

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee October 31, 2025
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CLEMENTS: It's 9:30 and time to start. Welcome to the Appropriations Committee. My name is Rob Clements. I'm from Elmwood and represent Legislative District 2, which is Cass County and eastern Lancaster County. I serve as chair of this committee. We'll start off by having the members do self-introductions, starting with my right.

LIPPINCOTT: Loren Lippincott from Central City.

ARMENDARIZ: Christy Armendariz from Omaha and Bennington.

DOVER: Robert Dover, District 19.

DORN: Myron Dorn, District 30 from Adams.

PROKOP: Jason Prokop, District 27, west Lincoln and Lancaster County.

CLEMENTS: Assisting the committee today is Cori Bierbaum, our committee clerk. To my left is my research analyst, Dan Wiles. There's no page today. If you're testifying today, please fill out a green testifier sheet located in the entrances of the room and hand it to the clerk when you come up to testify. To better facilitate today's hearing, I ask you to abide by the following procedures. Please silence your cell phones. This hearing is invited testimony only. We will be taking testifiers in the order listed on the agenda posted outside the room. When you come to testify, please spell your first and last name for the record before you testify. Be concise. We request that you limit your testimony to 10 minutes or less. Written material may be distributed to the committee members as exhibits only while testimony is being offered. Hand them to the clerk for distribution when you come up to testify. We do not accept oversized exhibits, CDs, thumb drives, or other electronic exhibits. With that, we'll be opening the hearing on LR261. And just one announcement from me, the Economic Forecasting Board will be meeting at 10:00, which is an important part of my job here. I'll be turning the meeting over to Senator Armendariz when I need to leave. So with that, welcome Senator Ibach.

IBACH: Thank you very much. We'll try to be expeditious so that you can be included with the discussion. Good morning, Chairman Clements and members of the Appropriations Committee. My name is Teresa Ibach, T-e-r-e-s-a I-b-a-c-h, and I'm happy to introduce LR261, an interim study to examine the fiscal impact of unfunded, statutorily mandated

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tuition and fee waivers on Nebraska's institutions of higher learning. Among these are the Dependents of Veterans Waiver, the First Responder Recruitment and Retention Act Waiver, the In the Line of Duty Dependent Education Act Waiver, and the Active Selected Reserve Waiver. All programs created with good intent but all of which carry very real cost to the institutions that are required to provide them. In 2023, in tandem with the enactment of the First Responders Recruitment and Retention Waiver, the Legislature examined the fiscal impact of these waivers on the university and on other higher education institutions' budgets through LR153. At that time, the university system reported that between 2018 and 2022, nearly 4,000 waivers were granted system-wide with a total cost of nearly \$20 million. For academic year 2023-24 alone, the University of Nebraska granted \$5.95 million in tuition remissions, largely driven by the new First Responders Recruitment and Retention Waiver and growth in the Dependents of Veterans waivers. We've seen similar, albeit smaller, effects on other higher education institutions. Data provided to our office from the State College System showed that for fall 2023, there were 50 students receiving waivers that cost these colleges \$129,000. For our community colleges for fall 2023, there were 217 students who received waivers that cost these schools over \$217,000. Despite being well aware of the ballooning costs associated with these waivers, the Legislature has done little to address the financial impact to our institutions. Instead, we have only compounded this problem as recently as this year by enacting LB608 into law, which extends these waivers to correctional officers and their dependents beginning in 2027. The Legislature then decided to funnel these new students to the university system, which is the costliest option available instead of spreading the financial burdens to the state colleges and those community colleges. LB608 provides the illusion of the state reimbursing the waivers provided to the specific subset of students through the Coordinating Commission for Postsecondary Education. The reimbursement isn't guaranteed if the Legislature does not appropriate those funds. If there is no money appropriated, the university still must honor the waivers and absorb that cost, meaning they must fund the dollars-- find the dollars, those dollars elsewhere, raising tuition on other students, cutting other need or merit-based scholarships, eliminating positions, or even cutting some of those programs. Unfortunately, we have already begun to see those trade-offs materialize. Testifiers following me will further explain the issue and the urgency that is needed in addressing this growing shortfall

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that we have artificially created and we continue to worsen. The status quo is not working and we owe it both to our taxpayers and our students to examine the sustainability of these actions. It may not be a popular conversation, but reforms to these programs are very, very necessary, whether it means testing the recipients, limiting the waivers to high-demand, high-wage, and high-skill programs, capping the benefits a single student may receive, or aligning Nebraska's policy with our Big Ten sister states that fund such waivers directly. We have options that can bring balance back to this system. We don't need to recreate the wheel here, but as we move forward, we need to make sure that the wheel is properly balanced. I look forward to this discussion and to hearing from those following me who will share updated data and institutional perspectives. Thank you, Mr. Chairman.

CLEMENTS: Thank you, Senator. Are there questions from the committee? Senator Dorn.

DORN: Thank you, Senator Clements. Thank you for being here and bringing this report. I know we had some discussion last year as went through the budget process. Are any of these scholarships, are they, I call it, financially need-based, or is that taken into account when they look at these scholarships?

IBACH: That's part of the issue that we have been discussing over the interim, and that in that there are no guardrails in place. We don't have any qualifying for the application process. We have no qualifications. And that's part of what we really want to determine through this interim study is what guardrails do we need to put in place? What qualifications might students need to have to qualify? Is it needs-based or are we just-- right now, it's just an open book, and anybody that fits these categor-- certain categories, qualify with no-- or, or they qualify with no underlying qualifications.

DORN: Thank you.

CLEMENTS: Senator Dover.

DOVER: Do you plan on bringing a bill?

IBACH: Based on what we learn today, yes.

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DOVER: Do you have any suggestions as to what you'd like to see as a solution?

IBACH: Well, I think the qualifications are one guardrail. Sunsetting the program could be one of those approaches in that we sunset everything and then start over. But I think the folks that are testifying behind me will have some suggestions as well.

DOVER: All right. Thank you.

CLEMENTS: Other questions? Seeing none, thank you, Senator. The first testifier, we'll, we'll invite Matt Hastings. Welcome.

MATT HASTINGS: Good morning. Thank you. Chairman Clements, members of the Appropriations Committee, thank you for having me today. My name is Matt Hastings, M-a-t-t H-a-s-t-i-n-g-s, and I'm the Executive Director of the Nebraska Statewide Workforce and Educational Reporting System, or NSWERS. Over the past several months, NSWERS has worked with Nebraska's public higher education systems, and the Coordinating Commission for Postsecondary Education to carry out an evaluation for LR261. This analysis combined data from the University of Nebraska System, the Nebraska State College System, and the Nebraska Community Colleges. And we looked at data from nearly a decade, from the 2015-16 school year through the '24-25 school year. And our goal was to provide a clear, kind of long-term view of how the number of waiver recipients and total waived tuition have changed statewide to assess the sustainability of these waivers and to better understand their connection to student success and to workforce outcomes. Our key findings: Over 10 years, Nebraska's public postsecondary institutions have reported more than \$50 million in waived tuition and fees distributed to over 5,000 students. Both the number of recipients and the total dollars have risen sharply, as you can see from the handout. Annually, since the beginning of our study, we've seen quadrupling participation and increases nearly fivefold in the total cost of the waiver programs. The fastest growth has occurred in recent years and really centers on two dependent-based waiver programs. The first is the Dependents of Deceased or Disabled Veterans Program. And it grew from about \$1.7 million in 2016 to \$7.5 million in waivers in 2025. That's because participation rose from 366 students to over 1,100 students. Second, the First Responder Recruitment and Retention Act expanded rapidly after 2022 when eligibility was extended to dependents. Waived tuition rose from about \$20,000 in 2021 to \$2.4

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million in 2025, with more than 400 recipients. Other programs such as the Active Select Reserve and the RHOP program have remained relatively stable. But across the systems, the University of Nebraska accounts for about three-quarters of the total waived tuition dollars, followed by the state colleges and the community colleges. Now, a key question examined in our analysis of the waiver program was whether these waivers are producing net-new students. That is students who may be attending college because of the waivers and otherwise would not have. Using the NSWERS information source, we've modeled the college going probability of waiver recipients based on their high school academic profiles and other demographics. And our results indicate that 85% of dependent waiver recipients were already very likely to attend college, even without the waiver. That means that only about 15% appear to be net-new students. Now, this finding is important because it suggests that while the waivers certainly are an important benefit for eligible families, most of the resulting cost growth is not linked to new enrollment. Instead, it reflects students who were already likely to attend college but for whom institutions now forgo tuition revenue. In closing, there really are key-- three key points from our analysis that I want to stress. First, unfunded waivers have increased sharply, both in participation and in cost. Second, growth really is being concentrated in these dependent-based waiver programs, especially for those of veterans and first responders. And, third, most of the dependent waiver recipients, from our view, were already likely to attend college, so the costs are mainly reflected in foregone tuition revenue. Now this information that I've shared today reflects obviously the kind of work that NSWERS does every day with our partners. This is a brief analysis of a larger reflection of work that we're doing to evaluate this challenge along with public postsecondary education in Nebraska. We stand ready to provide additional information to the committee and to support our partners in that work as the conversation continues, but we will be listening to the hearing today to see what the conversation-- how the conversation goes, and if there's additional information we can provide you, we certainly would like to do that. Thank you, Mr. Chair and members of the committee, for allowing me to testify.

CLEMENTS: Thank you. Are there questions from the committee? Senator Prokop.

PROKOP: Thank you, Mr. Hastings, for being here. Big fan of the work you do at NSWERS. I appreciate everything you do. I had two questions

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just around a, a couple metrics. I don't know if you do or, or don't measure for. The first being, you talked about kind of net-new students. Do we track or do we have a sense as to how many students who start these programs utilizing these waivers go all the way to completion to a degree? Is there any type of measurement on that?

MATT HASTINGS: Yeah.

PROKOP: I guess that's my first question, so.

MATT HASTINGS: Yes, yes, we've started to look at that right now.

PROKOP: OK.

MATT HASTINGS: Yep.

PROKOP: Do you have any sense on-- or unwilling to [INAUDIBLE]?

MATT HASTINGS: Yeah, on the whole-- so those analysis are still ongoing, but I can tell you preliminarily on the whole, the rates look very similar to nonwaiver recipient students.

PROKOP: OK. And then my second question being, do we have any sense or, or have any metrics in place as to those that then complete degrees, start careers, how many of those folks are then staying in the state?

MATT HASTINGS: Yes, we are also just starting to do analysis on that. And there, too, we've worked to construct a series of different analyzes on that. And I would say on the whole, the outcomes don't look significantly different from what we see from other students.

PROKOP: OK. Thank you.

CLEMENTS: Other questions? Regarding the 85% prediction, how did you determine that estimate?

MATT HASTINGS: Yep. So part of our work is to understand college going in Nebraska at NSWERS. And so we built statistical models to get a sense of how-- what it takes for driving factors for students to go on to college in our state. And then we can use those models to understand which students are most likely to go on to college, what type of student is most likely to go on to college. And by leveraging that information in our models, we can get a sense of, of the waiver

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recipients who are already most likely, based on what we know about the college going patterns of students in our state, who are already the most likely students to be going on to college. And that's how we began to identify that. Again, the vast majority of these students from our analysis looked like they already would have been going on to college regardless of whether they receive the waiver.

CLEMENTS: All right. Any other questions? Seeing none, thank you for your testimony. Next, we will invite Kevin Halle. Welcome.

KEVIN HALLE: Good morning. Good morning, Chairman and members. It's a pleasure to be with you today. My name is Kevin Halle, K-e-v-i-n H-a-l-l-e. I represent the Nebraska State College System, and I serve as Vice President for Enrollment Management at Wayne State College. I appreciate the opportunity to be here with you today. First, I want to thank the men and women who serve our state in law enforcement and other public capacities. The state colleges certainly do not overlook this service, and we very much appreciate the general public's willingness to serve. A recent statewide report that you've just heard much about this morning confirmed what, what enrollment leaders on campus really know firsthand, that the broad waiver programs have not necessarily generated new students, and in some cases the waivers go to students who are already intending to attend college in Nebraska, a Nebraska public college. That means that these programs are not necessarily expanding access, they are simply reallocating existing students. It is important to examine the impact of these programs when they're required without the funding necessary and when they're created outside what is strategic planning and enrollment management of the institutions whom are tasked to implement them. Tuition dollars are not just figures for us, they are the resources that we use to attract, retain, and graduate students. When tuition is waived, those dollars are not available to reinvest in scholarships and services that directly impact a student's success. Each waiver reduces the pool of aid that we rely on to bring in the next class and support those students to graduation. Additionally, enrollment and financial aid professionals, those closest to the data and student behavior, are best equipped to design and evaluate scholarship waiver programs. At Wayne State College and across the Nebraska State College System, our approach is mission driven and outcomes focused. We use our resources to serve first-generation and low-income students and to align our efforts with Nebraska's workforce needs. Each year, we review every scholarship and waiver model to ensure every dollar produces

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measurable impact. We operate within the boundaries of a 22% tuition remission revenue cap, and these waivers fall outside that cap, making it especially sensitive to enrollment shifts and budget unpredictability. When the number of waivers has expanded unexpectedly, tuition revenue declines, directly affecting our ability to sustain programs and our student support services. We also monitor federal financial aid changes closely. Many scholarships operate as last dollar in programs, filling tuition gaps after state and federal aid is applied. Adjustments to Pell Grant eligibility or credit-hour requirements, like those debated in the recent beautiful bill, could increase institutional obligations and further stretch our limited dollars. By contrast, state-supported programs that include outcome accountability, such as the Nebraska Career Scholarship Program, show what an effective partnership looks like. At Wayne State College, 98% of graduates from the first two cohorts are now employed in high-demand, high-wage, high-skill jobs, demonstrating a clear return on investment. That is the model that we believe in: flexible, data-informed programs developed through collaboration between state and campus leadership. We are asking if the state believes waiver programs are important, then the state funding and institutional discretion should accompany them. That balance allows us to continue serving Nebraska students in the way that we believe only the state colleges can. In short, dollars waived are dollars unavailable to recruit the next class, support ongoing enrollment, or ensure timely graduation. To maintain enrollment, close achievement gaps, and strengthen Nebraska's workforce, we need to empower those closest to the students to make the decisions that they achieve strong outcomes. I appreciate your time today and your continued support of higher education in our state.

CLEMENTS: Questions? Senator.

ARMENDARIZ: Thank you. Thank you for being here. I just have one question. Remind me, the Nebraska Career Scholarship Program, it has a requirement to stay in the state with that degree [INAUDIBLE]?

KEVIN HALLE: Not a, not a hard requirement, but the core of the program is to do so. So to, to keep those students, first sort of grow our own, if you will,--

ARMENDARIZ: Right.

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KEVIN HALLE: --keep them here and give them reasons to stay with a direct link to workforce.

ARMENDARIZ: Do you know what percentage do not stay?

KEVIN HALLE: These first two cohorts have been, it's been very small, I could get that number.

ARMENDARIZ: I appreciate it. Thank you.

KEVIN HALLE: Of course.

CLEMENTS: Other questions? Senator Dorn.

DORN: Thank you. Thank you for being here today. The one paragraph there you had about the, the last dollar in and such or whatever. So are these students in-- are any other aid or is that looked at first for these students or isn't that looked at all or what? Explain that a little bit.

KEVIN HALLE: Sure, to--

DORN: And how the big beautiful bill might affect it, yeah.

KEVIN HALLE: Yes, that's a very good question. I appreciate that. The, the changes in the, in the big beautiful bill will inevitably continue to, if it continues to shape the way that maybe it could and that is that less aid is available on the federal level that will further impact our ability to award a student in X or Y categories and so that's where the obligation will come back to, to the institutions. As far as the last-- what considerations in terms of awarding this waiver to students, as previously mentioned already this morning, it is awarded when a student falls in this category. So it is not contingent on X or Y kind of aid that they already might be receiving, but it is a, a first look that they fall in this category if the student has completed the application process and done so in accordance to all the, the process, it is awarded.

DORN: It is awarded, but then none of those others are brought in to, I call it supplemented or anything, it's just-- if it's \$1,000, then it's \$1,000 no matter what and then you don't look at or you don't

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even take into consideration any of the other opportunities that might be there.

KEVIN HALLE: If there is-- if those dollars-- and I appreciate-- yeah, I can give you that clar-- if there are dollars that, that would otherwise pay that tuition amount, yes, that is potential of that happening. Exclusively, I can't say that.

DORN: OK.

KEVIN HALLE: Yep.

DORN: That, that could happen--

KEVIN HALLE: It could. It could.

DORN: --if they got half of that from somewhere else,--

KEVIN HALLE: Correct.

DORN: --that could now only be half a tuition waiver here then.

KEVIN HALLE: Yes, it could, but I, I imagine that is small in numbers.

DORN: You don't think that's happening very often?

KEVIN HALLE: I do not.

DORN: OK.

CLEMENTS: Other questions? Seeing none, thank you for your testimony.

KEVIN HALLE: Thank you.

CLEMENTS: Next, we invite Courtney Wittstruck. Good morning.

COURTNEY WITTSTRUCK: Good morning, Chairman Clements and members of the Appropriations Committee. It's nice to see all your smiling faces again today. Hopefully we're all smiling after the Forecasting Board's meeting. Cross our fingers on that. My name is Courtney Wittstruck, C-o-u-r-t-n-e-y W-i-t-t-s-t-r-u-c-k. Thank you for the opportunity to appear today on behalf of Nebraska Community College Association's member colleges. We are grateful to the Appropriations Committee for its ongoing support of community colleges as we build Nebraska's

skilled workforce. And we appreciate Senator Ibach and the other cosponsors for introducing LR261, which aims to examine the impact of unfunded, statutorily mandated tuition and fee waivers on Nebraska's higher education institutions. Tuition and fee waiver programs are introduced with the best of intentions by lawmakers hoping to address critical workforce shortages and retain skilled labor in our state. These are admirable goals, but as with any incentive program, it's important to ask, are these programs achieving their intended results? And equally important, do the benefits outweigh the cost? Until recently, we didn't have the data to answer these questions, but, as you heard from NSWERS's Dr. Hastings, Nebraska now has the tools to collect and analyze this information. In addition to college enrollment, we can now track completion rates, employment outcomes, salaries, whether graduates stay in Nebraska or not. Yeah, this is powerful information for U.S. policymakers and for us as educational institutions. At the top of the one-pager that you have in front of you, you'll see one key data point that was already mentioned, that I won't belabor, but about 15% of the dependent waiver recipients are estimated to be net-new college students, as Dr. Hastings testified. So they probably would not have gone to college but for this program, which is great news for them. But then on the flip side, the 85% that received these waivers would likely have enrolled in college anyway, even without that waiver. So let's talk about the other side of the coin, the cost. Over the past decades, as, as you heard, these waivers have cost Nebraska's public universities and colleges \$50 million statewide and served more than 5,000 students. Of those, over 1,500 students attended community colleges representing more than \$4.5 million in waived tuition and fees. And that number would be considerably higher were it not for our already extremely low tuition rates. But the issue isn't only about dollars and cents, when a statutory waiver is mandated without a matching state appropriation, colleges must absorb the cost. This often means reallocating funds internally, pulling money from other student services, workforce training programs, and regionally strategic initiatives. This reduces flexibility, undermines long-term planning, and can ultimately affect the quality and accessibility of education for all students. Community colleges are the backbone of Nebraska's workforce development strategy, and because of this committee's continued support, we are training credentialed workers in health care, manufacturing, IT, precision ag, and more. But it's important to understand the opportunity cost of these waivers. Diverting resources to cover

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unfunded mandates hampers our ability to move quickly when industry evolves, making it harder for us to invest in programs that respond to local workforce needs. Simply put, unfunded mandates constrain one of community colleges' greatest attributes, our ability to be nimble. There is another often overlooked unintended consequence worth noting that was briefly mentioned earlier. Because these waivers are mandated, they can crowd out institutional aid for other students. So every dollar redirected to cover an unfunded mandate is a dollar that can't support a low-income student who falls outside of these waiver categories. And for some students, especially students that we see, that lost opportunity truly determines whether they attend college or not. So while each waiver program may seem modest, a few students here, a few dollars there, the cumulative impact is significant. And over time, as you've seen, for all of the education partners, these mandates add up to millions of dollars and thousands of students, but they also have real-world trade-offs. The good news is that Nebraska no longer has to make these decisions in the dark. We have the data and with it the ability to evaluate which programs work, which ones don't, and where our limited state resources can have the greatest impact. At the end of the day, we all share the same goal, which is to make Nebraska stronger by investing wisely in our people and our future workforce. Community colleges are proud to be part of that mission. We look forward to continuing these important policy discussions with you all in the future. And I'd be happy to take any questions. Yes, ma'am.

CLEMENTS: Senator Armendariz.

ARMENDARIZ: Thank you. Thank you for being here. I just wanted to know, is the community college position in favor of applying restrictions then on those scholarships, say, needs-based instead of, or would they prefer they just be reimbursed and let-- allow all the students to be in?

COURTNEY WITTSTRUCK: I would say we prefer to have the flexibility to be able to distribute our scholarship funds as the colleges see fit in their strategic plans and the strategic plans of the region. So I would say, you know, the, the reimbursement of the funds would definitely give them some of that flexibility to be able to do that. But, you know, we're not opposed to looking at other options. The great thing about NSWERS is they can model all of these scenarios to see if we offer, you know, waivers for this particular category of

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students or this particular category of students what the benefit is so we can all work together to see are you getting the results that you want out of these programs? Are we seeing the outcomes that we expected when we put these in place? So I would say flexibility is a key, reimbursement achieves that. But I think longer term the policy discussions are great to have this data that we can have together.

ARMENDARIZ: Follow up.

CLEMENTS: Go ahead.

ARMENDARIZ: So do you have, at the community college level, the ability to look at needs-based, I'm, I'm guessing, because I know this was a big conversation in dual enrollment.

COURTNEY WITTSTRUCK: Yeah. So the dual enrollment discussion is different from when you talk about nondual enrollment students. So because dual enrollment students are high school students, in effect-- well not in effect, they are high school students, the high schools have their financial aid information, so we don't know if they are on, for instance, free or reduced lunch. So we do not know their financial situation when they're in high school. But once they are out of high school and then they come to college, then we have their financial information. So we have the information for the students that are students but are not dual enrollment.

ARMENDARIZ: So you would be able to apply a needs-based to the college student?

COURTNEY WITTSTRUCK: Yes, and there is one needs-based program in Nebraska, NOG, the Nebraska Opportunity Grant. But again, it's, it's one, and the percentage of education funds from the lottery has, has dipped a little bit recently.

CLEMENTS: Other questions? I had a question. These bills that have come forward for these tuition waivers, have you testified in those hearings?

COURTNEY WITTSTRUCK: So we had one last year and we did, but we didn't have the extensive information from NSWERS or the historical funds. So we have testified and we've worked with Senator Ibach in the past

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about it, but we didn't have the extent of data that we have now with
NSWERS.

CLEMENTS: Did you take a position of those bills?

COURTNEY WITTSTRUCK: I don't remember, I know we, we always are
cautious about coming in saying we absolutely need a refund because we
want to work with you all in coming up with the best way to build our
workforce. So I can't remember if we came in neutral or if we came in,
in a position. But the point is we know it has opportunity costs, we
know it costs money. We know it limits our other options. But we also
want to be at the table, we don't want to be someone that, that you
don't feel like you can work with.

CLEMENTS: All right. Will you continue to be working with Senator
Ibach or others for suggestions?

COURTNEY WITTSTRUCK: Absolutely, anyone and everyone, we're happy to
work with whomever our partners we can.

CLEMENTS: It does appear to me that some more guidelines would have
been appropriate and I'd appreciate it if you did continue to work
with the Legislature on how to improve this. Any other questions?
Seeing none, thank you for your testimony.

COURTNEY WITTSTRUCK: Thank you, everyone.

CLEMENTS: I'm going to turn this over to Vice Chair Armendariz as I
have another meeting to listen in on. Go ahead, Senator.

ARMENDARIZ: Thank you. With that, we'll invite Dr. Gold from the
University of Nebraska to testify.

JEFF GOLD: Vice Chair Armendariz, members of the Appropriations
Committee, thank you for the opportunity to appear before you today.
My name is Dr. Jeff Gold, that's J-e-f-f G-o-l-d, and I have the
privilege of serving as the President of the University of Nebraska
System. We very much appreciate your attention to LR261 and your
willingness to examine the growing fiscal and operational impact of
Nebraska's statutorily mandated tuition waivers and remissions. I wish
to also thank Senator Ibach for introducing this study and for
bringing forward LB307 earlier this year. We're grateful for this
opportunity to join together with the state and community colleges on

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this important topic. Mandated remissions have become increasingly consequential across all of higher education, but particularly, as you've heard, to the University of Nebraska. It's most important for access and affordability of education for Nebraska students and families. The University of Nebraska is proud to educate, to train, and to employ the women and men who dedicate their lives to service: our Nebraska veterans, active-duty military and reservists, law enforcement officers, firefighters, emergency medicine personnel, and their families. These Nebraskans represent among the very best of our state. They serve with courage and compassion, and our campuses are enriched by their presence. The question before us today is not whether we should support these individuals, we do so unequivocally, as evidenced by our high national rankings of welcomeness and service to these individuals. The question today, however, is how can we continue to do so in a way that is financially sustainable, transparent, and equitable to all current and future Nebraska students. The cost of these unfunded mandates has grown dramatically. In the 2019 to 2020 academic year, the university remitted approximately \$2.76 million in tuition under these statutes. By 2023 to 2024, that number had risen to roughly \$6.48 million. And in the last completed academic year, 2024 to 2025, that total stood at \$8.8 million. That is more than triple in 5 years and nearly 36% higher in the previous academic year. This year, based upon current enrollment, we estimate it to be approximately \$12 million or yet another jump of just under 40%. These waivers now equal more than 1% of the total university state-aided budget with no corresponding appropriation to offset that loss. Every dollar in remitted tuition is a dollar the university must replace through higher tuition, reduced scholarships, and much more commonly, as you now are aware, deeper and deeper internal programmatic cuts. The largest driver of the growth are the Dependents of Veterans Waiver and the First Responder Recruitment and Retention Act. The veterans program alone grew by more than 28% in the last year to \$6.5 million system-wide. The first responder program created in 2023 and has expanded each year since has increased by more than 71% to currently just over \$2 million. Together, these two programs represent nearly 85% of all mandated remissions at the University of Nebraska System. These costs are real tuition revenues foregone by campuses already working to close multimillion-dollar state budget gaps and at the same time managing significant federal funding uncertainties and cuts. Although the University of Nebraska system, across its entire expanse, the impact is tangible. Growing

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legislative mandates without dedicated funding translates directly into fewer faculty positions, reduced student support services, and smaller pools of financial aid for the very Nebraskans we work to serve. The open-ended structure of these statutes compounds the challenge. There are no caps on participation, no appropriation limits, no academic thresholds, and no clear mechanism to ensure predictability. When tuition waivers of any kind are not funded, the costs do not disappear, they're simply redistributed. Other students, many of whom already face affordability challenges, effectively subsidize these remissions through higher tuition or reduced institutional aid and services. These mandates also carry implications for governance. The Board of Regents, elected by the people of Nebraska, is charged with overseeing tuition, financial aid, and academic priorities. When the Legislature mandates unfunded tuition waivers, it allocates funding that our regents may otherwise direct towards need-based aid, merit-based aid, or other academic and student success priorities. At the same time, like many universities nationwide, the University of Nebraska is navigating inflationary costs, workforce competition, and federal policy changes that threaten hundreds of millions of dollars in research and operating revenue. We have implemented wide-reaching budget reductions, even as enrollment remains stable and as the demand for skilled graduates continue to rise. In this environment, each new unfunded mandate compounds the strain and limits our ability to sustain affordability, maintain program quality, and invest in Nebraska's economic development priorities. We're proud of our affordability compared to our peers and the success of our need-based programs, such as Nebraska Promise. But that very success is jeopardized when institutional dollars that could support need-based scholarships must instead backfill unfunded mandates. In essence, we are being forced to make choices between groups of equally deserving Nebraskans. Nebraska is not alone in wanting to honor its veterans and first responders, but the way we finance these commitments is increasingly an outlier. In nearly every Big Ten state that we study, these programs are paired with direct state funding, institutional reimbursement, and defined caps that limit institutional exposure. States such as Indiana, Michigan, and Minnesota reimburse the universities for these costs, while others, including Illinois and Wisconsin, maintain dedicated state funding pools or annual caps or both that make the programs predictable and transparent. Together, these models reflect a simple but essential principle. When a state determines that certain students should not

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pay tuition, the state assumes the fiscal responsibility to make its institutions whole. The interim study gives us a unique opportunity to recalibrate. We can and should continue to serve these deserving Nebraskans, but we must do so in a way that is transparent and sustainable. The most practical solution is to establish a centralized, dedicated appropriation to reimburse institutions for the actual cost of mandated waivers, reviewed annually, indexed to utilization, and aligned with state workforce needs. The Legislature might also consider reasonable program size limits, or sometimes known as annual caps, to keep participation predictable for both the state and the campuses. These steps would not diminish our commitment to those who serve, they would strengthen it by ensuring that the program can endure and continue over time to recruit, retain, and upscale critical workforce in our state. We recognize and respect the Legislature's intent to honor those who serve our state, but we also have a responsibility to speak clearly about the physical reality. Last year, those realities amounted to just over \$8 million in unfunded remissions and approached \$12 million this year. So, in closing, members of the committee, Nebraska's strength has always rested on service, stewardship, and shared responsibility. The University of Nebraska shares those values in full. We are asking only that the state pair its commitment to service with an equal commitment to quality and sustainability. Together we can build a structure that honors service and retains talented workforce while safeguarding access and opportunity for generations of Nebraskans to come. Thank you for your time, for your partnership, and as always, I'm very pleased to answer any of your questions.

ARMENDARIZ: Any questions?

DORN: I've got one or did you have-- go ahead.

ARMENDARIZ: Nope. Senator Dorn.

DORN: OK. Thank you. Thank you for being here. The, the \$8 million to the \$12 million from last year to this next year, is a lot of that because of the big beautiful bill or the reduction in funding or is that because of increase in participation?

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JEFF GOLD: It's increase in participation. The impact of the changes in the big beautiful bill have not hit the eligibility for Pell and other federally funded. So that is all looming in the future.

DORN: What, I, I call it, what kind of percent or what do you hear from that bill, is, is that going to be a 10, 15% increase or any idea or what's your estimate? Yeah.

JEFF GOLD: I, I really don't know, sir. I can look it up and get some better information for you. It would, it would depend for us on the total expanse of Pell eligibility and of our undergraduate students. And so the, the numbers that have been thrown around throughout the bill are quite significant in terms of reducing Pell eligibility, which is the fundamental thing. You might know that the Grad PLUS Scholarships, which support graduate students, were eliminated this year. So that has had a significant impact in graduate student enrollment. There's also capping of, of, of professional lending such as Stafford loans and others which will inhibit not undergraduate students but will reduce the ability of students to go to medical school, law school, and other such things. So there's quite a bit of, of moving parts that have already been passed and there are others that the Department of Education has been proposing actively as we speak.

DORN: One last question if you don't mind. If a student qualifies as a freshman, do they have to reapply, or are they just-- or, or how, how, how long are they eligible, or how long will they be granted a tuition waiver, or do they have to, I call it, resubmit a claim every year?

JEFF GOLD: Once they're admitted, as under one of these tuition mandates, they carry that with them for the entire duration of their educational program.

PROKOP: Thanks for being here today, Dr. Gold. I appreciate the commitment to the red tie. I thought it was a blackout game weekend, but that's all right. Don't answer about that.

JEFF GOLD: Tomorrow is another story, sir.

PROKOP: Yes. And, and I want to thank you for your comments about serving the students of these families. I, I, 100% agree with that sentiment. I did have a question about something you, you talked about, so. You mentioned that we were a little bit unique in how we

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address it based on other states, kind of our neighboring states or other Big, Big Ten universities, what-- could you go, go into that a little more as to how that is addressed or--

JEFF GOLD: Yeah, so we have done a study, to the best of our ability, of, of peer institutions and the way that was done is we looked at the 18 states from which the Big Ten peers are residing and looked at how they handled these programs. And there is a good deal of variability in terms of whether or not they have caps, whether they are either academic or meeting merit or need-based qualifications for it. But there's really only one state, and, and we can get you the detail because we actually have a report. I was just looking to see if I had it in this package of information, but let's see if I have it. If I do, I'm more than pleased to share it with you. Yeah, so, let's see. So under the National Landscape Overview, the veterans and National Guard members, first responders, and foster youth are most commonly beneficiary categories. The funding models vary more-- this is, again, just looking at the Big Ten states, of course, there are 18 schools in the Big Ten.

PROKOP: Yeah.

JEFF GOLD: More than half of the states, Minnesota, Michigan, Indiana, Iowa, and Ohio maintain state-funded and reimbursable programs. Others, Nebraska and the only other in the entire Big Ten is the sovereign state of California, rely predominantly on institutional absorption, meaning universities waive the tuition. Peer institutions, California, broad mandates, no funding. Indiana and Ohio, Indiana's Children and Spouse of Public Safety Officers Waiver and Ohio's Public Service Officers Waiver both include reimbursements to the public universities. These states demonstrate explicit recognition of fiscal neutrality as they call it for mandated waivers. Minnesota and Michigan have dedicated appropriations. Minnesota has the, quote, American Indian Scholars Program and Michigan's Police and Firefighters Survivor Grant are both state funded. These are both, by the way, first dollar programs and not last dollar programs as you asked about, Senator Dorn. Illinois and Iowa partial state coverage. Illinois Veterans and National Guard and Iowa's National Guard Service Scholarships combine appropriations with institutional guarantees, only if funds run, run short. And then Wisconsin and Washington, institutional absorption with defined caps, Wisconsin's GI bill and Washington's Veterans and Guard Dependents Waiver both rely on some

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institutional remission but also include statutory limits, credit hour caps, eligibility by age, etcetera. And so it's quite variable across the country. We can actually get you the document that we've researched that literally breaks down every one of these different types of remissions state by state. But we are, along with the state of California, a very significant outlier in that all of these state-mandated remissions have no qualifications and have no limits on them.

PROKOP: Thank you. One, one other question why, why do we have you here. You mentioned the overall state of, of the university's budget coming out of the legislative session and things that are happening federally. Would you care to expand on that? Just because I know there's been a lot of public conversation out there and, and media attention around that, is that something you could update the committee on?

JEFF GOLD: Well, there is, sir. And maybe I can just break this down into two different categories. And I have some-- I brought some handouts thinking that that might be a, a question that was on the front burner of some. We can talk about the federal pieces first. And I have a handout that I can actually give to our young lady here. So we update the data on what we call federal fiscal recurring reductions every 2 weeks. And we also look at university fiscal recurring reductions on, on a similar time frame. But I would just draw your attention to the very top box of this, and you're welcome to share this. This is the same format that we have shared with the Legislature when you were in session, you may recall, on a-- at least once a month, if not more often, basis. But we're now estimating in this fiscal year, meaning before June 30, that we'll be down \$226.8 million of federal funding. That is broken down in the categories that you see, including federal awards for research, agency delays, potential tariffs that we've estimated based upon existing equipment and supplies, frozen research grants, just under \$70 million of grants and research that we know is canceled and, of course, the changes in the facilities and administrative reimbursement rate to 15%. These are somewhat estimates going forward, other than the actual numbers of grants and contracts that have been canceled to date, and they do not even touch on the question of given the nearly month-long shutdown that we've been encountering, whether or not we'll ever be made whole for the lost dollars, which would be essentially a, you know, one-twelfth reduction in all of our federal funding. From a broader

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perspective, however, you know, we are living with the realities of inflationary changes, costs of maintaining our educational programs and, of course, the impact of the state appropriations. And we are deeply grateful, as I've said many, many times, for the partnership with the Legislature and the state appropriations. But if you look at inflation adjusted numbers, and we've had the opportunity to go back to 2016 and look at a, at a full 10 years of change. If what we were appropriated in 2016 were corrected for inflation CPI, not the cost, not inflationary rate of higher education, which is about a half to three-quarters of a percentage higher than CPI, but just the actual Consumer Price Index, the state appropriations would be \$254 million high. I would also point out that we've been very dedicated over this same 10-year period to maintain affordability of public higher education. During this same year-- 10-year period of time, overall inflation, again, purely CPI was 36.15%. We have made our own internal choices with the Board of Regents to not get anywhere near close to that number. And, indeed, if you looked at what would have happened had we simply mirrored inflation during this decade-long period, that would have been another \$142 million of revenue to the state, to the state, to the state, to our university system. None of these are, are-- you know, this is just all looking in the rearview mirror and not looking forward, but when I get asked by our hard working faculty and staff, community members and others, why have we cut over \$130 million over the last decade, and cutting another nearly \$40 million out of the budget this year just to maintain a balanced budget, these costs, which totaled \$396 million over the 10-year period just due to inflationary changes, have to be absorbed somewhere. And the only way-- some of it has been absorbed by increases in enrollment. A small percentage of it has actually been enrolled by increases in tuition, a 13% tuition increase over this period of 10 years. But the majority has been absorbed, unfortunately, by cutting, and predominantly, by the way, by cutting nonfaculty and academic programs, cutting our administrative support in back of the house, literally, down to the bone and through the bone. And I have a summary document. I, I don't if it was distributed, it looks sort of like this.

PROKOP: Yeah.

JEFF GOLD: But we, we pulled it, and if you look at the graphs on the bottom, just to draw your attention to it, the one on the left looks at our expense base on the academic budget, and it compares, you know, over a period of time the differences between Nebraska Promise, regent

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scholars, Presidential Scholars, Health Opportunity Programs, and total state-mandated remissions in different colors. These are merit-based and need-based programs that the university has had and continues to maintain. And you see that they are, for the most part, growing. If you look to the chart on the right, albeit on a very different scale, you can see that the, that the changes in state-mandated remissions in all of the categories, particularly the most prominent ones we discussed, are rising and that is all detailed in the chart on the lower part, you know, right in the middle of your document titled: Institutional Remissions and State-Mandated Remissions. So we've maintained our commitments to regent scholars which are high-performing students, Nebraska Promise, the recently announced Presidential Scholars and the Health Opportunity Programs. And they have also continued to grow over the same year period. This cost us directly out of pocket \$398 million. I hope that-- you know, this information certainly provides clarity to me as to why we are currently in this situation of having to continually reduce our cost base to balance the budget which, of course, we're required to do on an annual basis.

PROKOP: Thank you.

ARMENDARIZ: Any other questions? I have a few questions.

JEFF GOLD: Sure, thank you, Senator.

ARMENDARIZ: Thank you, thank you again for being here. First, I'll, I'll talk about the California incident that you talk about. Do you have the numbers? And you may not have the numbers. How much does the state of California pay toward the university system? As I see our breakdown, you know, there's federal, there's tuition, there's state reimbursements, so. Do you know that breakdown for California being that they also expect the state to absorb it?

JEFF GOLD: The state appropriation to the University of California System and to the California state system is in the multi-multi-billion-dollars' range. I don't know if--

ARMENDARIZ: What percentage?

JEFF GOLD: --you're asking me what percentage of that repre-- is represented by the mandated tuition remissions. I don't know. I don't

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know if the information is available, but we'll certainly look for it, Senator.

ARMENDARIZ: OK, yeah, that might, that might knock you out of being very reflective of each other if the state is appropriating way more money to that institution than maybe our state does and you rely more on the federal and tuition for your budget.

JEFF GOLD: I, I do know it's a multibillion-dollar appropriation.

ARMENDARIZ: OK. I appreciate that. So do you know in those-- it looks like the dependent category. Do you know how many of those students that are taking advantage of that tuition waiver would qualify under a need-based scholarship?

JEFF GOLD: Well, we can tell you, I don't know off the top of my head, but we can find out for you very rapidly what percentage of them actually submit a FAFSA form, which is the way that federal need-based scholarships are determined and what number of dollars are being paid to the university system as a result of that. The numbers that are in these charts that I am describing to you today are net of that. In other words, these, these are what we call last dollar in programs. However, there is not the same incentive for either one of these individuals or their dependents to pursue other sources of financial aid if they know that they will have a total waiver when they enroll.

ARMENDARIZ: OK, so, so we might want to look into-- is it mandated to apply for the FAFSA? I thought it was for all high school students.

JEFF GOLD: Well, a lot of these though, however, are not high school students.

ARMENDARIZ: OK. Good, good point. I'm just thinking if we made it a qualifier and then the state reimbursed those on the second list state-mandated remissions and the qualifier was need-based and the state would provide the money to add to your Promise Scholarship, say, just for those students and make sure that they're covered on--

JEFF GOLD: Sure. I would guess most of them do apply for federal financial aid that are so-called direct from high school students, and-- but we can get you those numbers.

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ARMENDARIZ: OK, and we could look in to see if they would have to go through that same, even if they're not direct from high school students, if they want this waiver. And then also your numbers that you're providing, are you providing actual costs to the university or are you, are you providing the numbers of tuition dollars that would have been recouped had they been paying tuition instead of the waiver?

JEFF GOLD: What we're providing to you on this schedule is the, the difference between all other sources of tuition and, and fees where appropriate and, and, and what we would have normally charged an in-state student.

ARMENDARIZ: OK. I appreciate that. Any other questions? Seeing no other, thank you for your testimony today.

JEFF GOLD: You're welcome.

ARMENDARIZ: So that includes our invited testimony today. I'll ask Senator Ibach to come up for her closing.

IBACH: Thank you very much, Madam Vice Chair. And thank you to the committee for your very, very thoughtful questions. And also thank you to the cosponsors of this, of this LR. I think last year really called our attention to the fact that we are continuing to expand the mandated waivers without the support behind it. And I think the, the data, I would thank Mr. Halle from-- or Mr. Hastings from NSWERS. His data, the goal of this LR was to find this data and really apply it and, and know how much we, exactly how much we are mandating. I really appreciate the testifiers. I think they reinforced the messaging that we need to do something and I think we will going forward. And I really appreciate Dr. Gold, he's been engaged with this process all along and been a very good source of, of information. His staff has been excellent to respond to us and give us the information. And I think he is just spot-on when he talks about the solutions. We either need to appropriate the funds to give them some kind of relief, especially if we're going to continue to reduce their appropriation. Perhaps we find those caps, maybe we cap the program at X dollars and, and go forward from there to make it more predictable for all those institutions. And maybe we just set up those qualifications. How do we qualify the students that actually receive some of those funds? I think those are all really, really good solutions. And I, I think the, the information that Dr. Gold provided us with in this spreadsheet

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really identifies the real story on how much we expect our, our continuing education partners to-- we demand of them financially. With that, I would just say thank you all very much for your very thoughtful questions. Senator Prokop, your questions at the beginning were exactly what I've asked all along is, you know, what are, what are the qualifications and how do we set those guardrails? So I think this is great information going forward and I look forward to putting something in the form of a bill. Does anybody have questions?

ARMENDARIZ: Senator Prokop.

PROKOP: Since you complimented my questions, I'm going to ask you a couple more. It just kind of struck me as the conversation was, was happening today, is there-- across all these different remission programs, are there similar or identical-- and I'll start by saying I had an interim study that had a hearing earlier this year around the InternNE Program, because I'm always thinking about what are, what are we doing to retain those students that we're, that we're educating and what are those types of pieces? But, you know, for example, are the, the dependents of veterans and, and first responders and, you know, the, the health opportunities program, are there requirements to stay, are there requirements to say after graduation, are those similar, the same, not at all the same [INAUDIBLE]?

IBACH: Not-- I would say not at all the same.

PROKOP: OK.

IBACH: I don't want to speak for the institutions. But one of my questions was I-- when I brought the rural veterinarians bill, we require them to stay in the state for up to 8 years after they graduate to, to recoup some of those costs. It's a return on investment. And so that could be one of the qualifications that we put in place that if you don't stay in the state, if you have a great opportunity somewhere else, then maybe you reimburse us for some of those funds.

PROKOP: OK. Thank you. And then the last question I had, and, and I guess maybe more of a statement than a question, is, you know, across this, and, you know, this is kind of reiterated across testifiers and, and, and in your opening, this is one of those situations where we all see the value of this. I mean, we, we, we get the opportunity to do

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the right thing and I feel like these programs are doing the right thing and, and we've got to sort through the, the, the-- some of the fiscals on it, but-- you know, to honor the, honor the families and the sacrifices that they have. So I think we all, we all want that, so.

IBACH: Yeah, and I agree. The reason that we were so supportive of these programs initially, I mean for years back, were because we felt like this was an incentive for those public servants to be able to qualify and take or be able to take advantage of a program that would allow them to continue their education. So I don't disagree with that at all. I think what we don't want to be is more like California. What we do want to is, is a really thoughtful program where we can have folks take advantage of what we have in place. But the question has to be what are the solutions? And if we are going to continue down this road of providing those, we need to either-- we need to do a lot of things, but one of them is to either reimburse for those funds to continue or-- and put some qualifications in place.

PROKOP: Thank you.

ARMENDARIZ: With that, thank you, Senator.

IBACH: Thank you.

ARMENDARIZ: That ends our hearing today.

IBACH: Thank you very much.