

Transcript Prepared by Clerk of the Legislature Transcribers Office

Appropriations Committee February 12, 2020

Agency 51

Rough Draft

TED CARTER: Chairman Stinner and members of the committee, I am Ted Carter, T-e-d C-a-r-t-e-r, and I am the president of the University of Nebraska. Thank you for the opportunity to be with you today to encourage your support for the Nebraska Career Scholarships Program. I thank Governor Ricketts for proposing this important investment in Nebraska's workforce development. Thank you also to this committee for including the Nebraska career scholarships in your preliminary budget. It's gratifying to know that Nebraska's elected leaders care so deeply about the value of education and that you've made affordable excellence at our colleges and universities a priority for so many years. Mr. Chairman, your leadership in introducing LB639 to invest in scholarships for high-need, high-demand, high-wage fields has been crucial to bringing us to this point. And Senator Bolz, your leadership of the Economic Development Task Force has brought key issues related to workforce growth to the forefront for many Nebraskans. Two days before I officially stepped into this role, I picked up the newspaper and read an unsettling headline. The newest census numbers were showing that more people left our state last year than moved in. And 2019 wasn't an aberration. Over time, Nebraska's outmigration challenge has exacerbated the workforce shortage that I know is one of the most urgent issues that all of you are dealing with. The same can be said for me, for Chancellors Green, Gold, Kristensen, and for all the people that have come in here before me and that are sitting behind me now. My colleagues at our state chambers of commerce have said it well: workforce is the single most critical challenge facing Nebraska today. I have every reason to think we can change that headline. We have an opportunity together to turn Nebraska's, quote, brain drain, unquote into, quote, brain gain, unquote. I would suggest to you that we need to act quickly and decisively in order to create the kind of growth and prosperity that Nebraskans deserve. But the fact that so much of our state's leadership representing government, business, K-12, and higher education are at the table together talking about solution gives me great confidence that we can turn the tide. The Nebraska Career Scholarships represents one such opportunity. This program could make a difference for students in our state in a number of ways. Number one, the scholarships would address shortages in our workforce that we know are especially acute. In the coming years, Nebraska will have 34,000 annual openings in high-demand, high-skill, high-wage jobs like engineering, IT, and nursing. The majority of these, more than

two-thirds, will require at least an associate's degree. And this is not uniquely urban or rural problem. The needs are as high in your district, Mr. Chairman, or in the district of Senator Erdman as they are in Senator Vargas' or Vice Chairman Bolz's district. Candidly, while we are doing good work, Nebraska's colleges and universities are not currently producing enough graduates to meet the need. Across the board, we are laser-focused on growth. The bold plans at the College of Engineering that Chancellor Green and his team have underway are one example. But a greater investment in scholarships would help us attract more students into the programs that our workforce is depending on. Number two, and equally important, more scholarships means more access for our young people, not just the 51,000 students of our University of Nebraska, but students at our community and state colleges and future generations of students who are hoping to turn the dream of college education into a reality. You will hear from two of our students in a few moments, and I think you'll find their stories as powerful as I do. I know many of us at this table have a special interest in making college more affordable for all students. I'm pleased that the Nebraska Career Scholarships would allow us to cast a wide net in terms of access. As written, we could award a scholarship to any student in any eligible academic program who meets a minimum ACT score required for admission to the University of Nebraska. In other words, this program is not limited only to students with the highest ACT scores. If we want to be a university for everyone, and we do, then this is the right approach, balancing our desire to recognize academic merit with our fundamental mission to create access for all. The program would also allow us to target transfer students, an increasingly important population of Nebraskans in the context of our workforce challenges. Some of you may be familiar with the Georgetown University Center that regularly analyzes trends in educational demand and the workforce. Their newest analysis, to be released a few months, will show that while postsecondary demand remains high, jobs for people with some college and no degree are shrinking. Two hundred and ninety-one thousand of our fellow Nebraskans are in this category, almost one quarter of our working-age population. For whatever reason, family obligations, work, geographic challenges, lack of support or something else, these Nebraskans started school but never earned the diploma that could improve their competitive standing. We have a clear opportunity to help these students, many of whom are adults, complete their programs, whether on one of our physical campuses or via distance through our online programs. A greater investment in

financial aid to attract these Nebraskans back to college and steer them to a degree could have dramatic imp-- implications for our workforce and individual prosperity. Nebraska's workforce challenges are as comp-- are as complex as they are urgent. A scholarship program is not the only solution, but I believe the career scholarships would put Nebraska in a more competitive position to recruit and retain the talented young people our workforce needs. That's good news for our state, it's good for our economy, and it sends a positive message to future generations that we care about them and we want them here. This is exactly the kind of idea we should be talking about as we look over the horizon together and we think about what we want Nebraska to look like 10, 20 and 30 years down the road. Again, I thank Governor Ricketts for making this proposal a priority, and I thank each of you for your time today. I'd be happy to answer any questions.

STINNER: Questions? Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you, President Carter, welcome.

TED CARTER: Thank you, sir.

CLEMENTS: As I was thinking-- seeing the amount of scholarship money that the Legislature is proposing and the Governor is, do you think you'd be able to leverage them with any private donations to multiply the effect of this funding?

TED CARTER: I think you're exactly right. Success will breed success. If you look back at our data going back to 2009, 2010, we've seen a growth in our private philanthropy for scholarship programs. So if you look back at the latest data I have, goes back to 2018, 2019, roughly \$35 million in private philanthropy for merit-based scholarships. That's grown at the rate of about \$1.2 million over that 10-year period. If you-- I'm sorry, at the rate of \$2.4 million per year over that period. If you take a look at the needs-based scholarship at today, at 2019, was about \$20 million, and that's grown at the rate of \$1.2 million. So the rate of increase for merit-based scholarships for philanthropy is a little bit more than double over the 10 years in growth. But again, you add all that up, we're talking roughly about \$55 million in scholarship money. And as this program matures, this would eventually get us to \$8 million, so that's a significant addition to that money. And then you put that on top of our Regents

Scholarships money for which we receive no money, a remission program that's about \$19 million in money today. And those are just for needs versus merit-based scholarships. So this is a significant add to our scholarship portfolio.

CLEMENTS: Thank you.

STINNER: Additional questions? I think when we were talking about, well, when I was presenting the H3 scholarship program to the Education Committee, interim President Fritz, I think, came in and talked about what, what that would look like if it was fully funded. I think it was \$20 or \$30 million. So maybe that's a target that we can grow ourselves into at some point in time.

TED CARTER: Sure.

STINNER: Do you want to comment on that? Do you got a feel-- it's not good to put a new person on the spot.

TED CARTER: No, I--

STINNER: If you have a feel for it, that's fine.

TED CARTER: I've spent a lot of time looking at this already. I think we could easily grow to that. The one thing that I didn't point out, and you've heard this from some of the other presenters before us at the community college and the State College System level, the flexibility that we're offered with this type of scholarship program is significant. You know, when we look at a Regents Scholarship or some of these other scholarship programs there are often tuition-based only. So for those that are, you know, meet our academic standards, but may have other financial needs, we now have the flexibility in this program to offer room and board, books, IT, other equipment. It's really significant. So we can put those types of decisions in the admissions offices where they have the best view of how we grow this. And quite honestly, these scholarship programs after we hopefully see this approved, we will give you back the data as to how it's performing. We'll see how many are come in-- coming in, what our retention rates are, what our graduation rates are, and then even track them into the workforce to see how it's returning on our investment. I'm very excited about this. I've said so personally to

the Governor, and I want to say thank you again for the support you've given us.

STINNER: Thank you. Any additional questions? Seeing none, thank you. We'll be nice to you this time.

TED CARTER: Appreciate that. Thank you.

STINNER: Good afternoon.

ALEX SUKUP: Hello.

STINNER: I guess it is maybe evening.

ALEX SUKUP: Yeah, probably is by now. Chairman Stinner and members of the Appropriations Committee, my name is Alex Sukup, A-l-e-x S-u-k-u-p, and I am a senior mechanical engineering major at the University of Nebraska-Lincoln. I'm here today as one of 51,000 students enrolled in the University of Nebraska system, and I want to thank you for the opportunity to speak to you about what a huge difference scholarships and financial aid makes for college students like us. I grew up in Norfolk and I always knew college was the path I would take. UNL was a perfect fit for me because there are so many options here. No matter what you're interested in, you can find a program to study and activities to be involved in. I also just love the quality of life in Nebraska and wanted to stay near my family. Like most students, I had to think about costs as I was deciding where to go to college. I was fortunate enough to earn a Regents Scholarship to UNL, which covers my tuition. And I'm so glad I did, because it's going to UNL has helped me grow as a person. I know, though, that if I hadn't gotten that scholarship, I might have chosen another path. Having a scholarship allows me to focus on my studies and gives me more time to get involved in activities on campus. One of the activities that I'm involved in is engineering ambassadors, and my fellow ambassadors and I get to visit K-12 schools all around the state and teach kids about the field of engineering, STEM, and the numerous career opportunities that are available to them in the future. We want to help them see that engineering is an attainable degree for just about anyone. For me, it's also very important to be a role model to young girls who are interested in science and math. We need to recruit as many Nebraskans as possible into STEM programs if we're going to fill all the jobs that are coming open in these areas.

My college, the College of Engineering, is working on a new building that is going to allow us to increase enrollment greatly. And while it won't be open until after I graduate, I'm excited about what the building is going to mean for future generations of students. I know the Legislature provided support for the building, so I'm very thankful for that. Great classrooms and research space are just one part of the equation in recruiting students. Another part is affordability. UNL is an amazing value compared to similar schools. But even with our affordable tuition, most students I know rely on some combination of scholarships, paychecks from jobs, student loans, and maybe even some help from their parents to pay the bills. From a student's perspective, I can tell you every amount of financial aid makes a difference. Scholarships helps get students in the door, stay on track to earn a degree, and graduate with less debt as we begin our careers. For those reasons, I am very supportive of the Nebraska Career Scholarship Program that Governor Ricketts has proposed. As someone who is about to graduate and start my own career, hopefully here in Lincoln, I think the Governor's proposal would be one more tool for Nebraska to keep our best and brightest right here in our state to study, live, work and raise a family. That's what a scholarship is doing for me. And my hope is that every student can have that same opportunity. I hope you will support this program and I thank you again for allowing me to speak today. And I'd be happy to answer any questions.

STINNER: Questions? Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you for coming. I see that you say you hope for your career to be in Lincoln.

ALEX SUKUP: Um-hum.

CLEMENTS: How do you find the job opportunities in Nebraska for your degree?

ALEX SUKUP: Honestly, I had, I've had two internships currently, and one was in Omaha and one is here in Lincoln. So there are a lot of opportunities out there. I think my biggest struggle is just trying to find which kind of road I want to go down with engineering. So I know there's a lot of options for me.

CLEMENTS: But there are plenty in Nebraska to choose from?

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ALEX SUKUP: I could even move back to Norfolk, if I wanted to.

CLEMENTS: Good to hear that. Thank you. I wish you success.

ALEX SUKUP: Thank you.

STINNER: Additional questions? Seeing none, thank you.

ALEX SUKUP: Thank you.

STINNER: Afternoon-- or evening, excuse me.

JULISSA BAKKEN: Chairman Stinner and members of the Appropriations Committee, good afternoon. My name is Julissa Bakken, J-u-l-i-s-s-a B-a-k-k-e-n, and I am honored to be here today. I would like to tell you a little bit about myself and the impact that a scholarship has had on my life. I'm from Valley, Nebraska, and growing up I was raised by a single mother. My father did not go to college while my mom became a nontraditional student when I got older. Growing up, I knew I wanted to work in the health care field. However, it wasn't until I received the opportunity to participate in UNMC's High School Alliance program that I discovered both my passion and purpose were deeply rooted in serving others. Through this program, I saw the impact nurses, physicians, and health care providers have in our community every day. I quickly discovered my dreams were to do the same. I knew being a member of the health care workforce entailed a rigorous, expensive education path. However, the biggest challenge I faced was finding a way to finance my own education. I knew my mom and my stepfather would not be able to fund my education, so every single night in high school I would sit down at the dinner table, research different scholarships and complete at least two applications. I was lucky enough to receive the Susan T. Buffett scholarship to UNO, where I completed my nursing school prerequisites prior to attending UNMC. The Buffett scholarship meant everything to me. It gave me a community, mentors, but most importantly, a mind at ease. It provided me with the flexibility to focus on my studies and family, rather than accumulating a large amount of debt. I did not understand the true gravity of that flexibility until my sophomore year of college. That year, my stepfather had a stroke and suffered cardiac arrest all within a two-month time frame. He was in and out of nearly every hospital in Omaha for over a month. During that time, I spent almost every night at the hospital with him doing my homework in the

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cafeteria while he rested upstairs. My presence was not only crucial to my stepfather's mental health, but also to my family's understanding of the situation. I attempted to be present for all care meetings so I could explain the medical treatment he was receiving to my family. Due to my mother's busy work schedule, I would stay at my parents' house each night after leaving the hospital. I would wake up early to get my two younger siblings ready for school in the morning, which included packing their lunches, doing their hair, and taking them to school. Immediately after, I would drive back to Lincoln for my classes. After class, I would head back to Omaha and do it all over again. During this stressful time, the only thing that put my mind at ease was knowing that I had a scholarship that allowed me to focus on my family and education rather than focusing on affording my education. Coming to UNMC for nursing school was one of the best decisions I've ever made. However, it is expensive and, unlike my first two years of school, I, I do have to work now to pay help-- to help pay the bills. I work up to 20 hours a week, in addition to being involved in the nursing honors society, serving as president of the Student Nurses Association and being a member of the Dean's Advisory Council. With graduation coming up in May, I have spent hours researching job openings in preparation for my career. When searching for staff nurse positions, it took hours to scroll through all the pages of open positions. Currently, the demand for nurses far outweighs the supply. The nurses shortage is quite real and it is not expected to improve anytime soon. Despite how much happiness my educational journey has brought me thus far. I will always worry about my student debt. I worry about how long it will take me to pay off my student loans and how much interest they will accrue prior to me paying them all off. For this reason, I would encourage you to support the scholarship proposal in front of you. I encourage you to support this proposal so future students like myself who might not think that college is an option for them can achieve their dreams. I ask you to support this proposal so students can continue to focus on their education, despite all the challenges that-- challenges that life throws their way. I can confidently say that, without my scholarships, I would not be here giving this speech today. My message to you is that when you invest in students, you invest in the future. You invest in you and your family's future educators, educate-- educators, nurses, doctors and so much more. Thank you for giving me this

opportunity to speak to you, and I would be happy to answer any questions.

STINNER: Thank you. Questions? Seeing none, thank you very much.

JULISSA BAKKEN: Thank you.

STINNER: Good evening.

BRYAN SLONE: Good evening. Chairman Stinner and members of the Appropriations Committee, my name is Bryan Slone, B-r-y-a-n S-l-o-n-e, and I am president of the Nebraska Chamber of Commerce and Industry. I'm here today representing both the Nebraska Chamber and the Greater Omaha Chamber of Commerce. And I appreciate this opportunity to testify before this committee., specifically regarding the funding for, funding for career scholarships as proposed in the Governor's budget. While, as you know, I have a fondness for tax and regulatory matters, and indeed, there's a tax hearing of great complexity that interests me right now, this is where I need to be, because the biggest issue for Nebraska's businesses, and indeed for our economy, is quickly becoming the availability of sufficient workforce and workforce skills to continue to grow our state's economy. In fact, it's my belief this is the challenge of the decade. While our education system as well as our educational attainment within Nebraska continues to rank high versus other, our peers states, we're starting to see the challenges of retaining and attracting the next generation of talent to our communities and our postsecondary educational institutions. In this challenging workforce environment, now bordering on full, full employment, our businesses are in a nationwide competition for workforce and Nebraska must be focused on finding specific, actionable solutions to this issue. In this war, our attracting students to our postsecondary institutions is ground zero. One such specific action we clearly need to start with is to take additional steps to retain and attract the brightest and best young students. The fact is that Nebraska loses to other states over 50 percent of our high school students with ACT scores over 27. In many cases, not only for the high ACT scores, but for all students, this is because generous scholarship opportunities are offered in other states that attract our top students and students that are critical to our workforce needs. We need to do a better job to ensure that Nebraska's postsecondary institutions can continue to compete with their own scholarships to keep these students in our state. The high-wage,

high-skill, and high-demand career scholarship funding being proposed in the Governor's budget is an important investment for an entire state and can help Nebraska better compete for the next generation of workforce. And if you would allow me this point of personal privilege to go off script just a bit. Having sat through this testimony with, the best part of my job other than, of course, dealing with you every day, is traveling the state. And what I would like to report and what you saw today, you saw it in the students and you saw the leaders here is there is something going on. Some-- there is real reason for optimism in our ability to win this war. You see it in the state colleges, you see it in the community colleges, and you certainly see it at the University of Nebraska. It was my great pleasure and honor to serve on the search committee for the president of the University of Nebraska. I'm quite confident we selected the right one. And there is leadership throughout all the educational institutions within this state. The business community is excited to work with them. And you see leaders like Josh Moening in Norfolk making a difference. We're poised to do something special if we can block and tackle and do the right things here, and the scholarship program is certainly one of those. And so with that, I'll encourage this committee to support this initiative. And I'm happy to answer any questions.

STINNER: Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you, thank you for being here today. You mentioned that you've traveled around the state. And I get that feeling, too, that there's something happening, going on, I guess.

BRYAN SLONE: It's special.

DORN: Give, give some thoughts on, you know, we-- I don't think we'll ever be to the point where I'll say we accomplished our goal. But where, where do you, I guess, where do you-- give us a little time line of where we really need to see, to see these scholarships and such. See some, I guess, I don't know, the results we can put data on or what-- when will we start to see hopefully a trend as where you, where you're talking and we don't see 50 percent of the ACT scores leave?

BRYAN SLONE: Yeah no, I-- and I, I don't think it's a simple solution where one thing is going to solve this. But what I see is the

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leadership to put in all the specific steps. And when I said that postsecondary education is ground zero, the number one place we can attract people to our state, particularly this 18 to 34-year-old group that we were looking for, is indeed these institutions, making these institutions attractive. And the fact that they cover, geographically, our state and in a way that makes its regents able to be successful, what, what happens Norfolk and what the mayor in Norfolk is planning on doing with the assistance of Wayne State and with the assistance of that community college, and indeed and ultimately with the assistance of the University of Nebraska is, is a potential model. And I think this is a "decadinal" issue. So I think we should be measuring real results within 10 years. I think that's very doable. These people will be out in the workforce in. in four years if we, if we do things right. I was, I was reminded as some of those students were talking about their own stories today that I had one of those scholarships when I was a law student here that paid my tuition but didn't pay for the other things. And I got all the way till six weeks left in my final year of law school and I was done. And, and for the Senator's sake, I'll tell you, I had to take everything I owned, virtually, and go to a pawn shop and pawn everything I owned to be able to eat the last six weeks of law school, including my Gering High School high school graduation ring. That's the saddest moment of your life would you-- when you give your Gering High School ring away. So I'll leave that with you, Senator.

DORN: Thank you.

STINNER: Any other questions? Seeing none, thank you.

BRYAN SLONE: Thank you, Mr. Chairman.

STINNER: Now you can go to the Revenue, right? All right. Any additional proponents? Any opponents? Anyone in the neutral capacity? Seeing none, that concludes our hearing of Agency 51 and there are hearings for today. Thank you very much.