chancellor Perlman's piece in response, because the article did not, in my mind, keep faith with The Chronicle of Higher Education article which precipitated it. The Chronicle's piece, if you read that, was essentially that there's a big debate about administrative bloat; here's an example. And it's not really bloated. And if you want to look at our numbers, first of all, I think it's important...some folks mix apples and oranges here and I think it's important that we consider what the administrative expense is with regard to the tax dollars and the tuition dollars, because during the last ten years, we've more than doubled our research funding and we've added people for that, a significant number of people, and that's supported almost entirely by new research grants coming in, which is a good thing. It's a great thing for Nebraska, not just for the university but for the state. So we are adding there, but we're not adding on the state-aided budget. So I'll just tell you the number of full-time administrative employees decreased 5 percent from 2001 to 2009. Since 2000 though, in roughly that same period, our enrollment grew 5,000 students. So on the state-aided side, we are reducing the number of administrative employees and increasing significantly the number of students. So I think...I've looked at the numbers, how we compare with other institutions in terms of administrative and other positions. You have to be careful about how you're defining administrative too. There would be people that you and I probably wouldn't call administrative who fall in that category in the budget numbers. But I think we've done a pretty good job. During that same period of time I mentioned, we have increased the faculty numbers and we decreased the administrative numbers. [AGENCY 51]

SENATOR LARSON: And I appreciate that. I think obviously it's hard to say, you know, when the state gives you \$497 million in the last year, it's hard to say, well, all that \$497 million went to X and none to Y. I know research dollars are different. They're grant dollars and you can separate those out specifically. Real quick, and you pulled...at \$495 million, which is right around where you were in terms of your last budget appropriation,

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and 49,897 students, that breaks down to about--49,000 students is systemwide--that breaks down to about \$9,920 per student in state financial aid. What you guys are request...or what the Governor put in his budget and you guys are continuing to request is about \$541 million the next year, would be the number next year--we'll use the same number of students though it might increase a little bit--is about \$10,842 systemwide. The university, Lincoln, receives about almost \$231 million in that state aid appropriation and the other universities get the rest. But if you take the \$231 million, divide it by UNL's undergraduate and grad students together of about 24,593 students, that breaks down to about just shy of \$9,400 a student. So actually, UNK, UNMC, the other university...the other campuses are getting a little more state aid per student. That \$9,400 per student, and I know this is rough math and... [AGENCY 51]

J.B. MILLIKEN: I'm going to help you a little bit with the math though in a minute.
[AGENCY 51]

SENATOR LARSON: ...and basic (laugh) basic comparisons are always fun. But it is the highest in the Big 10 and in the peer group. But again, you have the lowest retention rates. And I've heard you say in the past and we've talked in the past about...and this...I know I'm getting into multiple questions, about how, you know, you could raise retention rates and raise graduation rates if, you know, you didn't let everybody in. The land-grant mission is to let more people in. But I notice Iowa has an acceptance rate about 22 percent higher. They're at about 84 percent; Nebraska is at 62. Yet their four-year graduation rate is about 17 percent higher and their six-year graduation is about 6 percent higher. This is from data from the National Center of Educational Statistics. So obviously, like I said, multifaceted in terms of why, in terms of state investment, we are investing a significant amount per student but we're not seeing the same results that not only from our peer group or other Big 10 universities. But to use our mission, we let, you know, we're land grant, we have to let every...you know, more kids in, provide an education for the state, whatnot. Nine out of twelve universities in the Big 10 are land grant. Yet, again, just what is the issue with the university? Why are we not where the

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other universities are and how do we get there? [AGENCY 51]

J.B. MILLIKEN: Well, first of all, I may not be as familiar with the Big 10 comparisons, because we have used for 20 years a set of peers and so... [AGENCY 51]

SENATOR LARSON: Which a number of Big 10 schools are in, a number of them. [AGENCY 51]

J.B. MILLIKEN: Yeah, five Big 10 schools and five Big 12 and wherever they are now. But a few years ago I would have said five Big 10 and five Big 12 for UNL. Of course, this is one set of peers. There are 40 of them because each campus has its own set. So, you know, when we... [AGENCY 51]

SENATOR LARSON: I guess we are talking UNL when we talk about the peers. [AGENCY 51]

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

SENATOR LARSON: And I'm sorry to... [AGENCY 51]

J.B. MILLIKEN: Okay. So first of all, I'd take you back to the...where I was before about that I think it's very difficult to take a number for UNL and divide it by the number of students and compare that to a campus that has a completely different mission. We are...we significantly funded in this state extension, public service, outreach at a level maybe higher than a number of our peers, and that is hard to measure that by a per-student cost. [AGENCY 51]

SENATOR LARSON: Does all the extension come out of the UNL appropriation? [AGENCY 51]

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

SENATOR LARSON: So none... [AGENCY 51]

J.B. MILLIKEN: Well, not all of it, but the extension... [AGENCY 51]

SENATOR LARSON: Because...you get what I'm saying. [AGENCY 51]

J.B. MILLIKEN: ...in the state-aided budget all goes to UNL. [AGENCY 51]

SENATOR LARSON: Yeah, it all... [AGENCY 51]

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

SENATOR LARSON: Well, it all goes to the university, not all to UNL. We give you \$400... [AGENCY 51]

J.B. MILLIKEN: No, the agricultural extension program is at UNL. [AGENCY 51]

SENATOR LARSON: It's all...so out of the \$230 million that UNL gets specifically out of the \$494 million,... [AGENCY 51]

J.B. MILLIKEN: Yeah. Yeah, within that. [AGENCY 51]

SENATOR LARSON: ...all of the extension comes out of that \$230 million. [AGENCY 51]

J.B. MILLIKEN: Yes. Yes, that is correct. That is correct. Actually, if you look at the...this is kind of interesting. I think it's in your budget book on the next page. But if you look at the state appropriations per student adjusted by inflation, it's gone 20 percent over the

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last decade. So I do think that we're moving in the right direction now, if you think the right direction is less appropriations per student. Another place that we're moving, which I'm not sure is the right direction, as I said, I'm very pleased with where we are in terms of our tuition compared to peers, but if you looked, I don't know, a decade ago, 2000, and looked at the mix of the state-aided budget, was about 20 percent tuition and 80 percent General Fund. Now it's about 35 percent tuition and 65 percent General Fund. So if one believed that there's a shift that we ought to see, well, for better or for worse, we're seeing it. A significant reason we're seeing it I think is because of the tuition increases earlier in the 2000s, in some tough years, but it has changed significantly over the last decade in terms of the balance of tuition and state funding. You know, it's very difficult to peel apart with only a limited amount of the data what a complex university's budget looks like and where the dollars come from. If you looked at our peers, you would see vastly different levels of state appropriation, of tuition, of other resources, auxiliary funding that comes in to fund them. We are not high on total, of all sources, total funding per student in that peer group, but it's hard to compare them without really digging into each of those numbers. Nebraska has always been essentially a low-tuition, low-aid state. My guess is if we were dramatically different, had a different history and had much higher tuition, like Illinois or Penn State, we would probably have much higher state aid here that would go directly to fund financial aid for students. So I'm not sure you'd see a hugely different amount of dollars. You'd see them in different...in different places and come to higher education in different ways.

[AGENCY 51]

SENATOR LARSON: I love how you spin an answer, J.B. (Laugh) [AGENCY 51]

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

SENATOR LARSON: The...I guess it comes back to the...you talk about how the state appropriation as a percent of the state budget, how it's decreased over the last 20 years, and I saw that chart from you guys. For the record, we have to be mindful that we

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have funded things such as Medicaid to a much higher percentage and other programs that continue to help people throughout the state, and our budget has also grown significantly in the last 20 to 30 years as a state. So when you...but...and I understand that if extension is housed under UNL and to say it's just a percentage per student is unfair. But...and I'd like to...maybe I need to do a little more research on, you know, if Penn State has extension or if Pennsylvania has extension or things like that, because I'm guessing that they have similar programs related to such things. And you know, when I look at, you know, exactly what Penn State I guess is, their state appropriation to the university, Penn State University, is about \$602 million for 95,000 students, which breaks down to about \$6,200 per student. That just...and I'm sure they have other programs across the state. [AGENCY 51]

J.B. MILLIKEN: You picked the public institution with the highest tuition in America to compare us to. [AGENCY 51]

SENATOR LARSON: Well, if you want to do a peer group, we can do Ohio State, because I know they are in your peer group and they have \$484 million in state appropriation for about 64,000 students, and they're at about \$7,500 per student. And like I said, I'm sure they do programs outside the university as well that is paid for. So that's about \$7,500 a student and, again, compared to our \$9,900 or UNL, we'll use UNL as an example, about \$9,400. So it's concerning and, again, with Iowa, obviously, they're doing something excellent over there with admitting as many, the high percentages they are, 84 percent, and still getting, you know, 42 percent compared to our 25 percent done in four, and just 6 percentage points higher in six. But whatever they're doing maybe we should look at in terms of graduation rates. I'm going to, real quick, I was looking at this budget and we got this off the...it's this little pie chart. I don't know if you have this. We got it off your Web site, that talks about how... [AGENCY 51]

J.B. MILLIKEN: Probably (inaudible). [AGENCY 51]

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SENATOR LARSON: ...much you spend on instruction versus administration. And we've kind of been on this administration kick. And can you tell me, instruction, you spend \$218,962,174; 19 percent of your budget is the estimated expenditure for 2012-2013. Does that include health insurance in that instruction, that \$218 million? [AGENCY 51]

J.B. MILLIKEN: You know, I don't know what chart you're looking at, but I would imagine that it includes salaries and benefits relating to that part of the budget. [AGENCY 51]

SENATOR LARSON: Related to that aspect. Okay. [AGENCY 51]

J.B. MILLIKEN: Is that a total budget? [AGENCY 51]

SENATOR LARSON: Yeah. I'm looking at...well, maybe this is just Lincoln. It is. I'm sorry, this is just Lincoln. [AGENCY 51]

J.B. MILLIKEN: Okay. Yeah, I don't know that. [AGENCY 51]

SENATOR LARSON: And that's what I...my office pulled this out of the University of Nebraska-Lincoln Fact Book. [AGENCY 51]

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

SENATOR LARSON: I'm not quite sure. Do you know how many...and I guess since we're just on Lincoln. I'm sorry, it's not university systemwide. Do you know how many professors or how many people are in that instruction, FTEs, roughly for that \$218 million? [AGENCY 51]

J.B. MILLIKEN: For Lincoln? [AGENCY 51]

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SENATOR LARSON: Just a...I mean obviously it's not going to be right on. A shot in the dark would be perfect. [AGENCY 51]

J.B. MILLIKEN: Just under 2,000 would be my guess... [AGENCY 51]

SENATOR LARSON: Just under 2,000? [AGENCY 51]

J.B. MILLIKEN: ...in terms of faculty. Faculty systemwide varies but between...a little over 3,500 I would guess right now, something like that. So maybe Lincoln is about half of that, maybe a little more than half probably, given the mix of programs. [AGENCY 51]

SENATOR LARSON: All right. What about...and for UNL again, I'm sorry, we're on UNL... [AGENCY 51]

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

SENATOR LARSON: ...what about...I see that administration is just about 5.2 percent of UNL's budget, which is about \$60 million on administration, so I'm guessing salary and benefits are included in that. Do you know how many administration staff you have, roughly? [AGENCY 51]

J.B. MILLIKEN: Well, again, administration is...it depends who's defining the terms there. In some cases, they're all nonteaching or nonathletic. [AGENCY 51]

SENATOR LARSON: How you define, how you defined it I guess. You break out the pie chart into student and financial aid, then you break another part into student services. [AGENCY 51]

J.B. MILLIKEN: It's not my pie chart. [AGENCY 51]

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SENATOR LARSON: So however Lincoln defined it. [AGENCY 51]

J.B. MILLIKEN: I can't tell you anything about that chart really. I could take a look at it and respond to it, but I haven't seen it. [AGENCY 51]

SENATOR LARSON: Okay. Like I said, we got it from the university. [AGENCY 51]

J.B. MILLIKEN: I don't look at Lincoln's...yeah, I haven't looked at their Web site or their "Perls of Knowledge" yet so...or pearls of wisdom. [AGENCY 51]

SENATOR LARSON: No, honestly, I've seen "Perls of Knowledge" and I like them so I'm not going to (laugh)...I find them to be funny and probably a good recruiting tool so I won't get you on the "Perls of Knowledge." Somebody else might but...all right. Other than that, I appreciate it. Thank you. [AGENCY 51]

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

SENATOR MELLO: Senator Bolz. [AGENCY 51]

SENATOR BOLZ: Hi. [AGENCY 51]

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

SENATOR BOLZ: Thanks for coming this afternoon. I was surprised, campaigning, at how much I actually heard about the College of Nursing and interest in need for a College of Nursing. I have two questions related to your request about the College of Nursing. The first is when I followed up about the College of Nursing with folks who have been involved in the conversation, it seemed as though there was some ambivalence about what level of priority that was. And I'm curious, first, if your request is indicating a new level of focus and prioritization on the College of Nursing. And my

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second question is you're asking for \$9 million in state funds to be shifted to this purpose, but there is a \$17 million one-time capital construction. So are you asking us to fill in the balance with this year's appropriation? [AGENCY 51]

J.B. MILLIKEN: The request...so I'm not sure where the ambivalence came from because this is a request. My notes say two biennia. I thought it was three but...so this has been a longstanding request. Our nursing students in Lincoln and our faculty work in a former department store downtown and, you know, so it's a continuing priority for us. And this is a request for the capital funding. We don't have another way to pay for this. We are simply suggesting that one way to...that perhaps the savings on the vet diagnostic might provide some of the funding for nursing. [AGENCY 51]

SENATOR BOLZ: Thank you. [AGENCY 51]

J.B. MILLIKEN: But the dean of nursing is going to follow me so she cannot only correct me but I don't want to steal her thunder. But thank you for the question. But I will say it is the university's highest capital priority. [AGENCY 51]

SENATOR MELLO: Thank you, Senator Bolz. Senator Nelson. [AGENCY 51]

SENATOR NELSON: Thank you, Senator Mello. Thank you, President Milliken, for appearing today. I want you to know I saved a question or two for you in the end... [AGENCY 51]

J.B. MILLIKEN: (Laugh) I'm so grateful. [AGENCY 51]

SENATOR NELSON: ...rather than wait. We...and while we're on the School of Nursing here in Lincoln, I think you've categorized that as maybe a jump-start. That money would be a jump-start did I hear you say? [AGENCY 51]

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J.B. MILLIKEN: Well, it'd be more than half of it, so maybe I wasn't... [AGENCY 51]

SENATOR NELSON: Okay. [AGENCY 51]

J.B. MILLIKEN: ...gracious enough. It's more than a jump-start, but it would be a significant amount of the funding. [AGENCY 51]

SENATOR NELSON: But would the idea be that we could fully fund, was it, \$17 million at this time, or it would be over down the road a little more? [AGENCY 51]

J.B. MILLIKEN: Yeah, it's \$17 million... [AGENCY 51]

SENATOR NELSON: Okay. [AGENCY 51]

J.B. MILLIKEN: ...for the total project. [AGENCY 51]

SENATOR NELSON: All right. I'm going to be on "Tuition and Fees" here just a little bit, because I'm kind of drowning in charts and graphs... [AGENCY 51]

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

SENATOR NELSON: ...and information. I think we would agree that we've got several sets of UNL...or peers, rather, but UNL goes from...starts at, as far as lower tuition: Iowa State, UNL and Iowa are pretty much on a par, and then we move through Colorado, Kansas, Perdue, up to Illinois, and Minnesota, where they're more like \$13,000, \$18,000. That's on page 2. So the average is about \$10,000. So... [AGENCY 51]

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

SENATOR NELSON: ...and I think skewed a little bit because of those higher rates of

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Illinois and Minnesota. Fine. So we're well under that. Then I...when we...well, let me ask you this. In the papers, when you talk about the tuition freeze here and you see an estimate of \$500 a semester saving per student, are we talking about all 25,000 students there? I mean, who does that apply to, that figure? [AGENCY 51]

J.B. MILLIKEN: The...first of all, we didn't exactly call it a freeze. We called it an affordability compact. [AGENCY 51]

SENATOR NELSON: Okay. [AGENCY 51]

J.B. MILLIKEN: But I'll use whatever... [AGENCY 51]

SENATOR NELSON: Compact, all right. [AGENCY 51]

J.B. MILLIKEN: ...term. We gave an example. First of all, it only applies to Nebraskans, so that's a subset of population, but it applies to graduate and undergraduates from Nebraska,... [AGENCY 51]

SENATOR NELSON: Okay. [AGENCY 51]

J.B. MILLIKEN: ...on-line or in person. The \$500 per semester is based on a typical enrollment, nondifferentiated tuition at UNL, 15 credit hours. It comes out to be about \$940 or something like that or \$950. And sorry, we rounded it, but... [AGENCY 51]

SENATOR NELSON: Okay. [AGENCY 51]

J.B. MILLIKEN: ...if you took an engineering course or a business course in there, it would probably get you up to the \$1,000. [AGENCY 51]

SENATOR NELSON: Well, yes. So I have no idea. You have 25,000 at UNL now. Is

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that an accurate figure? [AGENCY 51]

J.B. MILLIKEN: Roughly, yeah. [AGENCY 51]

SENATOR NELSON: And you want to get up to 30,000... [AGENCY 51]

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

SENATOR NELSON: ...in the next four or five years. [AGENCY 51]

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

SENATOR NELSON: So...but only part of those would be what we call Nebraskans. The rest would come from other states and things of that sort. So it's still a sizeable figure. I'm going to guess maybe we're talking \$7 million, \$8 million a semester that we're letting go by us if we don't get that from the students. And then you have talked here about financial aid and over 50 percent of the students are receiving financial aid of some sort. And the latest figures, so we're giving at least through the state here, not from private funding, if I'm correct, about \$10.4 million in aid. That's for 2012; \$10.8 in 2013. That's what the chart says here. I don't know. [AGENCY 51]

J.B. MILLIKEN: Yeah, I'd have to look at that chart. [AGENCY 51]

SENATOR NELSON: Okay. [AGENCY 51]

J.B. MILLIKEN: That's about what we provide institutionally for financial aid. [AGENCY 51]

SENATOR NELSON: That's a need-based funded from NU operating budget in millions. [AGENCY 51]

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J.B. MILLIKEN: Yeah. That's an amount that we have reallocated within the budget over time some... [AGENCY 51]

SENATOR NELSON: All right. Okay. [AGENCY 51]

J.B. MILLIKEN: ...and you have provided. [AGENCY 51]

SENATOR NELSON: So on the other side here, we're the lowest of the peer institutions of student debt. We're about 80 percent of...okay. So I guess my question is this. Are we asking enough of the students, I mean as far as obtaining their education here? Should we be giving up \$500 a semester and maybe more like giving up \$200 a semester if... [AGENCY 51]

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

SENATOR NELSON: ...if they aren't in debt as much and they're getting the student aid from one side and in a sense we're subsidizing them even more? Would you have some comment on that? [AGENCY 51]

J.B. MILLIKEN: We could spend a long time talking about student aid and how much it addresses the burden today. But if you look at charts, and we may have them in here, of the Pell Grant purchasing power... [AGENCY 51]

SENATOR NELSON: Yeah. [AGENCY 51]

J.B. MILLIKEN: ...over the course of time, it is significantly lower than it once was. We've had a...since we started our Collegebound Nebraska Program a number of years ago, almost a decade ago, we've had over a 30 percent increase in the people who qualify for that in Nebraska, which is people who are Pell Grant eligible or come from a

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typical family of four, two adults and one child in college, at \$54,000 income or below. So that number continues to grow, the eligibility for it. I'm pleased that our program is getting to more people, but it's showing that we are having more people who have student aid needs coming to the university. You know, we embarked...I arrived at Nebraska. We're all products of our history. I arrived here after four years of significant tuition increases and I think there was a great pressure to moderate that. We have, but tuition increases since that time have averaged about 5.5 percent over that period, annual increases. So I think if you ask Nebraskans, students, their families, other Nebraskans, they would say we'd like to see you hold the line on tuition. We happened to have an election season this year where four of our eight board chairs were up, and so those Regents, half our board, came off the election trail with a fresh experience that you all have, I know, when you go door to door, of hearing about probably one issue more than any, and it was tuition. So what we are suggesting is that after five relative flat years in the operating budget, where tuition has been the one thing that has grown--we also cut out of our budget during that same period but tuition has been the one thing that has grown to fund the operating budget--that we do a bit of a reset now and we provide those students and their families with the predictability, the ultimate predictability, zero increase, over the next couple of years. And then, you know, if you ask me what it's going to look like, I would hesitate to guess. But in three years I guess, you know, we'd be looking at a balance again of General Fund tuition, which we've had throughout our history. You mentioned the debt levels. I think that has a great deal to do with what the board has done to moderate tuition increases. I think it's a great place to be in. It's a great place that our students at UNL are averaging \$21,000, not...you know, I wish it were less, but it's over \$25,000 if you look at the peer average. It's a significant difference. [AGENCY 51]

SENATOR NELSON: Thank you. [AGENCY 51]

SENATOR MELLO: Senator Conrad. [AGENCY 51]

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SENATOR CONRAD: Thank you so much. Just a few quick questions to wrap up a few points here in regards to the affordability question, which we are currently grappling with. And I'm so happy to hear all of the good information that you and Regent Clare have provided to this committee today and beyond. And I know that there will be some students following you today who can speak very directly to that issue and what that means for them and their families. But I did...I do have to excuse myself shortly so I wanted to make sure to give you an opportunity to expound upon two points really. When we talk about affordability, we're really talking about not only the access point for many Nebraska families to attend the university but then we're also talking about what that means for our state when students graduate and they're looking at the level of educational debt that they've had to secure in order to secure their university degree and their education. And as you know, President, we're engaged in a great debate in this state about our future and ensuring we're competitive and ensuring that we do all that we can to address brain-drain issues and keep young, vibrant citizens in our state. I know when looking at the experience of many of my peers who have recently graduated...well, recently. We're celebrating ten years graduation from law school this year... [AGENCY 51]

J.B. MILLIKEN: Pretty recent. [AGENCY 51]

SENATOR CONRAD: ...so maybe "recent" isn't a fair assessment. But I can tell you, none of my peers went and looked at the Tax Foundation's relative debt burden to decide where they were going to live and work, but they looked very carefully at the level of debt payments they had to attend to and where in the country they could find competitive salaries to meet those. And we may have had the misfortune of going through...during those double-digit tuition increases at the university. But I wanted to give you a chance to visit about debt burden, student debt burden and what that means for the brain drain essentially in our state. And then the final piece is I think it's been suggested, somewhat inappropriately, that the university pits itself against other education interests in this state, and I certainly don't seem to see that in my experience.

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I see the university as being a strong partner in the P-16 Initiative and in many other respects, because the university recognizes that a strong education, kindergarten through college, is critical to your work and our state's future. So I wanted to give you a chance to respond to those two topics. [AGENCY 51]

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

SENATOR CONRAD: And thank you for your service. [AGENCY 51]

J.B. MILLIKEN: Thank you. Thank you very much. You know, first on the brain drain, you know, we haven't done this deep dive in the state in the research in Nebraska but I've seen it in other parts of the country and regions where if you get a student to come here who's a resident, your chances of having him five...him or her here five years after they graduate is so much better than if you send them off from college. So it may be double your chances of having them here five years later. So the...first of all, attractively pricing the university, I have two kids that are looking at college right now and I'm very familiar with this. I'm talking to all their friends. So pricing the university in a way that it's a good value I think is a great way to keep students here. And that's a big part of the battle right there. Keeping them here for college, you have a much better chance of having them here as an adult. Second, I think that if we can...part of attracting them with lower tuition, moderate tuition--I wouldn't suggest to them it's low, I'll have the students correct me behind me--also keeps debt lower. And we have made this a priority and I think it's paying off. We have the lowest debt loads in our...take UNL, for example, the lowest in its peer group. I think that's a great thing, in part because it may not drive people into other markets but, in part, because it attracts them here. With regard to the education continuum in the state, you know, I will make an admission against interest. I am a believer in the data that I've seen from Jim Heckman at the University of Chicago and Jack Shonkoff from Harvard Center for the Developing Mind. I think one of the greatest investments you can make is in early childhood, and that's why we created a new institute on early childhood education. And that's the first step, making sure that

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vocabularies are equalized for three-year-olds and then five-year-olds. So I think that's an enormously important part of what this state does. And Nebraska may have some work to do but does it better than a lot of other places, and I hope the university is one of the key contributors to that effort. In K-12, we produce most of the teachers. We feel a strong linkage with them. We're very much involved with the P-16 Initiative. I tried to say a lot of nice things about other higher education today. I feel the state does a good job of providing a wide range of higher education institution. We can't do what the community colleges do and vice versa. So, you know, I think...I don't envy your balancing job, but it's an important one and I have only positives to say about those other institutions, although I did mean what I said about how different they are and how different the cost structures are and the mission that you expect them to accomplish.
[AGENCY 51]

SENATOR CONRAD: Very good. Thank you. [AGENCY 51]

SENATOR MELLO: Thank you, Senator Conrad. Senator Kintner. [AGENCY 51]

SENATOR KINTNER: Hey. [AGENCY 51]

J.B. MILLIKEN: Oh, I thought I was going to lose out on this. [AGENCY 51]

SENATOR KINTNER: You know, you certainly came loaded for bear today. Let's say when I go out to buy my next car, I hope I don't run into a J.B. Milliken. I'll buy more car than I need, I'm sure. [AGENCY 51]

J.B. MILLIKEN: Thank you so much for that. (Laughter) [AGENCY 51]

SENATOR KINTNER: On-line...that is a compliment. On-line learning, is that...though I guess we've got fixed costs if they're on-line or not, but does that lower our variable cost? Is it cheap, much, much, much cheaper to educate a kid on-line? As more people

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get educated on-line, does that reduce our costs? [AGENCY 51]

J.B. MILLIKEN: Yeah. So there's a lot of research being done on this and we're in kind of a brave new world of on-line education. And typically I think people's picture is that you put a lecture on a disk and ship it out and, gee, that's really cheap. And that would be really cheap. But a lot of the work that has been done has shown that there's a more significant requirement, labor requirement, for some on-line courses than there are for courses taught on site. One of the reasons is that...I taught one of these once on ancient technology and I can tell you that it's true, at least in my course, that there was more labor requirement on the on-line because you're available to students 24/7. You communicate by e-mail; it's all Web-based back and forth; there's a lot of interaction. You have to create new materials for it so different kinds of materials and constantly update it. So there's significant development costs. Now ultimately I hope that we...I think technology is going to allow us to take out some of the costs of education, I think. You know, what we're seeing now with the Khan Academy, what we're seeing with MOOCs is transformative. And I think if we're both here in five years talking about this, it will be a different place than it is today. We've grown hugely, as I mentioned. You know we've...I think I said a 130 percent increase over five years in our on-line credit enrollments. That's huge. We are pretty successful at it. And I'll tell you one way it takes costs out to students. If you live in Broken Bow and want to get a bachelor's, master's, or Ph.D., you should stay at home and do it and you can do it on-line with your laptop without moving to Lincoln, Omaha, or Kearney and living in a residence hall or an apartment, etcetera, etcetera, because you're taking out all those costs except the credit hour costs of on-line education. So for students, it's an enormous advantage. For the 270,000 Nebraskans who have some college credit but no degree, it's a great thing. I mean that's one of the reasons we got in this and tried to expand our capabilities in the first place. For somebody to get a master's degree, a teacher, for a while Kearney had more on-line credits than any other of our campuses, and one of the reasons was is they were providing master's degrees for K-12 teachers who could continue to live and work in their hometown and get this credential on-line. [AGENCY 51]

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SENATOR KINTNER: Okay. Going up to 30,000 students, if you start bringing in more students, even if they're paying tuition, there's obviously more cost. What are all the additional costs involved if we put 5,000 more students into the system? [AGENCY 51]

J.B. MILLIKEN: There are costs and there are economies. Obviously, there are fixed costs of running an institution, there are a number of them. We're not going to have two chancellors because we have more people. I mean there are certain fixed costs that even if you had a couple thousand students, you have some of those costs. So I think we think we can economize, that the variable costs will be less for those additional students for us. But it's true that it will increase costs but then those students will also provide revenue. Nebraska is not a formula-funded state. There are a lot of them. So we don't come to you and say the cost of education is \$20,000; the student is paying \$10,000; you increase our budget by \$10,000. That isn't the way it works here. It is the way it works, generally speaking, in a formula-funded state. So we feel that we can...we can make this work with the kinds of support that this body has given us in the past and grow. And I have to tell you that not only...I mean educational attainment for all the reasons I mentioned I think is really important, but it's even more important at a research university like ours. If you look at the great things that happen at UNO, in the metropolitan community and what it offers in that community, or at UNL, and what it offers at the Med Center, and you say we can have more of it, we can have more smart people here and graduating and going into the work force, what's not to like? I mean it is...I mean we know human talent is the coin of the realm in the twenty-first century, maximizing the talent that you have in a state, giving them the tools they need, and, frankly, drawing more talent from out of state. [AGENCY 51]

SENATOR KINTNER: That's right. Do you have the housing for...maybe if you bring 5,000 more people to the university, you might have to house 2,500 of them. Do have enough housing to cover it or...? [AGENCY 51]

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J.B. MILLIKEN: No. No, we don't have the housing to cover all of them. But if you looked at the numbers of, you know, who is in our university-provided housing, they tend to be underclassmen. Frankly, I wish more underclassmen were in housing on campus because of the persistence rates and other indicators that go up. But, no, we'd have to make adjustments. But housing is an auxiliary operation. I mean housing is not part of the state-aided budget yet, and I'm not saying that just to say you don't have to...it's not tax dollars. What I'm saying is, you know, it pays...it's a self-supporting operation. If we need more housing, we will build more housing and the people who pay rent to live there support the housing enterprise. [AGENCY 51]

SENATOR KINTNER: Okay. A final question: UNO has a graduation rate of about 42 odd percent, and if I remember, that's not particularly...it sounds low but for an urban university where you have a lot of people going part-time and dropping out for a couple semesters and coming back. Where does that rank in terms of the other urban universities? [AGENCY 51]

J.B. MILLIKEN: Well, you know, I think it's...I hope it's in your notebook, and if it isn't I'll get you the list because I saw it today. [AGENCY 51]

SENATOR KINTNER: So we're good there? [AGENCY 51]

J.B. MILLIKEN: You know, it's above the peers. [AGENCY 51]

SENATOR KINTNER: It's above the peers, okay. [AGENCY 51]

J.B. MILLIKEN: So both UNO and UNK's graduation rates, six-year rates, are above their peers. And UNO's peers include some nonurban universities, so it's, you know, may not be completely fair to have them compete in that. As you know, I think, there's a little different student body. Not every first-time freshman anticipates graduating in four years there. They may be working full-time. And there's more of that at UNO than our

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other campuses. [AGENCY 51]

SENATOR KINTNER: Okay. Thank you. [AGENCY 51]

SENATOR MELLO: Senator Larson. [AGENCY 51]

SENATOR LARSON: Thank you, J.B., and I appreciate the conversations in terms of debt burden. I can appreciate that personally, going to a private university and that cost. And I appreciate that, you know, we try to keep that mindful, because the university does have value-added products and any individual that comes out of the university is obviously going to benefit our state. And I get the concept of brain drain. I left. I was one that did come back, however. But in the end, we on the committee do have a balancing act with all budgetary matters and you can say or anyone can say, you know, it isn't pitting one education or one thing against another. As Senator Mello corrected me earlier, the Legislature has \$16 million and then we have \$8 million a year, so about another \$16 million in post-budgetary-hearing adjustments that we can have. And there are zero-to-five education vying for that, you guys are vying for that. A number of...I mean a number of people are vying for that type of money. And I continue to think or continue to wonder, you know, K-12 education is a constitutional right and zero-to-five education, as I said earlier, you know, that kindergartner has that constitutional right to that. And a freshman in college can work at Amigo's; a kindergartner can't. College is an investment by a student and I think keeping that cost low I think is important, I mean, but at the same time I think we need to...it's also an investment for the Nebraska taxpayer and we do get money back. We do. The Nebraska taxpayer sees benefits to, you know, students graduating from the university. But I think that we have to determine what is the right balancing act and I think the state has been a partner in the past. To say we're not a partner, to imply that we're not a partner when we give you a half a billion dollars is disingenuous. But any individual that wants an education, I mean, can get it, regardless of costs. There are the programs out there. I understand taking on loans is hard. I did it. I can speak to it. It was one of the most difficult things that I had to

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do, but I did it with a smile and it was worth every penny and I pay that off every month. So I guess I can understand what you're saying, but we are...we are the stewards of all the Nebraska taxpayer dollars, not just the ones that we give the University of Nebraska and which the Regents are stewards of. And I'm concerned at that level. I think...I just think it's a big ask for 4.5 percent that second year, \$540 million that's going to be on our base budget forever unless we cut it out of that base budget. I mean it's going to be \$540 million is going to be the starting point in two years, and then it's going to be 3 percent on top of that, and then 5 percent on top of that. I mean this is...it's just a big appropriation and it's something that I think we have to be very mindful of and, as stewards of those tax dollars and investment to the state. And I know that's not so much a question for you, J.B. I just...I wanted to get that out there. And I really appreciate you coming in and taking the heat from all of us and I appreciate what you do for the university, because it does do a lot of good for the state. [AGENCY 51]

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

SENATOR MELLO: Are there any further questions from the committee? I guess I have one and I think it may have been...I think Regent Clare may have explained it. Your budget request factored in over a five-year period, what would be the average over a five-year period if we were to provide you the request that you...the budget request that you've made? [AGENCY 51]

J.B. MILLIKEN: Over the last five? [AGENCY 51]

SENATOR MELLO: I know it's been relatively flat over the five years, but if...what would be that percentage? [AGENCY 51]

J.B. MILLIKEN: Yeah, I think what...I think the number that Regent Clare may have alluded to, if I heard him right, was that if you adopted the preliminary request from the committee, over the past seven years then... [AGENCY 51]

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SENATOR MELLO: Yeah. [AGENCY 51]

J.B. MILLIKEN: ...the previous five, it would be about 1 percent a year... [AGENCY 51]

SENATOR MELLO: Okay. [AGENCY 51]

J.B. MILLIKEN: ...over that period of time. I could probably do the math, but not quickly, to tell you what it would be on ours. [AGENCY 51]

SENATOR MELLO: I can't imagine it's more than 1.5 percent maybe. [AGENCY 51]

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

SENATOR MELLO: I mean... [AGENCY 51]

J.B. MILLIKEN: It would be pretty small. You know, it might be closer to 2 percent than 1 percent. [AGENCY 51]

SENATOR MELLO: Okay. Okay. [AGENCY 51]

J.B. MILLIKEN: I think Kathy is going to do it right now. [AGENCY 51]

SENATOR MELLO: Okay. That's something we can get afterwards. I just didn't know if that was... [AGENCY 51]

J.B. MILLIKEN: (Laugh) I'd be happy to give it to you. [AGENCY 51]

SENATOR MELLO: I thought Regent Clare may have made mention of if we gave you the request, it still is sizably low over a five-year averaging period. [AGENCY 51]

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J.B. MILLIKEN: Well, it would be. Yeah, it would be. [AGENCY 51]

SENATOR MELLO: Okay. All right. [AGENCY 51]

J.B. MILLIKEN: Now I want to make one point clear. Our request is...I keep looking at this and hearing that the Governor's recommendation, our request. Our request is more significant than the Governor's recommendation. [AGENCY 51]

SENATOR MELLO: Uh-huh. [AGENCY 51]

J.B. MILLIKEN: Just want to make sure that's right. So if you're interested in funding the university's request, it's a little north of the Governor's recommendation, just point of clarification. [AGENCY 51]

SENATOR MELLO: Okay. Appreciate that. Thank you. [AGENCY 51]

J.B. MILLIKEN: I'm very helpful, I know. [AGENCY 51]

SENATOR MELLO: Thank you, President Milliken. [AGENCY 51]

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

SENATOR MELLO: Any further questions? Seeing none, thank you. [AGENCY 51]

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

SENATOR MELLO: We'll take...now take testifiers on behalf of Agency 51, the University of Nebraska. [AGENCY 51]

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JULIANN SEBASTIAN: (Exhibit 17) Good afternoon, Chairman Mello and members of the Appropriations Committee. Thank you for the opportunity to provide testimony related to the University of Nebraska. I am Juliann Sebastian, dean of the University of Nebraska Medical Center College of Nursing. That's J-u-l-i-a-n-n S-e-b-a-s-t-i-a-n. I will address the need for a new building for the UNMC College of Nursing, Lincoln division, in order to educate the nurses Nebraska needs to care for people in hospitals, long-term care and community settings, private practices, and in our rural areas. And I will focus in particular on the need for educating registered nurses at the baccalaureate and higher degree level, nurse practitioners, and nurse faculty members, because these are the areas of focus for the Lincoln division. I'd like to begin by commenting, making a few comments about the reason this is important. And then I will share with you a bit about the building we're in and what the proposed solution would be. The health of Nebraskans is affected by a shortage of registered nurses, nurse practitioners, and nurse faculty members. Research has shown that the proportion of nurses to patients in hospitals is related to real outcomes, including patient mortality, failure to rescue, hospital infections, and falls, to name a few. Education matters in providing care to today's highly complex patients. Hospitals with higher ratios of nurses prepared with baccalaureate degrees have lower levels of surgical patient mortality, as one example. The factors that contribute to a growing need for registered nurses in Nebraska and around our nation include the health of an aging population, the increasing demand for chronic care management, and aging of the nurse work force. The Nebraska Center for Nursing estimates that Nebraska will have a shortage of almost 4,000 registered nurses by the year 2020, which is substantial. Close to 50 percent of the registered nurses in Nebraska hold baccalaureate degrees, although the proportion with baccalaureate and higher degrees is lower in many rural areas of the state. The Institute of Medicine recommends that 80 percent of registered nurses be prepared with baccalaureate and higher degrees. This means that Nebraska not only needs more registered nurses but we also need more nurses with BSN and higher degrees. We also need more nurse practitioners to provide primary care, particularly as demand increases with healthcare reform. With the shortage projections for physicians of 45,000 primary care physicians

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by 2020, we need more nurse practitioners to provide cost-effective, high-quality primary care for our population. And finally, we need additional nurse faculty members in Nebraska. We will not be able to sustain the pipeline for the education of future nurses without more faculty members to teach them. Faculty are aging, with the average age of nurse faculty members in Nebraska being 52 years of age. The studies show that nurse faculty members tend to retire at about 62.5 years of age. Thus, we have little time to address faculty shortages in Nebraska before we face a crisis situation. Now at the College of Nursing at the University of Nebraska Medical Center, we educate nurses to be faculty members and we educate nurse practitioners and baccalaureate-prepared staff nurses. A new building for the Lincoln division of the College of Nursing would allow us to expand our program by 64 students, which is roughly a 28 percent increase, with an emphasis on graduate programs to increase the numbers of nurse practitioners and future faculty members. The College of Nursing, Lincoln division, is currently housed in a bank building in downtown Lincoln. This does not provide our students with the collegiate environment we need and, more importantly, it limits the space and the technology we have access to in that building because of requirements of the bank. This campus is vital in terms of needs for nurses in Nebraska. It's been open almost 40 years with approximately 230 students enrolled. We turn away up to 60 percent of qualified applicants to this division every year. While our faculty and staff have been creative in making the best use of the space to date, there is inadequate space for interactive team-based learning. The classrooms are crowded, clinical simulation lab space is limited, and we need additional space for student conferencing and a small study space. There is no additional space for research or expanded student enrollments. In closing, I would like to thank you, Senator Mello and each of you on the Appropriations Committee, for the opportunity to testify about the importance of this new building to the future of nursing education at the Lincoln division of the UNMC College of Nursing. We appreciate your interest in these issues and your support of the contributions we aim to make to the health of Nebraskans. Thank you. [AGENCY 51]

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SENATOR MELLO: Thank you, Ms. Sebastian. Are there any questions from the committee? Senator Harms. [AGENCY 51]

SENATOR HARMS: Thank you, Senator Mello. Thank you very much for coming and testifying. Somewhere I read, I do a lot of reading, so somewhere I read that nurses are working longer because of the simple fact of the economy and they also lost quite a bit of money in regard to their retirement. So this, right at 4,000, do you think that's accurate or do you think you're going to find it's not going to be as severe for a while yet? [AGENCY 51]

JULIANN SEBASTIAN: The more recent data show that what we saw between about 2008 and 2011 was essentially a bubble that reflected what was going on in the economy. And as you very correctly noted, Senator Harms, nurses were working longer at that point in time. [AGENCY 51]

SENATOR HARMS: Yeah. [AGENCY 51]

JULIANN SEBASTIAN: We're not seeing as much of that now and, as a matter of fact, the Bureau of Labor Statistics has projected the greatest shortage ever by 2020--1.2 million nurses--that reflects a combination of new and replacement nurses. So I suspect, if anything, the number might be a little higher, although I don't have data to support that yet from the Nebraska Center for Nursing. [AGENCY 51]

SENATOR HARMS: Thank you. [AGENCY 51]

SENATOR MELLO: Senator Nelson. [AGENCY 51]

SENATOR NELSON: Thank you. Just to follow up on Senator Harms, thank you for testifying today, it's Juliann Sebastian? [AGENCY 51]

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JULIANN SEBASTIAN: Yes. [AGENCY 51]

SENATOR NELSON: Right? [AGENCY 51]

JULIANN SEBASTIAN: Yes. [AGENCY 51]

SENATOR NELSON: My impression, just to follow up on what you said, is that there are a number of nurses who perhaps have retired... [AGENCY 51]

JULIANN SEBASTIAN: Uh-huh. [AGENCY 51]

SENATOR NELSON: ...that came back part-time because of the economy. They needed the additional money. Would that be true? [AGENCY 51]

JULIANN SEBASTIAN: That is true. And nurses who were planning to retire delayed their retirement. Now we're starting to see them leave their employment. The situation has changed pretty dramatically in the last year. [AGENCY 51]

SENATOR NELSON: Because of the... [AGENCY 51]

JULIANN SEBASTIAN: Improved economy. [AGENCY 51]

SENATOR NELSON: ...improved... [AGENCY 51]

JULIANN SEBASTIAN: Uh-huh, right. [AGENCY 51]

SENATOR NELSON: And so it would seem to me, if the economy does continue to improve, that we're going to be faced with the same situation, that that's going to exacerbate the shortage. [AGENCY 51]

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JULIANN SEBASTIAN: Absolutely. [AGENCY 51]

SENATOR NELSON: Right? [AGENCY 51]

JULIANN SEBASTIAN: Absolutely. [AGENCY 51]

SENATOR HARMS: Okay. Thank you. [AGENCY 51]

JULIANN SEBASTIAN: Thank you. Uh-huh. [AGENCY 51]

SENATOR MELLO: Are there any further questions from the committee? Seeing none, thank you, Dr. Sebastian. [AGENCY 51]

JULIANN SEBASTIAN: Thank you very much. [AGENCY 51]

SENATOR MELLO: Next testifier on behalf of Agency 51, the University of Nebraska. [AGENCY 51]

JOHN WIRTZ: Thank you guys for the chance to testify on behalf of the university. My name is John Wirtz. I believe I should spell that for you guys. Is that correct? J-o-h-n W-i-r-t-z. And I'm here representing the company Hudl. It's H-u-d-l. We're a company downtown but a company that's rooted in services provided by the university that helped us spin out and do what we did. So I guess to start out with a little background on me, I'm from Kansas City, Missouri, but was brought to the University of Nebraska in 2001, attracted by the Raikes School in particular but the university as a whole. I was actually looking at Washington, Wash U. in St. Louis. I was looking at Harvard and Ivy League schools. And to be honest, cost was a major factor for my family. I'm the first of my family to go to a four-year university, my brother and I are, and so the cost of the University of Nebraska, particularly with the Raikes School being a full-ride scholarship that was extremely competitive, actually far beyond what I was seeing at these other Ivy

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League schools, even with scholarships offered, was extremely attractive for me, along with an amazing faculty and amazing program and a great College of Business and a great computer science college to back up what the Raikes School was doing. When I came to the school, I was paired up with a roommate who was also from Kansas City, from Overland Park, Kansas, who was attracted for the exact same reasons to the University of Nebraska--the competitiveness of the Raikes School program and a full-ride scholarship, great housing at the Kauffman Center on campus at UNL. He's a phenomenal student and another person that could be sitting up here talking just like me, along with a bunch of other people from Hudl and other start-up companies in the Haymarket that have the same story. So we were paired up at the Raikes School. We're grouped together in Kauffman, surrounded by a bunch of big brains at the Kauffman Center that were hungry to start up companies to make an impact on the world and being educated at Nebraska. The important thing for me, I guess to hit home, is there's really no reason for me to come to Nebraska. I don't have roots here. I don't have family or other than a university that was extremely attractive. Beyond that, there's no reason for me to start a company here in Nebraska other than my four years of undergraduate at Nebraska and I stayed for an MBA where I built my network, got extremely rooted in the state of Nebraska in the business community here. And by the time I graduated in 2005 and finished my MBA in 2006, it was obvious to me as we started up Hudl that this was the place to do it. Sometimes I forget how crazy that sounds to people outside of Nebraska. We recently, you know, we go to events out in Silicon Valley and Austin, Texas, all over the country. And when we say our start-up is based in Lincoln, Nebraska, they kind of double take at me. But I think for all of us here and for those of us that go to the university, it's not surprising at all. You know, you have to go outside of the state to get that kind of reaction. So really proud that I've started the company in Nebraska and that was caused by the fact that I was attracted here and then built my network here through the university. In February 2006, we saw a need with the University of Nebraska football team. They were struggling to deliver video and playbooks to their athletes. They were behind the times technologically but they were using the latest tools that were out there, and it was slowing down the coaching staff

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and the team at learning. So me, along with my roommate that I was paired up freshman year, and along with two students across the hall from me, started the company--all Raikes School graduates. We entered the business plan competition here at the University of Nebraska, along with a few other business plan competitions, and were funded, seed funded through that money. So even a good chunk of our seed funding was coming through business plan competitions out of the University of Nebraska Entrepreneurship Center. And we're connected with Jeff Raikes; Clay Smith with Speedway Properties, who connected us with our first office; Mike Dunlap; Bill Dana; I could list you a number of business leaders here in the Lincoln and Omaha areas through the University of Nebraska in our time there. By 2009, we grew from our 3 founders from the Raikes School to 16 employees, 14 of those being from the Raikes School and all 16 being from the University of Nebraska. Now we have 80 full-time employees based in the Haymarket and over two-thirds of those are from the University of Nebraska and over 20 of those are from the Raikes School. So as we've grown, the University of Nebraska has been a huge part of our success. I'll just kind of cut to the chase here, which is the recipe for success for us is the fact that the world is getting flattened, so companies can compete anywhere, as long as there's great talent being piped out. We had the brightest young people in the country at our disposal to form the company. We had Nebraska values and work ethic, and if you can pair those two things together, you've got a pretty amazing recipe I think for a high-growth company in any sector, which is why I think the University of Nebraska is really uniquely positioned. As long as they can compete and bring in talented students, the other part of the equation is really strong here at Nebraska. And we had an amazing support network and the university is really good at supplying that kind of support network, whether it's investors, legal advice, whatever it might be. I can see things taking off. We're in the Haymarket, right above Scooter's there on 8th and P, and across the street there's businesses sprouting up. My wife just started a high-tech start-up with her cofounder. They've left Swanson Russell to start up a company. They're Raikes grads. Things are really exciting. The College of Business is doing exciting things. You can feel the upswell if you're in the Haymarket. I'm really excited to be a part of it and I can't say enough how

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much the University of Nebraska was the root cause for Hudl's success and the success of a lot of other start-ups, and I hope to see that continue. [AGENCY 51]

SENATOR MELLO: All right. Thank you for your testimony. Are there any questions from the committee? Senator Kintner. [AGENCY 51]

SENATOR KINTNER: Just a quick one: Explain what your company does. It's absolutely fascinating. [AGENCY 51]

JOHN WIRTZ: Sure. Yeah, I can explain it quickly. [AGENCY 51]

SENATOR KINTNER: Okay. [AGENCY 51]

JOHN WIRTZ: We're a video analysis company for sports teams. [AGENCY 51]

SENATOR KINTNER: Okay. [AGENCY 51]

JOHN WIRTZ: But in particular, high school is really our sweet spot. We work with 15,000 high schools, so about over three-quarters of the high schools that play football in the United States use Hudl. They upload their game film after a game night, share it out to athletes. We help athletes get recruited, which is something I'm really excited about. So whether it's rural Nebraska, anywhere in the country, every athlete can make an amazing highlight video, get exposure, get recruited. Anything a sports team would want to do with video, we power that, from the NFL all the way down to youth football. And like I said, we're based in the Haymarket. That work is all done, from product development, testing, world-class design, world-class software development, coach support, and sales is all powered out of our office there in the Haymarket. [AGENCY 51]

SENATOR KINTNER: Wow. I'm impressed. Good. Appreciate it. [AGENCY 51]

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SENATOR MELLO: Senator Nelson. [AGENCY 51]

SENATOR NELSON: Thank you, Senator Mello. Your mentioning being in Texas and other places rang a bell with me. [AGENCY 51]

JOHN WIRTZ: Uh-huh. [AGENCY 51]

SENATOR NELSON: Did what we did with the tax structure last year, has that helped you a little bit... [AGENCY 51]

JOHN WIRTZ: Yeah, absolutely. [AGENCY 51]

SENATOR NELSON: ...to decide to stay in Nebraska... [AGENCY 51]

JOHN WIRTZ: Yeah. [AGENCY 51]

SENATOR NELSON: ...and your expansion? [AGENCY 51]

JOHN WIRTZ: Yeah, we really appreciate that. I know we worked with Nelnet and Mike Dunlap and his team to really help push for what we thought made more sense tax structurewise, and that's not my speciality within the company. I have a base-level knowledge of it. But, yes, those kinds of things... [AGENCY 51]

SENATOR NELSON: But it was a plus for you. [AGENCY 51]

JOHN WIRTZ: Yeah, absolutely. [AGENCY 51]

SENATOR NELSON: Yeah. Okay. [AGENCY 51]

JOHN WIRTZ: And I think that kind of recipe, paired with great graduates from the

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university, you definitely don't want to create brain drain once a start-up company has started to sprout. The hardest kind of steps are over so we really appreciate you opening up the floodgate so we can kind of stay and make that make sense, so...
[AGENCY 51]

SENATOR NELSON: All right. Thank you. Appreciate that. [AGENCY 51]

JOHN WIRTZ: Yeah. [AGENCY 51]

SENATOR MELLO: Any further questions from the committee? Seeing none, thank you.
[AGENCY 51]

JOHN WIRTZ: Thanks. [AGENCY 51]

SENATOR MELLO: Next testifier. [AGENCY 51]

LORENA ORTEGA: All right. Good evening, Senators. My name is Lorena Ortega, that's L-o-r-e-n-a O-r-t-e-g-a, and I'm a first-generation college student at the University of Nebraska in Kearney, originally from Lexington, Nebraska. The University of Nebraska is important to me because it's allowing me to further my education and grow as a person through the many leadership opportunities I've had so far. It's also allowing me to obviously expand my expand my education. I'm studying business administration with an emphasis in accounting and in the future my goal is to one day hopefully own my own accounting firm and attend law school. I will not be able to afford to go to college without the Kearney Bound Program and this will mean another lost talent to the community. I want to emphasize the word "another," because not all of my peers have been as blessed as I have to get a full ride to college. Kearney Bound identifies talented freshmen in Lexington, North Platte, and Kearney, and works with our high schools to get us ready for college. We work hard to make excellent grades, learn study skills and leadership, and ultimately earn scholarships that cover the full cost of going to UNK. I

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was 1 of the first 24 students earning the Kearney Bound scholarship. Many of my classmates didn't receive funding at all, so they decided not to even bother with college, just go work at Tyson. Many of them were incredibly smart and it's really a shame that because of lack of funds they couldn't expand their knowledge and perhaps become the next doctor to save a life, the next lawyer to make history, the next teacher to change a life, or even the next scientist to find a cure for HIV or cancer. It's important for the state to fund the University of Nebraska so I and students like me can keep our (inaudible) dreams of becoming someone in life. Being a first-generation student isn't just admirable. It's also a sacrifice. It would be so simple just to follow after our parents' footsteps and not get an education. It would definitely cut back on a lot of stress and a lot of the overwhelming feelings I tend to get quite often. But it wouldn't be right. Can you imagine what the communities would turn to if college was no longer affordable to low-income students? The crime rate would increase, gang violence would increase, and if we want to look at the worst-case scenario, suicidal rates would also increase due to financial stress. My brother is a freshman this year in college. His first semester he attended the University of Nebraska in Lincoln. Unfortunately, his only funding came through FAFSA and a Tyson scholarship of \$1,000. After completing his first semester at UNL, like many, he realized it was too expensive for him to afford so he transferred to the University of Nebraska in Kearney. Regardless, my mom is in debt from his college loans and the worst part is she still hasn't even finished paying off my sister's college loans. My sister is a UNK graduate. She graduated with a major in business administration and Spanish translation interpretation. She now lives in Texas, where she works for the Bank of America under the military branch. Because I grew up watching my parents struggle with the house payments and my sister concerned about her college funding, I made sure to work extra hard in high school so I could receive scholarships in college to help my parents out, and so I did. I graduated with honors with a 4.04 GPA and a full ride to the University of Nebraska in Kearney. I still remember the day I got the acceptance letter to the Kearney Bound Program. It was almost like my mother was happier than I was to receive that letter (laughter) because she no longer had to worry about taking out another college loan. And so to repay for all

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the funding I got, I've made sure to work hard in college. As a freshman, I joined Sigma Lambda Gamma national sorority and became a crew mentor for it. I was also invited to join the Nebraska Cultural Unity Conference and became food and entertainment chair my sophomore year and the chair this year. My sophomore year I became a student diplomat, giving tours to interested students and parents of the campus. I was never aware that many of my peers from the multicultural affairs actually looked up to me for being the first Hispanic girl to become a student diplomat. Today, I'm glad to say the student diplomats have diversified dramatically. My sophomore year, along with everything I was involved with on campus and my studies, I was also working three jobs to help my mom pay the bills. It was definitely a struggle, but I learned how to manage my time wisely. This year I'm only working one job because classes have become more difficult and my campus involvement more demanding. Nevertheless, for the first time in my college career I managed to receive a 4.0 GPA this past semester. I was so proud of myself, I made it my goal to keep obtaining 4.0s until I graduate from college. I also applied to join the Gold Torch Society, which is a mentoring, networking organization for alumni and undergraduate women. Also, just a couple weeks ago I had the privilege of being invited to join the prestigious organization of Beta Gamma Sigma, an international honors business society. Cutting back on UNK's funding could result in a tuition increase and mean a higher debt for my mom, more stress on my brother, and perhaps another job or two for me. For the community, it would mean less students attending college, especially those from places like Lexington or Grand Island where they can just resort to a meat packing plant. I believe everybody has a dream to succeed. Some are more driven than others and keep fighting, despite the number of obstacles. The rest tend to get discouraged easily and give up more quickly. That's why college needs to be affordable for everyone, so that those students who need that little push can come through and reach for their goals; so that students like my brother, who lacked motivation in high school, can have a better outcome in college; so that people like me, who actually enjoy academics, can focus slowly on academics and not on getting three jobs to help pay for a college loan. I would like to close with a quote from Victor Hugo, who carries a power meaning and sums up perfectly what I've been trying to say: He

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who opens a school door closes a prison. Please take that into consideration when making your final decision. Thank you. [AGENCY 51]

SENATOR MELLO: Thank you for your testimony, Ms. Ortega. Are there any questions from the committee? Senator Wightman. [AGENCY 51]

SENATOR WIGHTMAN: Thank you, Mr. Chairman. Thank you for being here from Lexington. Your testimony was tremendous. And I know we've had that program. How many years have we had that program? Do you know? [AGENCY 51]

LORENA ORTEGA: Three now. It started when I was a freshman in high school. [AGENCY 51]

SENATOR WIGHTMAN: Three years now? [AGENCY 51]

LORENA ORTEGA: Oh, no. [AGENCY 51]

SENATOR WIGHTMAN: (Inaudible). [AGENCY 51]

LORENA ORTEGA: Seven. [AGENCY 51]

SENATOR WIGHTMAN: You were what? You were a senior in high school or a freshman? [AGENCY 51]

LORENA ORTEGA: Seven. No, it started when I was a freshman in high school so that would be seven years now. [AGENCY 51]

SENATOR WIGHTMAN: Okay. And I know it's been a great thing for Lexington... [AGENCY 51]

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LORENA ORTEGA: Uh-huh. [AGENCY 51]

SENATOR WIGHTMAN: ...and for you. [AGENCY 51]

LORENA ORTEGA: Uh-huh. [AGENCY 51]

SENATOR WIGHTMAN: Thank you for coming and thank you for the great testimony you've given us. [AGENCY 51]

LORENA ORTEGA: No problem. [AGENCY 51]

SENATOR MELLO: Senator Harms. [AGENCY 51]

SENATOR HARMS: Thank you, Senator Mello. I just want to say congratulations for you being able to walk your dream, and I think that's really wonderful and your testimony was great. And I'm proud of what you've accomplished and don't give up the ship. Just keep working at it. You'll be at the end soon. [AGENCY 51]

LORENA ORTEGA: Thank you. [AGENCY 51]

SENATOR HARMS: And congratulations. Thank you. [AGENCY 51]

LORENA ORTEGA: Thank you. [AGENCY 51]

SENATOR MELLO: Senator Nelson. [AGENCY 51]

SENATOR NELSON: I just want to add to that, that we thank you for taking a whole day to come up here and testify and then go back. So thank you. [AGENCY 51]

LORENA ORTEGA: No problem. [AGENCY 51]

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SENATOR MELLO: Are there any further questions from the committee? Seeing none, thank you. [AGENCY 51]

LORENA ORTEGA: Thank you. [AGENCY 51]

SENATOR MELLO: Next testifier on behalf of Agency 51, the University of Nebraska. Good evening. [AGENCY 51]

ISIS HERNANDEZ-TROCHE: Good evening, Chairman Mello and the Appropriations Committee. My name is Isis Hernandez-Troche. That is I-s-i-s H-e-r-n-a-n-d-e-z-hyphen-T-r-o-c-h-e. I am a Thompson Scholar at the University of Nebraska at Omaha and also a Collegebound Nebraska ambassador. As a junior in the College of Arts and Science at UNO, my majors are biology, French, and Spanish, and soon hope to go into medicine at UNMC. I am honored to be here today representing my fellow students. You can be assured that we are a good investment of taxpayers' dollars. Although I am very fortunate to have the financial and student support of the Susan T. Buffett scholarship and the Thompson Learning Community, I know that state funds...that the state funds over half of the university's general operating budget. Therefore, your support is very important to my success and the success of the university. I would like to tell you a little bit about my background. I am the eldest of four children to a single mother. I was selected to receive this scholarship and also Collegebound Nebraska for my low-income background and for having the motivation to succeed. I believe that if the Appropriations Committee does decide to go through with this, it will improve the retention rate because many of my peers have dropped out of college due to the rising tuition fees, and many of these are my close friends. Many say they'll come back, but I know that they drop out to work 40-plus hours a week and see that that rising, not necessarily only student loans but also, you know, paying rent, food, anything like that, basic needs. And I feel that everybody should have the opportunity to graduate and succeed because soon even a bachelor's degree won't be enough. I also

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foresee that many students won't have as many opportunities to participate on campus in organizations like Sigma Lambda Gamma, which I am also a part of, or academic Greek organizations or even to live on campus, because I know many do not have a supportive home. I did come from a home with a single mother. I don't have quite a good relationship with my stepfather, so I didn't see my home as a supportive home for me to continue college, and I chose to live on campus. And financial aid and the scholarship that I do have helps for that. So I would like to see that other students have that opportunity, especially people like my sister and my brothers who will be in college in a few years. And I would just like to say that this is very meaningful because if we succeed, it's the future generations. Also, younger kids, like K through 12, will benefit from our taxpayer dollars when we become successful adults in this community. So thank you for listening to me and I will accept any questions. [AGENCY 51]

SENATOR MELLO: Thank you for your testimony. Are there any questions from the committee? Senator Harms. [AGENCY 51]

SENATOR HARMS: Thank you, Senator Mello. I just want to say thank you very much for coming. You looked like you were pretty nervous. You were wringing those hands pretty tight I can see. [AGENCY 51]

ISIS HERNANDEZ-TROCHE: Yeah. I know. I am. (Laughter) [AGENCY 51]

SENATOR HARMS: We're really not that bad. I don't think any water came out of them. So I just want to thank you very much for your testimony and to tell you how proud I am of you being a role model for the rest of your brothers and sisters, because I think that's really important. And it's important for you to finish your education and get your degree so you can be a role model to other people just like you. And I think that's important. Can you tell me, when you look at the field of medicine, what are you thinking about going into? [AGENCY 51]

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ISIS HERNANDEZ-TROCHE: I, at first, I would like to finish my residency and travel abroad to developing countries. That's why I have the French and Spanish, to travel to Africa and Latin American countries where there is a high need for medical assistance and also for awareness, because many...for example, certain tribes in Africa believe that having cancer, having a certain sickness is a sign that you're, you know, you're going to hell or something like that because you did something wrong. So I feel that health is a very good thing and especially it focuses on the basic needs of people. And if people have those basic needs met, they will become better and more educated and, thus, help the community. Then once I come back, I would either like to help the health of the minority disparities, and being a person of Hispanic background, being from Mexico, help my own community here in Omaha. And if I don't do that, then I'll be a pediatric oncologist and treat children's cancer. [AGENCY 51]

SENATOR HARMS: Well, you definitely know where you're going to go, don't you? I think that's really great. [AGENCY 51]

ISIS HERNANDEZ-TROCHE: Yeah. [AGENCY 51]

SENATOR HARMS: I wish my son and daughters would have had that same goal. [AGENCY 51]

ISIS HERNANDEZ-TROCHE: Yeah. [AGENCY 51]

SENATOR HARMS: I tried to help them think through it, but they wouldn't listen to me, so congratulations. [AGENCY 51]

ISIS HERNANDEZ-TROCHE: Thank you. [AGENCY 51]

SENATOR HARMS: I'm really proud of what you're doing and hang in there. Make sure you finish everything and become a real role model. Thank you. [AGENCY 51]

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SENATOR MELLO: Are there any further questions from the committee? Seeing none, thank you again for your testimony. [AGENCY 51]

ISIS HERNANDEZ-TROCHE: Thank you. [AGENCY 51]

SENATOR MELLO: We'll take the next testifier on behalf of Agency 51, University of Nebraska System. Can I get a quick show of hands of how many additional testifiers would like to testify? Okay, great. [AGENCY 51]

ALAN SVAJGR: Good evening, I guess it almost is, Senator Mello and the rest of the committee. I'm not a student at the University of Nebraska. I was some 50 years ago. Senators, I'm speaking today to you. My name is Alan Svajgr, A-l-a-n, Svajgr, S-v-a-j-g-r, just like it sounds. (Laughter) I'm from Cozad, Nebraska, speaking in favor of the University of Nebraska budget. I'm here today representing the Ag Builders of Nebraska. Some of you may or may not know what Ag Builders is. It's 190 members from east to west, north to south, from all across Nebraska, both men and women, farmers, ranchers, agribusiness individuals. But we're all dedicated to really shaping, advancing, and sustaining the prominence of teaching, research, as well as outreach, which the university does in the programs for agriculture and food systems for all Nebraskans. Thus, this does help fulfill that land-grant mission of the University of Nebraska. As a cattleman, a farmer, a rancher, and involved in banking, I did graduate 50 years ago but I still today continue to take advantage of the many things that the university does in continued research findings. I'll just give you a good example. As a cattle feeder, a few...several years ago, with the onslaught of ethanol production, our businesses have been able to utilize that coproduct very significantly in cattle feeding today and it's really saved millions of dollars to cattlemen all across Nebraska, as well as across the nation. And it's going to help us continue to become the epicenter of beef production here in the state of Nebraska. The university plays an important role as the engine of rural Nebraska, and I've seen that over the last 50 years that I've been out as

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an undergraduate. Through research and extension programs today and in the future, Nebraska certainly sits in a very favorable position in agriculture production, because what we have is water, we have land, and we have efficient, knowledgeable producers that's helped by our extension, as well as research provided from the University of Nebraska. They said that, you know, we must continue. I think as we continue to educate not only our students but we need to bring them back to Nebraska, our brightest and our best. I can remember when I graduated the first time in 1964, my parents, the conditions were such that I couldn't have made a living if I had gone back into the farming and ranching. And as late as the 1980s we had the same thing, parents telling their students the same thing. But today we really have a new day in agriculture and especially in the state of Nebraska where agriculture is truly premier. You know, we have a job to do and that's in feeding a hungry world, and Nebraska is well-positioned for that. I think a college education though must continue to be affordable. Not everybody gets all kinds of scholarships. Nebraska now has the Engler Entrepreneur Program which allows our brightest and best, as you know, in agriculture to really spread their wings and grow. And again, contrast that back to the '80s when we didn't have that type of program. Today agriculture is now a worldly business for us here in Nebraska. A new program the University of Nebraska is embarking upon, and it's in its infancy, is the Rural Futures Institute, which I've been involved with somewhat. It's designed to determine the best and possible ways to revitalize our rural communities and counties across all of Nebraska. I think we all look forward to the promises from this new venture, the revitalization program in rural Nebraska. Also in ag leadership, many of you have heard of the LEAD Program, it's also supported by the University of Nebraska. It's graduated 31 classes now of 30 groups each of men and women in agriculture. Many of these individuals today are in prominent leadership roles in their communities but also state and national leadership opportunities. Nebraska is rich in its land, in its water, and its people. We in agribusiness and agriculture are excited about the directions that the Institute of Agriculture and Natural Resources is undergoing with its large increase in the number not only of students but in the new areas of discipline in research, in water, natural resources, food, and fuel systems. And I think with in-depth

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planning and outreach we can keep our residents of this great state informed, as we do through extension, in a positive direction. To keep this moving train on the tracks and make it all happen, I think we, therefore, have to have adequate funding for the University of Nebraska and its programs. So I'm here today to speak in favor of the proposed budget for the University of Nebraska. Thank you. Any questions? [AGENCY 51]

SENATOR MELLO: Thank you for your testimony. Are there any questions from the committee? Senator Wightman. [AGENCY 51]

SENATOR WIGHTMAN: Thank you, Mr. Chairman. Thank you, Al, for being here. Makes a senator proud when he has two out of the last three from his county. (Laughter) And you talked about the LEAD Program and I know that Dawson County has had a tremendous... [AGENCY 51]

ALAN SVAJGR: We have and still do, that's right. [AGENCY 51]

SENATOR WIGHTMAN: ...facility from that and including our current secretary or director of Agriculture... [AGENCY 51]

ALAN SVAJGR: That's right. [AGENCY 51]

SENATOR WIGHTMAN: ...in the state of Nebraska and his brother and other people around. So could you tell me a little bit about what you think that program has done for agriculture and for the state of Nebraska. [AGENCY 51]

ALAN SVAJGR: Well, I think if you look across some of the things and the people that have been in the LEAD Program, per se, it's not only been the leadership for agriculture but they've taken on key leadership positions in a lot of other places, whether it's hospital boards, state senators, even people that have gone on into more prominent

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positions than that across the United States, and especially leadership in groups, commodity groups and so forth, cattlemen's groups, corn groups, and so forth. And so Nebraska has been real long on leadership nationally and I attribute a lot of that to the LEAD Program. Thank you. [AGENCY 51]

SENATOR WIGHTMAN: Thank you. I think our area has seen a lot from that, but I'm sure the whole state has. [AGENCY 51]

ALAN SVAJGR: That's true. I think we've had maybe more than our share of those and one of our old extension agents might have been the reason why a lot of them...his name was Harold Stevens, why a lot of us were involved in that program, so... [AGENCY 51]

SENATOR WIGHTMAN: That's true. Thank you. [AGENCY 51]

ALAN SVAJGR: Thank you. [AGENCY 51]

SENATOR MELLO: Senator Nelson. [AGENCY 51]

SENATOR NELSON: Thank you for coming. I didn't catch your name but you obviously are from Dawson County and I remember Harold Stevens. [AGENCY 51]

ALAN SVAJGR: Do you? [AGENCY 51]

SENATOR NELSON: He had a great deal to do with your success out there in Dawson County in 4-H and all the things... [AGENCY 51]

ALAN SVAJGR: Uh-huh. [AGENCY 51]

SENATOR NELSON: ...and I think in the individuals that have come forward as leaders.

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So did you...in those days I assume you went to the State Fair. Were you part of that at all? [AGENCY 51]

ALAN SVAJGR: I'd have to be guilty of not growing up in that county. [AGENCY 51]

SENATOR NELSON: Oh, you didn't. [AGENCY 51]

ALAN SVAJGR: I... [AGENCY 51]

SENATOR NELSON: Oh, well, all right. [AGENCY 51]

ALAN SVAJGR: I went back to that county 36 years ago,... [AGENCY 51]

SENATOR NELSON: Yeah. [AGENCY 51]

ALAN SVAJGR: ...but I did not grow up in that county. But I still had the influence of Harold Stevens. [AGENCY 51]

SENATOR NELSON: That's right. [AGENCY 51]

ALAN SVAJGR: And so he truly...leadership was an awful lot of what he developed in that county... [AGENCY 51]

SENATOR NELSON: Right. [AGENCY 51]

ALAN SVAJGR: ...and we're all proud of that, so... [AGENCY 51]

SENATOR NELSON: Okay. Thank you very much for coming today. [AGENCY 51]

ALAN SVAJGR: Thank you. [AGENCY 51]

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SENATOR MELLO: Any further questions from the committee? [AGENCY 51]

ALAN SVAJGR: Thank you. [AGENCY 51]

SENATOR MELLO: Seeing none, thank you, Al. Next testifier on behalf of the University of Nebraska. Good evening. [AGENCY 51]

MEG BRANNEN: (Exhibit 18) Good evening. My name is Meg Brannen, B-r-a-n-n-e-n, and I'm a senior at the University of Nebraska-Lincoln, originally from Bellevue, Nebraska. I'm the oldest of eight children from two parents who did not receive college degrees. Though my parents would love to pay for my education, with eight siblings, college tuition is simply outside the budget. That leaves me to pay for college on my own. I have two jobs and at times I've had as many as four. I'm a night clerk supervisor working overnight, midnight to 6:00 a.m., and I demonstrate soy products on the weekends in grocery stores in Omaha, Lincoln, and Grand Island. But even working every open hour, I'm still up to my neck in student loan debt. For me, there have been times where I've spent weeks wondering how I was going to be able to find money to pay next semester's tuition. And while sometimes I wish it were easier, I'm doing all this because I understand the value of investing in my education. I know that if I want to help grow the economy, I'm going to need my degree. Education is the ticket to the good life that Nebraska boasts, and I encourage you to continue the state's investment in higher education as a way to grow the economy and strengthen Nebraska's work force. The fact is, not every student is able to take out loans. The affordability compact can mean the difference between a student like me being able to continue, having to take a semester off or, worse, not being able to finish their education. This two-year freeze in tuition means that more students will see the university as an affordable option and it means that fewer students will drop out due to the high cost, which is something I unfortunately see every year. My freshman year I remember listening to two of my peers explain their plans for next year, which, sadly, did not include returning to the university

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simply because they couldn't afford another year. Some argue that as a Big 10 institution, the university should carry a Big 10 price tag, but to that I would say there's no place like Nebraska. There's no other place where you can get a Big 10 education at an affordable price, and that's something Nebraska should be proud of. Thank you for your time. I'd be happy to answer any questions. [AGENCY 51]

SENATOR MELLO: Thank you for your testimony, Meg. Are there any questions from the committee? Senator Harms. [AGENCY 51]

SENATOR HARMS: Thank you, Senator Mello. Thank you very much for coming, and your story for me is one that I'd have to say is...I know how that has to be such a challenge for you to be able to do that, to work three or four jobs. And I want you to know how...I think probably how proud all of us are of you to be able to do that. And what is your field of study now? What are your plans are? [AGENCY 51]

MEG BRANNEN: I'm majoring in advertising and public relations but upon graduation I plan to apply for a job with Teach for America. For those of you who are unaware, Teach for America would place me in a school...a low-income school district for two years where, essentially, other people don't particularly want to teach. [AGENCY 51]

SENATOR HARMS: Well, I admire you. Thank you very much and I'm glad that you are finishing up and I wish you the best of luck. But you're a great example of why it is so important for us to make sure that our higher education is affordable, because it's pretty easy for us to price you right out of the opportunity to experience that. Thank you for sharing that. I'm very proud of you. Thank you. [AGENCY 51]

MEG BRANNEN: Thank you. [AGENCY 51]

SENATOR MELLO: Are there any further questions from the committee? Seeing none, thank you so much, Meg. [AGENCY 51]

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MEG BRANNEN: Thank you. [AGENCY 51]

SENATOR MELLO: Are there any further testifiers here tonight on behalf of Agency 51, the University of Nebraska System? Last call, any further testifiers? Seeing none, that will close tonight's hearing on Agency 51 and we'll end the Appropriations Committee hearings for the day. Thank you. [AGENCY 51]