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Transcriber's Office

Education Committee
January 23, 2007

[LB58 LB192 LB238 LB342]

The Committee on Education met at 1:30 p.m. on Tuesday, January 23, 2007, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB238, LB342, LB58, and LB192. Senators present: Ron Raikes, Chairman; Gail Kopplin, Vice Chairman; Greg Adams; Brad Ashford; Bill Avery; Carroll Burling; Gwen Howard; and Joel Johnson. Senator absent: None. []

SENATOR RAIKES: Good afternoon and welcome to this hearing of the Education Committee of the Nebraska Legislature. We're pleased you could be here. We are going to hear four bills this afternoon. They're listed on the sheet on the outside of the hearing room door, and we will hear them in the order listed there. Our preliminaries are a little bit about our rules is if you wish to testify, and we will have proponent, and opponent, and neutral testimony following the introduction by a member of the Legislature. We will also have a close by the introducer, if so desired. Please fill out one of the little sheets with your name and whatever, and throw it in that box before you testify. Also as you begin your testimony, tell us your name and spell your last name for us for the transcriber. We use a light system here. Please limit your testimony to five minutes, that will show up on our lights. You will have green for the first four, yellow for the fifth minute, and the red reminder, so to speak, and we will try to work with you on that, but, please, for the best use of everyone's time, I think that's worked out well. I'll just mention also, if you have cell phones, please disable them however you choose so that they don't interrupt the hearing. Let me go on to introduce our committee to you. Well, I'll start, actually, with Matt Blomstedt, who's the committee's research analyst, to my far right; Senator Brad Ashford, from Omaha will soon be here; as will Senator Gwen Howard, also from Omaha; here is Senator Carroll Burling, from Kenesaw; Tammy Barry is our committee's legal counsel; I'm Ron Raikes, represent District 25; to my left is our committee's Vice Chair, Senator Gail Kopplin, from Gretna, Nebraska; next to him is Senator Greg Adams, from York; Senator Joel Johnson, Kearney; Senator Bill Avery, Lincoln; and Kris Valentin, our committee's clerk. So I think I've covered the preliminaries. We are ready to begin and we will start with LB238 to be introduced by Senator Fischer, she's here. Welcome, Senator. []

SENATOR FISCHER: (Exhibits 1, 2 & 3) Thank you, Senator Raikes, and members of the Education Committee. For the record, my name is Deb Fischer, F-i-s-c-h-e-r. I am a Senator representing the 43rd District in the Nebraska Legislature. The purpose of LB238 is twofold. First, LB238 would provide significant property tax relief to all of our citizens by eliminating the community college's property tax levying authority. Second, a new statewide board of trustees of the Nebraska community colleges would be created. This new governing board would operate similar to the Board of Regents of the University of Nebraska and the Board of Trustees of the Nebraska State Colleges. We, as a state and as a Legislature, are in a unique time in our history. The states revenue surplus provides us the opportunity to make significant inroads in tackling the problems

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associated with our state's high property tax burden. We must not let the opportunity pass us by. We need to cut the most disliked tax assessed on our citizens. The property tax is not based on ability to pay and this tax affects all property owners, including the low-income, fixed-income, and retired. This is not a tax shift to move these property tax funded costs to the state budget. By removing the community colleges property tax levying authority, we will see a reduction in the overall tax load, and we can afford to do so. It is well known that Nebraska is a high property tax state. We consistently rank in the top one third in the country in terms of property tax burden. Our surrounding states do not require as much from their property owners and we do. As responsible legislators, we must tackle the difficult problems that our constituents face. Property taxes are the single most aired concern that I hear as I travel my district, and throughout this state. It is my duty and the Legislature's duty to offer options that address these concerns. If the Legislature chooses to adopt LB238, tens of millions of dollars would immediately be removed from the local property tax roles. The community college areas levied over \$83 million in property taxes in 2006. They levied an additional \$12 million for capital improvements and have over \$27 million in long-term obligations that are reliant upon property taxes. Rarely does the opportunity present itself to make such a significant investment in property tax relief. Our current revenue situation permits us to act on this proposal. The 2006-2007 property tax levies rates in the six community colleges areas range from 6.74 cents per \$100 of valuation in the Metro Community College area, to 12.26 cents per \$100 of valuation in the Western Community College area. This, in equity, in levying for property taxes can best be addressed by passing LB238, eliminating the community colleges taxing authority, and having the state appropriate to one overall community college board responsible for those budgeting decisions. As property valuations continue to rise, the community colleges currently have the ability to tap into that resource, and taxpayers see a rise in taxes, even though a levy may remain the same or decrease. The University of Nebraska and the Nebraska state colleges do not have that ability, nor should they. They must go before the legislatures budgeting process and are affected during the good times and the bad. To be fair, community colleges should be treated the same as they develop their budgets. Currently local property taxpayers pay for their area community college. I don't believe this is fair. Community colleges serve students from across the state and students from outside of Nebraska. Anyone can attend these institutions. It is not limited to the local people that pay to support them. They are state higher education institutions and should be funded as such. Let me briefly explain the governance structure of the new community college system that is in LB238. LB238 would establish a new statewide board of trustees of the Nebraska community colleges to better mirror the current governance structure of the Board of Regents of the University of Nebraska and the Board of Trustees of the Nebraska state colleges. The new board would consist of seven members. The governor would appoint one member from each of the six community college areas and one member at large. The Legislature would confirm each of these appointments. The board members would serve staggered terms of six years each as the governor determines. The Commissioner of Education would be an ex

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officio member. The board would be responsible for the general governance of all the community colleges. To address concerns about local control, each community college area would have a local advisory board. These local advisory boards would have seven members. Three members of the local advisory board would be appointed by the board of trustees of this new Nebraska community college system. Two members would be appointed by representatives of the community college campuses of the community college area, and two members would be appointed by the remaining members of the local advisory board. Terms on the local advisory board would be six years. In order to respond to immediate local needs, a community college may institute one or more pilot programs if the local advisory board finds that each pilot program is responsive to those unique local needs. A pilot program is defined as a specific short-term job training program or a specific short-term public service program. The pilot program would not need to be approved by the board of trustees, but would be subject to the waiver process of the Coordinating Commission of (sic) Postsecondary Education. The operative date of the bill is July 1, 2009. At that time the state would fully replace all property tax dollars assessed for the community colleges, and the board of trustees of the Nebraska community colleges would assume all assets, liabilities, and obligations of the community colleges. I want to publicly state that LB238 is in no way an attack on our community colleges. I believe the community colleges serve a much needed educational purpose for this state and its residents. They provide high quality, affordable, postsecondary education. These colleges have assisted the state in making headway in the increasingly worrisome shortage of direct healthcare professionals. They provide highly technical education in increasingly technical fields providing important opportunities throughout the state. The community colleges also offer academic transfer opportunities for their students. They are able to respond to student's needs in a quick and comprehensive manner. As I have stated, I believe LB238 addresses two major concerns: property tax relief and postsecondary institution governance issues. I would like to close by, again, emphasizing the unique opportunity that we have this session to address the high property tax burden of our constituents. Relieving all our property taxpayers of the assessment required for the community colleges would make a significant and sustainable difference in lowering our constituents property tax burden. I would like to submit a technical amendment at this time. This amendment came from the Coordinating Commission for Postsecondary Education. They brought this to our attention after they had a chance to read the bill after it had been filed. I would also like to enter, at this time, into the record a very eloquent E-mail from Dr. Joyce Simmons, who serves on the Coordinating Commission for Postsecondary Education, and also one from Mr. Kim Blake, who is former McPherson County Commissioner, both requested that I do so since they were unable to be at the hearing today. Thank you and if you have any questions, I would be happy to try and answer them at this time. [LB238]

SENATOR RAIKES: Thank you, Senator Fischer. It seems like a modest proposal.
[LB238]

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SENATOR FISCHER: I try. [LB238]

SENATOR RAIKES: Senator Adams. [LB238]

SENATOR ADAMS: Senator Fischer, can you tell me...in other states, maybe those that neighbor us, how do they handle their community colleges as far as the authority, governance, and funding? [LB238]

SENATOR FISCHER: I don't have that information at my fingertips. I do know that the Coordinating Commission for Postsecondary Education puts out a number of publications that deal with that. As Senators, we receive many of their reports and some of that information's in there. I did bring one pamphlet. As members of the Education Committee, I thought you would be interested in. You can get copies of this from the Coordinating Commission for Postsecondary Education, and they discuss all higher education in the state of Nebraska and how it is financed per pupil cost, and you can look on that, also, with what the state appropriation is per full-time student enrollment too on that. But, I guess, I would suggest I would think possibly the committee counsel or research person would have that information available and what the other states do. It varies by state. Some, like us, if my memory serves me correct, some like Nebraska will have state support of about 40 percent. Some rely on property taxes. I do believe that we are one of the higher ones that rely on property taxes if that's how some of these institutions are funded. [LB238]

SENATOR ADAMS: Thank you. [LB238]

SENATOR RAIKES: Senator Howard. [LB238]

SENATOR HOWARD: Senator Fischer, I apologize for coming in late. I had really been looking forward to hearing your presentation on this. I'm always glad to see an attempt to adjust the property tax issue and look for relief on that, so I thank you for that. One of the issues that...and maybe you covered this earlier, so again, I apologize for being late, but I always have a concern, too, about establishing another bureaucratic-type system with a sort of a board and overseeing...would you have a concept or an idea about an alternate form of providing the funding or dividing up the funding, other than establishing another structure at the top? [LB238]

SENATOR FISCHER: The reason we came up with this idea was because if you take away the community colleges' property tax levying authority, we felt that you wouldn't necessarily need those six boards at that level, because they wouldn't be setting the budget, they wouldn't be asking for the property taxes. Mr. Baack is here and I'm sure he can address this. Currently we have these six boards, one for each community college, and there is also an association board, which, I believe, is an informal structure

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over all of the community college boards. I guess I'm looking at switching that since you don't need the six boards in order to levy the property taxes, you have one board overall, and then at the local level you have those six boards as advisory instead of advisory. I believe the other way around as they currently are. This bill is based on one that Senator Wickersham introduced years ago. At that time his bill, he wanted to merge the community college system with the state college system, and in my discussions with Senator Wickersham, that was done to strengthen both of those entities. It wasn't perceived that way, but his belief was it would have strengthened both states colleges and community colleges to have one board. But I'm trying to address the concerns we have about local control. I can't believe anyone here would question where I stand on local control. But I try to address those in this bill by having the one board overall to handle the governance and budgeting, and then to have those six advisory boards at the local level and with the pilot program part of this bill that I included in it and in my opening remarks that enables that advisory board to respond then to what they consider an urgent local need. [LB238]

SENATOR HOWARD: Would there be a cost for the state board? [LB238]

SENATOR FISCHER: Of course, and if you look at the fiscal note, a lot of that is unknown right now. I guess, I would counter that you would be saving cost by not having six local boards that may not be meeting as often, or the six boards that currently are over the six community colleges. But in the fiscal note, that number has not been determined as of yet. [LB238]

SENATOR HOWARD: Okay. Thank you. [LB238]

SENATOR RAIKES: Senator Avery. [LB238]

SENATOR AVERY: You've heard the Governor us that when we want to reduce property taxes that this is really not something that we can do, that we have to put the pressure on...set the example for local subdivisions. You said this is not a tax shift. The Governor says when we try to help people with property taxes...and by the way, Senator Howard, I share your concern about property taxes. I just got off the campaign and that's all I heard. How do you answer that if it's not a tax shift, what is your response to that? I notice that you didn't get into detail in that part of your testimony. [LB238]

SENATOR FISCHER: Senator Avery, we've had this discussion. I respectfully disagree with the Governor on that. It's only a tax shift if you raise sale and income taxes. I think as a body we need to be cognizant of what our constituents say to us, we need to listen to that. And I, too, have heard property taxes. I, too, have heard we need to limit spending at the state level. With this proposal, I believe, we have the revenues available as the Governor does through his income tax proposal, obviously. I just believe we need to put those available revenues into property tax relief. If we limit spending and don't

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raise income or sales tax, I believe there is no tax shift. [LB238]

SENATOR RAIKES: Senator, to follow up on that, so would one of the places that you would cut spending be in community colleges? So community colleges...now we've got, what, \$87 million of state funding and about that much property taxes and \$170 million or something like that. Is it your vision that that number would be a smaller number? [LB238]

SENATOR FISCHER: No, it is not. As I said, this isn't an attack on community colleges. I believe they are a vital part of our postsecondary education system in this state, but then again, I believe, they should be treated as our other institutions of higher learning in the state are treated. I think we are currently funding community colleges through state appropriated money. That's not going to change. What changes is taking over the property tax part of it. So just because you're taking over the...I think it was \$83 million was asked and after you take out the county delinquent fees it's like a \$81 million. The state can afford to do that now. [LB238]

SENATOR RAIKES: So what you're saying is that if we don't cut...let me pressure you on what you are saying. We're not going to cut community colleges, so we're going to cut prisons or K-12 or something in order to make place for an additional \$80 million in our annual expenditures at the state level? [LB238]

SENATOR FISCHER: I don't believe that we have to make cuts in those programs, because we're seeing a forecast of...what, \$200 some million in revenue, surplus? [LB238]

SENATOR RAIKES: Okay, but this is not a one or two year change. [LB238]

SENATOR FISCHER: Correct. [LB238]

SENATOR RAIKES: Okay. I guess in that connection, once before we over-funded the community college formula and I don't think we eliminated property taxes, but we reduced them considerably. Is that a possible approach to this same issue? [LB238]

SENATOR FISCHER: I suppose it could be a possible approach. I view this bill as the way this state needs to go in making policy. It's not just property tax relief. To me this issue, as I said, it's twofold, it's a policy issue, it's a decision that we need to make on how we treat our institutions of higher learning in this state. We have one set of rules for the university and the state colleges. We have another for community colleges. The university and state colleges come before us during the budgeting process. They go with the flow with this, you know, good times or bad. Community colleges have that ability with land valuations continuing to rise, that they have a resource that they can tap into without coming before the Legislature and accounting for that decision. [LB238]

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SENATOR RAIKES: Okay. Senator Ashford has got a question. [LB238]

SENATOR ASHFORD: I think it is an intriguing concept. I mean, the idea is that higher education, in your view, any education that is beyond high school would be a state responsibility and not a local responsibility. That's the policy shift that you are suggesting. Is that right? [LB238]

SENATOR FISCHER: Correct, because community colleges...the taxpayers that are supporting that college aren't just the only people that send students to that college. You have community colleges representing people from around the state, out of state. They have students from outside the country, but yet you're asking a specific group of taxpayers to support an institution that, I believe, has expanded beyond being just a community college for that area. [LB238]

SENATOR ASHFORD: Then I guess...getting back to Senator Wickersham's proposal, which I remember a little bit about, but basically the idea there was that, I think, and there were lots of ideas behind it, but one of the ideas was that...you're right, that the community colleges' mission was changing, that it was becoming more like a community college, that it was attracting...the courses were changing in that there was a synergy in putting them together. And I'm sorry I was late, but did you cover that? Would there be a reason not to do that today? [LB238]

SENATOR FISCHER: Do you mean do you have one governing board for the state colleges and community colleges? [LB238]

SENATOR ASHFORD: Right. [LB238]

SENATOR FISCHER: That isn't a part of this bill. [LB238]

SENATOR ASHFORD: Following through with your idea. [LB238]

SENATOR FISCHER: That could be part of the discussion. I'm not proposing that, and at this point I wouldn't support it. In fact, I believe as long as the community colleges are able to levy property taxes, then we need those six community college boards as they now exist. I don't believe there should be a change. I think that's the purpose of those local boards is in dealing with the levying of those property taxes and there shouldn't be any kind of restructuring of that governance as long as they can levy property taxes. [LB238]

SENATOR ASHFORD: So it really doesn't, even if we were to increase the funding for community colleges by some percentage over what it is today, maybe if we were to increase it 20 percent or 30 percent, you would still require that. And your belief would

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be that local control...there would have to be a local board to administer those funds. [LB238]

SENATOR FISCHER: Yes, I would agree with that, unless they are totally taken off property taxes, I believe they need to have those boards. [LB238]

SENATOR ASHFORD: I think that's all I have, Mr. Chairman. [LB238]

SENATOR RAIKES: Okay. Any other...thank you, Senator. Are you going to stick around? [LB238]

SENATOR FISCHER: I think so. Thank you. [LB238]

SENATOR RAIKES: Okay. All right. How many do we have to testify as proponents to LB238? Okay. And how many as opponents? Okay. Neutral? Okay. We will begin with proponents. Howard, step right up. [LB238]

HOWARD LAMB: (Exhibits 4-9) Thank you. Mr. Chairman and members of the legislative Education Committee. This takes me back 30 years. Thirty years ago right now I was a brand new elected legislator sitting on this committee. I sat on this committee for 10 or 12 years. You know, when I came in... [LB238]

SENATOR RAIKES: Our transcriber is sitting on the edge of their chair waiting to hear who you are (laughter). [LB238]

HOWARD LAMB: Howard Lamb, L-a-m-b, we farm and ranch near Anselmo. [LB238]

SENATOR RAIKES: Thank you. [LB238]

SENATOR ASHFORD: Time flies, Howard. [LB238]

HOWARD LAMB: I served with Senator Ashford in his previous life. [LB238]

SENATOR ASHFORD: Yes you did. [LB238]

SENATOR RAIKES: You've recovered well (laughter). [LB238]

SENATOR ASHFORD: You look a lot better than I do, sir. [LB238]

HOWARD LAMB: Thank you very much. But you know, I was going to change the world 30 years ago, but evidently I failed, because it needs a little tweaking, and we're trying to tweak it here today, in my opinion. I have short remarks here that I might have the page distribute. And I think I'm on the clock for five minutes. I think I can do it. Well, I

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really support the bill, LB238, because I really think it's good public policy. You know, I'm here as a private citizen. I'm not getting any expenses. I did it all by myself. I just believe that property taxes...there should be relief in property taxes rather than, perhaps, some other taxes. I think this is the first time I've testified since I've been out of the Legislature. I've been out of the Legislature 14 years. Nebraskans consider property taxes more burdensome than any other tax. Some people have said, well, what is the difference between property tax and income tax. Really the basic difference, in my opinion, is that I pay property tax whether I make any money or not. I pay income tax when I can afford it, when I do make money. So that is a very valid reason why we should reduce property taxes at this time. Now LB238 provides over \$90 million in property tax relief. Now this is dollar for dollar property tax relief, because we're going to eliminate the levy completely for these colleges. It's not like state aid to subdivisions, which sometimes does not result in dollar for dollar property tax relief to the taxpayer, it somehow gets lost in the shuffle. But since the community colleges will not be able to levy a property tax, that levy, which as Senator Fischer mentioned, goes from either 6.7 up to 12.25, that would be completely eliminated and it won't come back. Now we've had lids over the years, but they have a problem on lids. Two problems really, one is that when subdivisions get up against that lid, the Legislature is so softhearted they, ordinarily, raise the lid. And beyond that there is the continuing increase in valuations, so your total property tax goes up. This is an opportunity to do away with \$90 million of property tax. Now can the state afford the property tax relief? I say yes. Now the Governor has said that there will be an average of \$250 million per year for the next four years for tax relief, period. Well, if we take off \$92.8 million for the community colleges, or more than that, you've still got \$150 million dollars left for other types of tax relief, you know, income tax, whatever you decide on. So you can say this is a shift, and I wouldn't argue with that too much, but it's not really only a shift because we are lowering property taxes. We're not advocating a raise and we don't need a raise in any other tax in order to fund this at least for the next four years. That's my basic...I guess I'm through. [LB238]

SENATOR RAIKES: It's time for questions... [LB238]

HOWARD LAMB: I might just say that...well, I'd like to pass out this...this tells the financing of the community colleges. You can throw it away if you're not interested, but I appreciate your attention today. I have some other good arguments, but we'll save them for another day. Thank you very much. [LB238]

SENATOR RAIKES: Thank you, Howard. [LB238]

HOWARD LAMB: If there are questions, I would be happy to respond. [LB238]

SENATOR RAIKES: Do we have some questions? Senator Ashford has a question. [LB238]

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SENATOR ASHFORD: I just have one, just to follow up just a bit. I mean, I remember when we were there together, Howard, and you rightfully were very proud of your community college. I mean, it seems to me that we might...are we not by doing something like this over time, may we not be losing the uniqueness of our community colleges? Will they any longer be community colleges? Aren't they really just going to be state colleges or part of the state university system? And eventually through the appropriations process, won't they be treated that way? [LB238]

HOWARD LAMB: As you may remember, Brad, I was always in support of local control. [LB238]

SENATOR ASHFORD: Right. [LB238]

HOWARD LAMB: And I still am, but in this case, I don't see that as being an issue. See these areas are so large and they have graduated from their original mission. When they started out, you know, they were trade schools. They taught welding, auto repair, typing, bookkeeping, that sort of thing. Now they are full fledged colleges. And you have people attending these colleges, they'll go from here to there, clear across the state to attend one of them. I say that they have graduated from that original mission, and now they should be treated more like the university and the state colleges. [LB238]

SENATOR ASHFORD: Thank you. [LB238]

SENATOR RAIKES: Following up on that, Howard, so it wouldn't bother you if there was a state board that made a decision not to have a community college anymore in Mid-Plains or...you know? [LB238]

HOWARD LAMB: I think the community colleges are doing a great service and I don't want to take anything away from them. That's never been my mission. See I've been on this kick for a lot of years, because I think they do a great service. I would not like to see that, nor would I like to see Wayne State College eliminated. I don't think it's an issue. I don't think it will happen. The people out there will have plenty of input, as Senator Fischer mentioned, in what happens there. And I think the board will take that into consideration, and, to me, local control, in this situation, is not an issue. [LB238]

SENATOR RAIKES: Let me just press you a little bit more on that. Would you agree that there are situations in which a community college joins forces with local employers in an area to train people for specific jobs in that area, and thereby contributes to the economic base in that area, and it may well be that if this happens to be going on in Scottsbluff, that Lincoln or somebody in Lincoln, has little direct appreciation of that? [LB238]

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HOWARD LAMB: Well, I think this board will take that into consideration. We have the same things happening in the state colleges, you know. We have Chadron, who has a slightly different mission than Wayne and Peru, and I guess I have faith that any board that's set up is going to take that into consideration. And that's my thought. [LB238]

SENATOR RAIKES: Okay. Don't see any other questions. Thanks for being here, Howard. [LB238]

HOWARD LAMB: Thank you. [LB238]

SENATOR RAIKES: Next proponent? Welcome. [LB238]

PETE McClymont: Senator Raikes, members of the committee, my name is Pete McClymont, M-c-C-l-y-m-o-n-t. I am the vice president of the legislative affairs for Nebraska Cattlemen and I am here representing our members to support LB238. I don't want to elaborate too much. I think, Senator Fischer and former Senator Lamb did a wonderful job. The three things that we would see critical to this bill relative to our members is we don't think that the education process in this bill will be compromised or deterred, so that's critical importance to our members in education. Obviously, property tax; usually when we talk about property tax reduction, we round up the calvary in common support in full effort. Then finally, the bill allows for a more uniform structure in the oversight of the community college similar to other higher education. I would like to complement Senator Howard Lamb, because at our recently concluded convention November 30, he was leading the charge in our business meeting and education committee, so he's consistent. Obviously, in 1991, he brought forth similar Legislature. Senator Wickersham in 1997 did similar efforts. A little bit of numbers for the committee in doing research for this, in the most recent annual report from the state's taxation and assessment department, 3.91 percent of all property taxes levied was for community colleges and a little bit over \$89 million was the levied figure. So those are significant numbers. Whether as Senator Avery says it would be a tax shift or a reduction, clearly it's a number that would benefit a lot of our members. So I would respectfully ask the committee to advance LB238 out of committee, and I would be happy to answer any questions that you have today, Senator. [LB238]

SENATOR RAIKES: Thank you, Pete. Questions for Pete? I don't see any. Thanks for being here. [LB238]

PETE McClymont: Thank you. [LB238]

KEITH OLSEN: (Exhibit 10) Good afternoon, Senator Raikes and the Education Committee. I am Keith Olsen, O-l-s-e-n. I'm a farmer from Grant, Nebraska, and today I'm here as president of the Nebraska Farm Bureau representing our members. We are here to support LB238. We appreciate what Senator Fischer has done in developing

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this bill. This gives us a real opportunity to have a look at the long-term and structural tax relief for the farmers and ranchers of Nebraska. In 2005 we had the MLB Planning and Policy Research Institute do a study comparing Nebraska real estate taxes paid by Nebraska farmers and ranchers compared to other states. I have a copy of that attached to the handout. Roughly it says that the average farmer, the average farm size, which is farmer or rancher, in Nebraska paid the property tax about \$7,500, compared to Kansas at \$3,100, Colorado \$1,800, and Iowa \$6,200. The way we administer property taxes in Nebraska puts our farmers and producers at a disadvantage to the neighboring states. Nebraska Farm Bureau has had a long-standing policy of adopted by our delegate at our annual convention for many years to remove the ability for community colleges to levy a property tax. We feel that for the amount of money that farmers and ranchers are putting into community colleges and property taxes, they do not get the benefit of this investment. In many of our rural counties the total property tax bill in the counties come back on the farmer at a rate of 60, 70, maybe even 80 percent. And it just seems that it's totally unfair that the farmers and ranchers pay an awful lot of the property tax and they don't have the kids that are attending these community colleges in this case. We need to recognize that in many community college districts, especially in western Nebraska they cover a lot of counties, and in some cases very few kids from those counties may be going to that community college, especially agricultural kids. And for a thing like agriculture is paying to educate other people's children and we have a concern about that. We understand and realize that there's going to be a large number of bills introduced in the Legislature this year and have been introduced in the Legislature to provide property tax relief, income tax relief, sales tax relief, and we know that you will look seriously at all of them, and that we want to work with the Legislature. We tried to develop a package that would include some relief in the tax load that was put onto the citizens of Nebraska. And we know that, in the end, they're hoping that the right decisions will be made. We look forward to working with you. I would be glad to answer any questions. [LB238]

SENATOR RAIKES: Okay. Thank you, Keith. Questions? Senator Johnson. [LB238]

SENATOR JOHNSON: I haven't asked one yet, so...one of the things that when this system was put in place, as I understand it, is that the property taxes and the boards at the local community colleges reasoned that that was put in place was for their input, guidance, and in saying guidance, I guess I would interpret that is the types of programs that were instituted, the number of programs that they were instituting and so on. With the property taxes being the difficulty that you are alluding to, are you saying that the local control that was put into this setup originally was a failure? [LB238]

KEITH OLSEN: No, I wouldn't say that, Senator. And I'm trying to think back, I was out of college, I think it was, what, late sixties, early seventies, when these community colleges were established. And I know there was a large number of meetings held to develop support and I think it took a vote of the people to establish these colleges. You

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know, agriculture has changed since that time. When I was in high school about 80 percent of the kids in that high school, high school in Grant, were from rural farms and ranches. Today that figure is probably less than 20 percent. We've had a massive shift in our population base from rural to nonrural and that makes, really, a difference. You know, agricultures, then, why should we pay to educate other people's kids? And then we ask the question, we do it on the local level and we ask that question on the local level and our local schools, in our rural communities. Agriculture is paying the bill and we just feel that this is an issue that needs to be addressed, and this is one way of doing it. [LB238]

SENATOR JOHNSON: Yeah, but what I'm saying is the boards were there to direct the community colleges and, hopefully, save money by the input and control of these boards. Has that failed? [LB238]

KEITH OLSEN: No. It takes so much money to operate a community college. [LB238]

SENATOR JOHNSON: Well, for instance, what's the cost of taking an English course at a community college as opposed to the University of Nebraska or Wayne or Chadron or whatever? [LB238]

KEITH OLSEN: It's cheaper in a community college, yes. I understand. [LB238]

SENATOR JOHNSON: All right. Would a way of holding down property taxes then to have increased the tuition, and I'm not suggesting it should have been, but could this have been done since the one is significantly higher and it's a transferable course? That would seem to me that it's a product of equal value if it's transferable. [LB238]

KEITH OLSEN: That's a valid question. The real reason for what we've done in our community colleges isn't what the boards have done. And like we said earlier, they started out pretty much for trade purposes, and now they've expanded tremendously to include many college courses that can be transferred to universities, to the state colleges. And by making the cost cheaper, it give many students an opportunity to go to college that maybe they couldn't afford to go to other four-year colleges. [LB238]

SENATOR JOHNSON: But I could make that counter argument that that makes it more expensive at the university, and so fewer people can go to the university. [LB238]

KEITH OLSEN: That could be part of the discussion, yes. [LB238]

SENATOR JOHNSON: Thank you. [LB238]

SENATOR RAIKES: Keith, there's no value to you as a citizen of a community college unless you or your child is going to that community college? [LB238]

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KEITH OLSEN: There is value to every citizen, perhaps. The person who attends the college, or the parents whose children attend the college will have more value because they're getting the education. The question is do we let one group of citizens pay more than their proportionate share in operating of colleges? And when we rely on property taxes in our rural areas, we're letting a group of citizens pay more than what the proportionate benefit of the college. [LB238]

SENATOR RAIKES: Well, it seems if you wanted to avoid that, you would eliminate all public funding and make community colleges totally tuition based. So they have to operate strictly on what they get from charging tuition. Would that be a good idea? [LB238]

KEITH OLSEN: No, and that's where, you know, this bill calls for state funding coming from sales and income tax. Sales and income tax is distributed over a greater percentage of the population than what property tax are. [LB238]

SENATOR RAIKES: Okay. I don't see any other questions. Thanks for being here. Other proponents LB238? Are we done with proponents? Okay. We will go to opponents LB238. [LB238]

DENNIS BAACK: Senator Raikes and members of the Education Committee, for the record my name is Dennis Baack, B-a-a-c-k, I'm the executive director of the Nebraska Community College Association, and I appear in opposition to LB238. Community colleges serve approximately 30,000 full-time students now, a little over 30,000 now that we serve. We serve about 150,000 in head count across the state of Nebraska. So about one in every ten Nebraskans has some contact with their community college each year. So it's a high number. And I heard it said that they thought that the community colleges were going away from their mission and we were going more to transfer education. I think I can assure you that over 85 percent of our graduates today are in technical programs. They are not in transfer education. We have not changed that mission very much at all, it's not changed very much at all over the years. It's increased a little bit in the transfer of education, but not all that much over the years. It's still mostly in the technical fields. And I also will say that I think that there is a benefit to the rural areas of the state because of their community college, and one of the benefits is the fact that our graduates tend to stay in the areas where they are educated. Over 75-80 percent of our graduates stay in the area where they are educated, and over 90-some percent of them stay in the state of Nebraska. So I think those are a couple of the benefits that the community colleges have that are very positive for the state. One of the things that has been talked about is the amount of property tax you're going to take off of the property tax and the state would assume that. One of the things that hasn't been talked about very much is one of the other things that you are going to assume under this bill is our buildings and our maintenance and all of the things that go with that. And

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our maintenance on those buildings and stuff runs between \$13 and \$14 million a year. That's going to certainly put some more pressure on the 309 moneys that you have here at the state which is under quite a lot of pressure now, and that doesn't even include any new facilities. We're only talking just maintenance and repair of the facilities we have. So that's another responsibility that the state would take on under this bill. There was a comment made about the funding for community colleges and the disparity in the levies. There is certainly a way for the Legislature to change that disparity in levies, that is if the Legislature lives up to their portion of the bargain of funding 40 percent of community colleges, which is what was agreed to by the Legislature a number of years ago. Those levies, then, will vary only from about 5.3 cents to 6.0 cents. So you're not going to see a big disparity in the levy once the Legislature lives up to their part of the bargain. Senator Raikes also did mention that there was a year when they over-funded community colleges, and there were actually two years where they did that. They put \$30 million extra into our formula. In those years, the levies averaged just a little bit over two cents for the operation of community colleges. And quite frankly, the Legislature today is in a position to drive the operational levy of community colleges to zero. Not the capital levy, because that's separate, but our operational levy could be zero today by the Legislature putting in enough money to do that. They would fund the 80 percent of our cost rather than the 40 percent that they're committed to. So there is a way to do that. It's just a matter of how much money is appropriated to do it. And it automatically drives the levies down equally all across the state. Our formula works that way. So that is a feature of our formula. And it was also stated that there's a lot of counties out there with very few students that go to their community college. I think there was...and the article in the paper today said from McPherson County, the former county commissioner was quoted as saying that they spent \$84,000 that they send to their community colleges, and they only have seven high school graduates. Both numbers that are true. The problem that he forgets about is that there's 57 people from McPherson County who get services from their community colleges, who take courses. All of their EMTs are trained by the community college, a lot of their healthcare people take continuing education, there's all kinds of continuing education things that their community college does for those rural counties. There's more benefits there than a lot of people realize when they start looking at the numbers. The main reason that we are opposed to this, of course, is the local control. We think that those decisions need to be made locally and that they make good decisions locally. We have six elected boards across the state, each with eleven governing board members. I think those board members know their community college areas very well, know the needs of those areas very well, have made very wise decisions in those areas, and are spending the tax dollars very wisely in those areas. And I would hate to see us lose that. And our biggest concern of all is the sustainability of it. It's like Senator Raikes said, this is not a one year kind of deal. This is a continuous kind of thing. And I think that the thing that you will see happen in community colleges if you do this, and the sustainability is not there and you get into tough economic times, you're going to see tuitions increase dramatically at the community colleges. That's simply going to happen. And one of the things that the

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community colleges are suppose to be, we're suppose to be extremely accessible, we're suppose to be the most open and accessible system in the state. And as you raise tuition, even if you raise tuition \$1, you're still cutting access for somebody. And if you get the tuitions too high, we're going to cut access for some of the most needy students across the state, and I think that would be a shame to do that. I know my time's up, I just want to make one last comment about the...the article in the paper today said that tuitions range from \$40 per credit hour to \$62 at Central Community College. The reason it looks like there's so much disparity is the fact that \$40 is for a quarter credit hour, not for a semester credit hour, which Central has. If you convert that into semester hours, the tuition at Metro is \$60 a credit hour, and is \$62 at Central. If you take tuition and fees, overall, the range of tuition an fees across the state from the highest to the lowest is \$4.50. So they're all basically in that same rate. We don't have huge ranges in the tuition across the state. They're basically in the same range. With that, I would be happy to answer questions. [LB238]

SENATOR RAIKES: Okay. Thank you, Dennis. Carroll, Senator Burling. [LB238]

SENATOR BURLING: Thank you, Mr. Baack. The university system, state college system, community colleges, you add those all together, can you tell me what percentage of those students are educated at the community colleges? Do you know? [LB238]

DENNIS BAACK: Well, I don't know the exact numbers for the university. I don't know the exact number for the state college either. I would assume someone from the Coordinating Commission would have those numbers to compare those. I've not seen a comparison of those. I can tell you that, you know, the second larger, or third largest institution of the state is Metro Community College as far as higher education goes. I mean we do educate a lot of students. I think the university system in total is, probably, close to 40,000 and that's 40,000 FTE and we have about 30,000. [LB238]

SENATOR BURLING: Okay. [LB238]

DENNIS BAACK: So it's a high number and it's increasing. Our enrollments have been steadily going up over the last few years. [LB238]

SENATOR BURLING: Thank you. [LB238]

SENATOR RAIKES: Senator Adams. [LB238]

SENATOR ADAMS: Just as a matter of clarification... [LB238]

DENNIS BAACK: Sure. [LB238]

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SENATOR ADAMS: ...did I hear you say, that in this bill, your primary concern is governance? [LB238]

DENNIS BAACK: Yes. [LB238]

SENATOR ADAMS: Okay. Thank you. [LB238]

DENNIS BAACK: It is governance and that local property taxing authority, I think, what happens with the local property tax, I think there's a commitment there then by the community. And I think it was stated that, you know, at some point in time, what is a community? And if it's going to be a statewide, is that really a community anymore? And I know some of our areas are fairly large geographically, but I think they're still closer to communities than if you had a statewide system were your communities. And you did ask a question earlier about how other states fund their community colleges, and my knowledge of it is it is all over the board how they fund them, I mean, it really is, even our neighbors. There are some of them that opt in for property tax, some that opt out. Colorado is a very interesting system, because they can either vote themselves in or out of property tax. It varies a lot across the country as to how they are funded. Some states totally fund their community colleges from the state level too. There are some of them that do that. [LB238]

SENATOR ADAMS: Thank you. [LB238]

SENATOR RAIKES: Senator Avery. [LB238]

SENATOR AVERY: Mr. Baack, you know that the university and state college system must live or die with whatever the Legislature is willing and able to give them? [LB238]

DENNIS BAACK: Um hum. [LB238]

SENATOR AVERY: As I look at the funding formula for the community colleges system, if the Legislature does not fully appropriate money to fund the 40 percent then that means that community colleges can then impose levy on the property tax to make up the difference? [LB238]

DENNIS BAACK: The Legislature has been kind enough to give us that authority to do that. We're actually under a limitation of 6 cent levy on our operations, and 1 cent for our capital levy, but in the years when things got tough on the state level and they had to cut funding, they allowed our colleges to levy for that difference in lost state aid. Some the colleges did it. You have Metro Community College that levies a little bit of this extra authority. Southeast levies a little bit. You have three of the colleges--Northeast, Central, and Mid-Plains--that levy all of it, because I think they have to continue to provide the services. They were all growing at those times and it was difficult to provide

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those services. But the Legislature's been good enough to do that, but they certainly would not have to, but they have been so far. [LB238]

SENATOR AVERY: My question, though, is that what is it that is so different about the community college mission that justifies that kind of funding formula? I've been through many, many budget cuts at the university and I've felt the pain and we didn't have that option. We would have loved to have had it. And I'm really having a hard time figuring out why we would provide that kind of out, basically, it's an escape mechanism that we don't provide for state colleges and university. [LB238]

DENNIS BAACK: Well, I think that part of the answer is that when they were established in the mid-seventies, they wanted to make sure that those institutions stayed as close to the local level as they possibly could. I think they felt that, the people that established community colleges, because the community college system, of course, was made up of all of the junior colleges in the state, and all the technical schools in the state were put into the system. And then they became comprehensive community colleges when they were put into that system. And those were all locally funded entities, one of the technical schools was not, but the other ones were all locally funded, and I think they felt that was an important part of that, and plus the accessibility of it. I think there was a real concern that if you didn't have some other layer of support for community colleges, you're not going to provide the kind of access that you need all across the state. You're going to have some students and stuff that aren't going to be able to access higher education. And the fact of the matter is we're the most accessible, because we're in the most locations across the state. [LB238]

SENATOR AVERY: And you're cheaper. [LB238]

DENNIS BAACK: And it is cheaper to go and that makes us more accessible. [LB238]

SENATOR AVERY: It makes it difficult for the colleges and the university to compete. [LB238]

DENNIS BAACK: Well, I don't think we compete with one another that much. I really do not think so. I know a couple of years ago, you know, there was a big increase...Southeast Community College had a thousand student increase and the university lost a thousand, say those are just rough numbers, but that's about what happened. There was some concern that those thousand students that went to Southeast would have all gone to the university had they not gone to Southeast. Well, the fact of the matter is 850 or 860 of those students were all in technical programs the university didn't even offer in the first place. So they wouldn't have been interested in going to the university at all. You know, and quite frankly we have built over the years built a very strong relationship with both the state colleges and the university, and it's getting stronger all the time because I think they're finding that the students that we give

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them and that come to them are very well prepared. And one of the things that we do, one of the other pieces of the mission of community colleges that we have is that you need community colleges is that we are suppose to all of the foundations and the remedial education for the state. That's one of our primary missions. [LB238]

SENATOR AVERY: Bonehead math, you mean? [LB238]

DENNIS BAACK: Yeah. Whatever it happens to be. We're suppose to do that. [LB238]

SENATOR AVERY: Yeah. [LB238]

DENNIS BAACK: And I think that that brings it more down to a local level too where we do that. And I know that, you know, some people look at it...and we do about 70-some percent in some of our colleges of our students require some remedial education. And I know people look at that and they say, wow, how can that be, our high schools must not be doing a good job. That's not what it is at all. Because a lot of our students are older students, they're part-time students, they may have been out of school for ten years and they come back to us to take a math class, they're going to need some remedial, because math changes over the years. They're going to need that. It's not just the high school students that need remedial, you know, people look at our institutions and think we're just like all of the other higher education institutions. We have a much higher age level in our institutions. Well over 50 percent of our students all work. Most of them full-time. It's a whole different subset that we're looking at for students. I don't think we compete that directly with the university and the state colleges. [LB238]

SENATOR AVERY: But you are seeing increasing numbers of your students after two years transferring to the university or to state colleges? [LB238]

DENNIS BAACK: We are seeing increasing numbers, but those aren't necessarily just in the transfer program. We're working out agreements with the state colleges and also with the university in some of the more technical kinds of programs so that those students that, maybe, would have never gone on for a four year degree, now have an avenue to go on and get a four year degree, rather than just the two year technical degree. So we're working on those to try to increase that going rate at the four year institutions. [LB238]

SENATOR AVERY: So the main justification then for this particular funding formula, which includes the ability to tax property is the unique nature of your mission? [LB238]

DENNIS BAACK: Um hum. I think it is and I think it's unique nature of what we do in economic development, what we do in training for business and industry... [LB238]

SENATOR AVERY: And how close you are to your constituents. [LB238]

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DENNIS BAACK: And how close we are to those people, I mean, we're right there. And our board members, many of them, come from business and industry in the local communities, and so they know what the demands are in those local communities, and they get a lot of input from their constituents when it comes to that. And I think that's why they put a different funding stream in there for community colleges. [LB238]

SENATOR AVERY: Thank you. You obviously prepared for this. [LB238]

DENNIS BAACK: I've been doing it for a few years, and I have a passion for it as you might be able to tell. [LB238]

SENATOR RAIKES: Any other questions? Thank you, Dennis. [LB238]

DENNIS BAACK: You bet. [LB238]

SENATOR RAIKES: Any other opponents LB238? [LB238]

JERRY HOFFMAN: (Exhibit 11) Chairman Raikes, committee members, my name is Jerry Hoffman. I am the director of higher education for the Nebraska State Education Association. I think in the interest of time some of my remarks are redundant from Mr. Baack's that he just made previously, particularly in regard to the sustainability of shifting from property to state funding. But I did also make some copies of my testimony as well, and I won't read it verbatim into the record, but I do want to point out a couple of items of concern. Of course NSEA has faculty bargaining units, and six of the community colleges. Southeast Community College is the only one where we do not have active bargaining unit, although we do have members there. And the point of our opposition to the bill, in addition to the local control issues and just the fiscal climate of the state, is that it revises quite dramatically Section 85-1503 of the statute, which defines and provides the terms for: full-time equivalent students, credit hours, course hours, the type of courses, academic, vocational, cooperative work experiences. It provides terms and definitions for reimbursable educational unit and statewide reimbursable reported aid equivalent total. This is really a key piece of language, or system of languages, if you will, that dates back to 1975, and has been revised over the last 30 years to reflect the changes in the community college structure and the kinds of programs and services it delivers in response to the needs of the local community or the area of the communities that it serves. If you don't mind the crude economic metaphor, this is kind of like widgets in the manufacturing of public education, and these terms and definitions are used to derive economic value for educational courses, economic value that determines the tuition rates that students and their parents pay to the community colleges. It also defines and sort of permeates the definition of policies that are set by the board. Policies that reflect work conditions for faculty, the kinds of workload that faculty carry in community colleges, and it also defines the policies that boards will

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create to make decision criteria around reductions in force and layoff criteria. These emanate from the terms and definitions in Section 85-1503, and to eliminate that in LB238 would have serious consequences for the entire localized system of community colleges. Secondly, with respect to collective bargaining, since collective bargaining really emanates from these terms and definitions found in that section, the commission on industrial relations requires that community colleges go through a comparability analysis that takes a look at salaries and benefits, fringe benefits, conditions of employment, health insurance, retirement contributions that the employer makes, etcetera, and it measures, in many respects, how close or how far apart each community college is to one another and in the case that is the CIR case with Metro, there is comparability out of the state. When we begin to look at Pikes Peak in Colorado, the Johnson County Community College in Kansas City and the Des Moines Metropolitan Community College...yellow means I have one minute left. Is that right? Okay. Proceed with caution. I want to say that through the collective bargaining process since 1989 salaries for community colleges faculty have gone from the last in the country in the United States to ranking 35th as of 2005-2006 reported in the national education statistics. Nearly all colleges offer maximum college contribution to early retirement programs of eight percent. Health insurance deductibility ranges from \$100-250, and total compensation package increases have ranged from 4.3 percent in western Nebraska to 7.2 percent in Northeast Nebraska, and there is a \$36 difference between the highest compensation package and the lowest. So I think to wrap up my remarks, the local system of community colleges is working well. These are stewards of public resources that make wise decisions about the educational services that are being delivered to students in these communities. With that, I would answer any questions that you might have. [LB238]

SENATOR RAIKES: Okay. Thank you. Questions for Jerry? I don't see any. Thanks for being here. [LB238]

JERRY HOFFMAN: Very good. Thank you. [LB238]

SENATOR RAIKES: Any other opponents to LB238? Neutral? Marshall. [LB238]

MARSHALL HILL: (Exhibit 12) Good afternoon Senator Raikes and members of the Education Committee. My name is Marshall Hill, H-i-l-l. I am executive director of the Coordinating Commission for Postsecondary Education. We're testifying in a neutral manner on this bill, and I have a couple of purposes which I hope fit with yours, and the first is to demonstrate the usefulness of our agency when you're discussing matters like this. We have provided you some information at your places, and it already responds to a couple of questions that you've asked. I wasn't able to see who asked the question about what percentage of students in Nebraska attend the community colleges, but there is a blue sheet right here which shows that for you. It's right now at 33.4 percent last year, and it tracks that change over time. You will see that there is a consistent

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increase in the numbers of students attending the community colleges. Other information we provided you is headcount enrollment by sector and that shows you those changes over time as well. There was also a question about the source of funds for community colleges around the country, and they're is a chart on the back which indicates for all 50 states the total funding for their community college systems and how much of that funding came from state appropriations, local appropriations, and tuition and fees, and you will see from that that 21 states do provide funding at the state level and do not rely on local appropriations. I'll render an opinion that as you look at the list of those and try figure out whether the higher quality systems are funded one way or another, that's all over the map. There's some very good systems funded in one way, and some in another. I'll invest, if you don't mind, 30 seconds or so of my time by telling you just a bit about the Coordinating Commission that you might not know. Coordinating Commission is a state-level agency which was established in 1976 by the Legislature, added to the Nebraska Constitution in 1992 with expanded authority. We're not an unusual agency. There are agencies like this in 49 of the 50 states. The commission itself is made up of 11 commissioners appointed by the Governor and confirmed by the Legislature. We publish a lot of studies and reports, provide lots of data and analyses like this we provided to you today. And the actions of the commission effect the state and community colleges, the University of Nebraska, and new institutions which once operate in the state. We would just have a few comments on Senator Fischer's bill. One that if you have questions about any of these matters that you would like some research on as to what goes on in other states, we would be pleased to provide that. We do provide, and have provided for you, some information here, and our newest fancy little publication, the Bird's-Eye look you can see quickly. I think we provided those for you, the enrollment in all the sectors and so forth, and contact information. We can provide additional information for you as well on the funding issues. Some observations about LB238, first we would encourage that in your consideration of the bill that you pay at least as much attention to the educational issues that surround it. as to the tax consequences of it. Second, a few technical points, which may have been identified in Senator Fischer's amendment, we have not seen that, but the current bill provides states to provide the same sort of treatment for the proposed community college board as the state colleges and university do. Right now the commission reviews budget requests and capital funding requests from the university and from the state colleges and provides those recommendations onto the Legislature. That's not called for in the current bill. We believe it would be important to maintain this opportunity for institutions to be flexible and responsive to their local communities needs. Frankly, that was the entire genesis of the community college movement 20-30 years ago around the nation. And we would be pleased to work with Senator Fischer in the committee in any way that's helpful. Senator, I would be pleased to answer any questions. [LB238]

SENATOR RAIKES: Thank you, Marshall. Questions for Marshall? I'm not too good at correlations by glance here, but it almost looks to me if you look at other states the ones that have a lower number on property tax support, have a higher number on tuition and

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fees. So the trade off seems more rather than between local and state, between local and tuition and fees. [LB238]

MARSHALL HILL: Um hum. There are a limited number of funding sources and when you decrease one, you have to raise one or the other. And we haven't made that analysis, but I think you're correct with that. [LB238]

SENATOR RAIKES: Okay. My correlation is confirmed, (laughter) at least I assume so. Any other questions? I don't see any. Thank you for being here, Marshall. [LB238]

MARSHALL HILL: Thank you. [LB238]

SENATOR RAIKES: (Exhibit 23) Any other neutral testimony? Okay. Senator Fischer, is she still around? I don't see her. She's decided to waive closing, so that will conclude our hearing on LB238 and Mr. Vice Chair, we will go to, whatever this one is, LB342. [LB238]

SENATOR KOPPLIN: Okay. We will open the hearing on LB342 and Senator Raikes begin your opening, please [LB342]

SENATOR RAIKES: (Exhibit 13) Thank you, Senator Kopplin, members of the committee. Ron Raikes, District 25, here to introduce LB342. This bill implements that changes to the state aid formula for community colleges approved by the college areas as a result of their study of the formula last summer. The proposal calls for adjustments in base year operating revenues of community college areas, which affect the amount to equalization aid that each area is eligible for under program 152. The amounts of the adjustments beginning in fiscal year 2007-08 are; Central Community College an increase of \$187,500; Metro an increase of \$375,000; Mid-Plains an increase of \$937,500; Northeast an increase of \$937,500; Southeast an increase of \$375,000; and Western a decrease of \$2,812,500. Generally the bills I introduce are ready to go straight into statute, no amendments needed. In this particular case, however, and Senator Avery, this may be bonehead bill drafting instead of...there is an adjustment or two necessary, and so I do have an amendment, and maybe that's been handed around so you can see that. And if you look that over, there's three things that are done in this amendment. First, in the green copy of the bill the adjustments to the base year operating revenue are made on an annual basis beginning next fiscal year. In reality, only a onetime adjustment is needed to accomplish the desired changes in state aid, so the amendment limits the adjustments to just fiscal year 2007-2008. Second, the green copy prorates the amount of the adjustments in the event that the Legislature doesn't fully fund aid to community colleges. It turns out that this change also isn't necessary, so the amendment eliminates the language providing for proration of the adjustments. Finally, there is a third change offered in the amendment that is more policy related. Currently if state aid isn't fully funded by the Legislature, and as was pointed out it

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hasn't been in the last few years, community college areas with a three-fourths majority vote of their board can access whatever additional levy authority is necessary to make up the amount of the shortfall in state aid. This mechanism, known as the temporary aid adjustment, is also in place for K-12 schools. The temporary aid adjustment for community colleges expires after the 2007-08 fiscal year. However, given the recent history of the formula not being fully funded, there is interest among the community colleges in seeing this provision extended for another couple of years. This amendment does that, providing a new sunset following the fiscal year 2009-2010. Just a couple of additional comments. As I mentioned, this was a proposal that first came as one that was agreed upon by the community college areas. I think that there is some indication that maybe that agreement at this particular stage is not 100 percent. So I think we will hear testimony on both sides of this issue. As I have mentioned to you before, this is an area community college funding formula whether we take the approach that was offered in Senator Fischer's bill or another approach. This is, in my opinion, an area that needs to be attended to. This I would offer to you as an adjustment that we need to consider for the moment. In the longer run, I think that there is indication that more substantial revisions need to be made. And I will just suggest to you, and I hope this will be addressed by people who are testifying on this, we have the counter intuitive proposal here that Western Community College, which has the highest levy in recent years, is also the one under this proposal would have not only the greatest, but the only decrease in the revenue base which is used for funding. I'm not suggesting to you that there isn't a justification for that, but it's a little bit of a winding path, I will tell you. So I'm anxious to hear, as I hope you are, what those who want to testify on this bill have to say. [LB342]

SENATOR KOPPLIN: Thank you, Senator Raikes. Are there questions? Seeing none, we will proceed to proponent testimony. [LB342]

JACK HUCK: (Exhibit 14) Senator Kopplin, my name is Jack Huck, H-u-c-k. I am president of Southeast Community College and I am here today representing Southeast Community College, as well as I'm wearing a second hat on behalf of the chairman of our council of chief executive officers of the Nebraska Community College Association. Dr. LaVern Franzen from Central Community College, he's out of the state today and asked me to fill in for him in his stead as chair of the CEOs for this testimony today. So I am wearing a couple of different hats in that regard. I am here to try and give you some history and insight as to the genesis of LB342 as it comes to you today. I've been with Southeast Community College for 32 years. I've been president of the institution for 13 years, and as such I am the only sitting community college president who was here when the formula was last changed in '97-98 and also still with the system today. I've also had a steadfast commitment throughout all of my dealings with the community college aid formula to ensure that community college students across the state of Nebraska have access to the quality education we provide, whether that be in western Nebraska or central Nebraska or eastern Nebraska, and I have stood steadfastly behind

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those commitments throughout time. In the handout that I have given you today, the first page is called the "state aid basics - the big picture". And I give that to you because a couple of years ago the chief executive officers recognized the need to address formula changes in our community college aid formula. And the reason that we thought adjustments were needed is really contained for you in that page called "the big picture". If you look at the information there, it gives you each of the six districts across the state. It gives you the current funding level for our state aid reimbursement today, that is the portion, the dollar amount that we get in state aid in each district, and it also gives you that on the second line, the size of the institution. What we found was, and if you look at those numbers from a community college perspective, you start to say to yourself, something doesn't seem right here. When you have \$10 million at an institution with about 2,000 students and you have \$5.7 million at an institution with 1,600 students, or \$17 million at an institution with about 9,000 students. There's not direct comparability there, and what really happens when you look at those numbers is that you quickly realize that over the years we have recognized that in the smaller districts of the state, there is going to be more dollars required to support those districts, and so the larger districts, quite frankly, have been willing over time to share the money with the smaller districts to make sure that that access is available across the state. Our sense was, though, was that if you look at those numbers generally they are a little bit out of balance and perhaps something needs to be done with that. And then on the bottom two lines of that handout, we really showed you that if the formula were funded at its fully funded level, if the state provided its 40 percent funding and there were no adjustments to the formula as per the adjustments that are proposed in LB342, those numbers that seem a little out of whack on the first two lines, really get disproportionately larger on the bottom two lines, and what seems to be a little out of context, grows more out of context as you look at that scenario. And so what we did as CEOs was we started about a year ago to set some criteria for looking at a new formula. We actually wrote a new state aid formula, and we voted on that formula amongst our CEO group, and the vote was four to two to move that formula forward. On the four to two basis we said that we would take it to the Community College Association Board. We did that. We presented it to them and at that point, they asked us to seek mediation because they were not willing to accept the four to two split that existed. We went into a mediation process. We hired some professional mediators, and the result, really, was that there was a consensus that the current formula that we have really was well done, but we needed to pay attention to redistribution, and that redistribution really that was needed was recognized by all six of the areas. I think one of the things that we did agree on as six community college districts is some amount of redistribution was appropriate. There was unanimity about that earlier and I think that remains today. We continued negotiations on the amount of redistribution and what I can tell you is that the range was that Western Community College started at \$500,000 worth of redistribution, Metro and Northeast were at \$4 million of redistribution. We went through many sessions trying to deal with that, and when we came down to last positions, Western said they could afford to give up \$1.8 million. The other five college were really at \$2.25 million, so although there

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was no discussion about does there need to be redistribution, there was a great deal of discussion about what does that amount of redistribution need to be, and the range that we in our last best offers, if you will, was \$1.8 to \$2.25 million. How did we get to 2.25 million? That's included on the second sheet that I have given you in the handout, and what that sheet captures is that back in 1999-2000 we made a \$1,104,000 adjustment for Western Community College by adding to their base revenue, and over time if you look at what happened to that base adjustment, we were looking at a scenario at that point in time where it looked like they were going to have no enrollment growth, none of the other factors that would add to their revenues. Their experience actually turned out to be significantly different than that, so that you can see at the bottom of the chart by 2007-2008 that difference in the base revenue that we had all agreed to and made back in 1999-2000 actually equated out to be a little more than \$2.2 million. So it grew over time to be that amount and that's how we got to that number. Now how does the \$2.2 million become the number you have in LB342, the \$2.8 million? That's a mathematical calculation, because the way our formula works the base adjustment amount is 80 percent of the total amount that needs to be considered. So if you take \$2.25 million which was our last position on a five to one basis, and convert it to the legislative changes required, that is how you get to the \$2.8 million that you find in LB342 that is reduced at Western. That is a reduction in base year revenue which is simply a number that creates the initial calculation for starting to calculate state aid. That is not an adjustment in state aid dollars. The state aid dollar adjustment is actually considerably different than that in each of the districts from the numbers that Senator Raikes quoted to you, but those are the base year changes that you need to make. And then lastly, handout number three, and I'm going to close with that very quickly because I know I'm over time here, is a handout that gives you what happens with the redistribution as suggested in LB342. At the top of the page you have what happens under full funding assuming that the state would come up with it's 40 percent share of funding for community colleges. If there were no adjustments on the first set of lines, you can see what happens to state aid. Then the adjustments are made as called for in LB342, and then the adjusted new amounts are contained for you right below that on a district by district basis. We also compared that for you to the actual income this year, the actual revenues experienced in each district so that you can see the net difference in each district, and in fact the one district that does experience a decline, which is Western Community College, the difference in their total revenue from state aid and property taxes under the LB342 approach, versus their actual experience this year is an \$80,000 reduction. So although all of the other numbers relate to base your adjustments and formula adjustments and those kinds of things, I thought you would be interested in the reality of what the actual occurrence is in their case, and revenue to revenue, state aid and property taxes compare this year to next year equates to an \$80,000 reduction for them. It also has an impact on property taxes which is at the very bottom of the page for you. There has been a lot of discussion in here earlier, discussions about property taxes. You can see that there is a significant difference in property taxes in some of our districts. Western Community College goes from 10.64 cents under LB342 and full

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funding to a levy of 6 cents. A significant reduction in property tax. And has been pointed out to you earlier if you want to drive property taxes down further in our formula, you have the ability to do that by additional funding, but you can see what the levies would be under the circumstances outlined here for you. [LB342]

SENATOR KOPPLIN: Okay. Thank you, Dr. Huck. Are there questions? Seeing none, thank you. [LB342]

JACK HUCK: Thank you. [LB342]

SENATOR KOPPLIN: Other proponents? [LB342]

JERRY HOFFMAN: Vice Chairman Kopplin, my name is Jerry Hoffman. I am with the Nebraska State Education Association, and just briefly, I'm testifying in favor of LB342 on behalf of our members and encourage the Legislature to appropriate sufficient funds to fully fund the state aid to community colleges. [LB342]

SENATOR KOPPLIN: Just for the record, would you spell your name please? [LB342]

JERRY HOFFMAN: Yeah, J-e-r-r-y H-o-f-f-m-a-n. [LB342]

SENATOR KOPPLIN: Thank you. Are there questions for Mr. Hoffman? Very well, next proponent. [LB342]

DENNIS BAACK: Senator Kopplin and members of the Education Committee, for the record, my name is Dennis Baack, B-a-a-c-k, and I am executive director of the Nebraska Community College Association, and I appear in support of LB342. Dr. Huck has expressed very well how we worked our way through the process and we got to where we are today. I will tell you that being in the position that I'm it is a very uncomfortable kind of position to be in when you end up with your membership split, and we definitely have a split in our membership. We have a way of dealing with conflict resolution within our policies and I can assure you that we followed those policies to the letter. And those policies state very clearly that in the end as a staff of the NCCA, I am required to act on the resolution that my board passes, and my board passed a resolution in support of the concepts in LB342 on a vote of ten to two. My board is made up of two members from each of the six community college areas, so five of the areas members voted yes, two members from Western Community College voted no. Part of my responsibility is to inform you that they are opposed to it and they will be here to tell you why they are opposed to it. There was a difference in what those dollars ought to be. One of the other things that I do want to address a little bit are there was an editorial in the paper today about this issue, and that was written by Dr. Ely, the president of Western Community College, and I do want to address a couple of those issues. One of the issues that was brought up in this is that this is an urban versus rural kind of issue. It

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is not an urban versus rural issue. And I do come from my old stomping grounds in western Nebraska. I certainly got some input from my friends out there who still remember me from the Legislature, and contacted me about this bill. And I do know coming from western Nebraska, if you want to get them stirred up, tell them it's an Omaha versus Scottsbluff thing and you will get them stirred up. That will happen. But that is not what this is, and if you will look at the cosigners of the bill, you will see that the cosigners of the bill are from Mid-Plains Community College, they're from Northeast Community College, and if you look at the distribution of what we are talking about, the redistribution of the aid, the two biggest recipients of the redistribution are both very rural colleges. And Mid-Plains is one of them that is struggling. They are having some very difficult times financially. They do get a big share of the dollars going into this, and they need that big share of dollars going into it. One of the other things that was mentioned was that Western Community College tried to work out a deal with Mid-Plains Community College just between the two colleges. Western Community College, I believe, offered to Mid-Plains Community College that they would write them a check for \$500,000 a year for three years to help Mid-Plains with their problem. The problem with that is and why that doesn't work for the rest of the colleges, and even Mid-Plains was a little bit iffy on whether or not they wanted to go in that direction, was the fact that it still doesn't change any of the redistribution, because they weren't moving any of the money out of Western's base and they weren't moving any of the money into Mid-Plains' base, because they would not be allowed to do that without changing statute. They were just going to simply give them \$500,000. If Mid-Plains was able to parlay that money into some growth and stuff, they probably would have been okay. If they wouldn't have, at the end of the three years when they no longer got the money, they would be back right where they started. So that was not a viable solution and that is why it was rejected by the other areas that that was not a solution that we ought to get into. The other thing that I want to address a little bit is there are a bunch of numbers in there about Metro Community Colleges' reserves and how they have these humongous reserves and all these sort of things, and why shouldn't we be taking money away from them. I think you need to understand how those reserves came about. Metro Community College has been for a number of years, even the presidents before the current president, who is Dr. McDowell, those presidents decided that they were going to start to stockpile their capital reserves. A good share of that reserve that they have is a capital reserve, only for building buildings, or repair or maintenance. That is all that you could use it for. It wasn't an operational reserve. And they developed a master plan, they hired a company to come in develop a master plan for Metro Community College, and today they're implementing that plan, and I will tell you that all of the reserves in their capital reserve are committed already on projects that they are already building. You go to the south Omaha campus, you will see an unbelievable change in that campus, and soon you're going to see some big changes on the Fort Omaha campus. They are having a big increase in students in the last few years. They're going to grow substantially, and these buildings are going to be needed for them to provide the services to all of these new students. So that's their operational reserve is as a percent

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of their budget, is not that much difference, about \$8 million is not that much difference than any of the other community college have as far as their operational reserve. So their reserves are not that far out of line. Their capital reserve was built up on purpose. They wanted to do it that way. They didn't spend any of those dollars over the years so that they had a good capital reserve so they could do what they needed to do to deal with the growth that was coming along. And with that, I would be happy to answer questions. [LB342]

SENATOR KOPPLIN: Okay. Thank you, Dennis. Are there any questions for Mr. Baack? Senator Avery. [LB342]

SENATOR AVERY: Yes, I may have missed something said by a previous testifier. [LB342]

DENNIS BAACK: Sure. [LB342]

SENATOR AVERY: Because I was rapidly trying to calculate some numbers. [LB342]

DENNIS BAACK: Yeah. [LB342]

SENATOR AVERY: I see some really interesting patterns here, not patterns but certainly some observations. Western and Mid-Plains, they're at least a standard deviation beyond what the other community colleges are getting in a per student allocation in state aid, and I know you're aware of that, but the average per student allocation for the state, all the community colleges is \$2,358 per student. Western is at \$4,885, which is a plus \$2,537, so I can see why they're not happy. The other thing that might change that. But even Mid-Plains is at \$3,495 compared to \$2,358 average for the state. Do you think that what is being proposed in this legislation will correct that or just partly correct that? [LB342]

DENNIS BAACK: It will partly correct it. [LB342]

SENATOR AVERY: That is a huge difference. [LB342]

DENNIS BAACK: But you will never get those to where they are exactly equal and let me tell you why. One of the reasons is... [LB342]

SENATOR AVERY: Or do you want to even? [LB342]

DENNIS BAACK: Well, I don't know. That's the question, and I don't know that you want to get it exactly even. I think what you have to take into account is that you've got community college areas that are very, very different from one another. You've got a community college in Omaha who has an expanding valuation base, with a property tax

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levy that they can levy against that base, and that base grows dramatically. If you look at valuation, I kind of glanced at it, and the valuation growth at Metro last year, just the growth in their valuation was almost half of what Western's total valuation is. That was just their growth. So you're going to have that happen, but there are still a certain amount of basic expenses that go with having a community college wherever you have one. There is certain amount of infrastructure and stuff that you have to have to have a community college, even though it is maybe smaller in size, but there is still a certain amount of infrastructure you have to have. And when you get out into the rural parts of the state, it is going to cost you more to do that. And you are going to have a higher cost per pupil. That's going to be automatic, because you're never going to have the number of students involved. And so you've going to have that happen. And that is why you see those wide variances. And that is one of the things the CEOs looked at over the summer. It seemed like that variance between what Mid-Plains was getting and what Western was getting was awfully big. Was a big gap. [LB342]

SENATOR AVERY: Yeah. Yeah. [LB342]

DENNIS BAACK: Because actually we have like three sets of colleges if you want to look at it that way. You have Metro and Southeast, which are very much the same size as far as student population goes. [LB342]

SENATOR AVERY: And they fare about the same... [LB342]

DENNIS BAACK: They do. [LB342]

SENATOR AVERY: ...in terms of the per student allocation, and it's negative if you compare to the statewide average. [LB342]

DENNIS BAACK: Right. Yes it is. And part of that is a function of size and their valuation growth, because a lot of our formula is valuation base and if you don't have a lot of valuation, you're going to get a lot of equalization aid to bring you up to where the others are. That is why that happens. It happens the same way in the school formula. You have the equalization stuff to equalize those. And that is why you're going to see some big variances in those across the state. But it was felt that that needed to be brought a little bit closer together with two colleges that are not that much different in size. Because they're not. Western is a little bit bigger than Mid-Plains, but not a lot. And their district is not all that much different. They're both very rural, you know, the populations are not that much different. So that ought to be a little bit closer. This bill would bring that closer. It doesn't close it completely, but it starts to move in that direction, and as Senator Raikes has said, it is something that in the formula and stuff it is something that we're going to continually monitor. One of the things that we did when Western got that extra put of money in '99-2000, we put \$1.1 million into there. One of the things that we should have monitored very, very closely was how that grew. None of

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us were expecting Western to grow, and nobody did this with any devious intent or anything like that. That is not what happened here. What happened here was they got an (inaudible) account, they also got made some very, very wise decisions as to how they decisions as to how they were going to grow their college. And Dr. Harms was the one that grew that college. He has a lot of things that he did. [LB342]

SENATOR AVERY: He hired one of my graduate students too. Don't forget that also. [LB342]

DENNIS BAACK: I understand that. Yeah, we've talked about that. I do understand that. But they had some tremendous growth, and, quite frankly, we didn't monitor that closely enough and this suggestion should have been made earlier. We waited too long. And are we punishing them for their growth? No. I don't think so. What we're saying is you've got an extra put those years, your growth was way more than anybody anticipated. All we're asking for is to take back what that grew to today. That is what we're asking to put back into the system and to redistribute through the system. We're not taking away from them any of what that growth did to the rest of their budget, because the rest of their budget was effected by that growth too. We get automatic two percent increase, and then the increase of your budget can be whatever your FTE increase is. And if you look there were a couple of years when Western had double digit FTE increases which increased their budget dramatically. And that is how they grew. And they grew well and they did a great job. Nobody is arguing that Western did a bad...they did an excellent job in getting that growth. It is an excellent school. [LB342]

SENATOR AVERY: I think UNL would really love to have your situation, Dennis, where they get this automatic increment based upon a formula. [LB342]

DENNIS BAACK: Yeah. They might, but the problem is that when the funds start running short, you don't get that. And then my boards... [LB342]

SENATOR AVERY: But you don't cut programs like UNL does. [LB342]

DENNIS BAACK: Oh yes we do. [LB342]

SENATOR AVERY: Do you? [LB342]

DENNIS BAACK: Oh yes we do. And if you look at what has happened over the years, if you look at what has happened we've closed campuses. We're the one entity that closed campuses. There was a campus in Fairbury at one time that has been closed. There was a campus in Sydney that has been closed. It is now just a center, it is not a campus anymore. So there have been some instances where things have had to be closed and programs cut. We cut a lot of programs. Our people go through their programs on a yearly basis, and programs get cut all the time. It is not that unusual for

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us to cut programs. Not at all. [LB342]

SENATOR AVERY: Thank you. [LB342]

SENATOR KOPPLIN: Okay. Anyone else with a question for Dennis? Seeing none, thank you, Mr. Baack. [LB342]

DENNIS BAACK: Thank you. [LB342]

SENATOR KOPPLIN: Other proponents? Okay. Are there opponents? Just come forward, please, and leave your sheet. [LB342]

JILL McFARLAND: (Exhibit 15) Dennis said such nice things about us. My name is Jill McFarland and I am the business manager at Western Nebraska Community College. And thank you, Dennis, for all those compliments. [LB342]

SENATOR KOPPLIN: Would you spell your name, please? [LB342]

JILL McFARLAND: M-c-F-a-r-l-a-n-d. Pretty much everything that Jack and Dennis said before me is correct, except there is a mathematical flaw in the bill in the way it has been presented. I'm going to direct you to the very last page of the handout. I wasn't going to go that direction before I heard these two gentlemen speak. Western agrees that that infusion to the base back in the late nineties has in fact grown to a number of \$2.2 million. The problem with what you're seeing today is that that is, in fact, the adjustment to the base. The dollars that actually flow to the community college are 80 percent of that number. In the legislation the way it has been proposed assumes that that number is 80 percent. If you look at the last two columns on this sheet you'll see that I agree within \$1 to the sheet that has been presented earlier. We agree that the base grew by \$2.2 million. We also agree that if we had known that we were going to be as successful as we were in later years, we would not have requested the adjustment. But the actual dollars that flow to the institution as a result of that base adjustment are actually 80 percent of that number or \$1.7 million. The legislation the way it is written proposes a base adjustment of \$2.8 million, which then actually results in real dollar reduction of \$2.2 million. So we are actually losing ground from where we were at the implementation of LB269. I want to share with you one other thing if you'll flip back to the very front page, at the time the analysis was done you'll see the very same sheet that has been presented earlier. When the presumption was that our funding would fall by \$80,000 in the next fiscal year. Since that time we have come to realize that our FTE production for the current academic year is going to be less than we anticipated. The nature of business and industry is hard to predict. We have ongoing conversation with our business partners and 15-18 months in the future, they try to give us an idea what their training requirements will be. But based on restraints in the individual business or industry, sometimes those things don't materialize as they were anticipated. If you'll turn

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to page 2, we now know at this point in the academic year, several months after that first analysis was prepared, that our production for the current academic year will be flat or may be down modestly from the previous year. And that is simply because we have some business that have decided to postpone some training to a future date. The real implication of LB342 is on page 2. Our funding is not going to decline by \$80,000, rather it's going to decline by \$903,000 in our operating fund. Our operating fund has a total budget of about \$20 million. So this is a 4.5 percent decrease for Western as a result. Obviously we're going to be faced with increasing costs, and even if we are able to hold the line on most things in the institution, we do have to negotiate with our faculty bargaining unit, and obviously we anticipate that there will be an increase in that area as we maintain comparability with the other institutions. On page 3, I have shown you what we maintain and continue to believe is the appropriate adjustment, which is an adjustment somewhere in the amount of \$2.1 and \$2.2 million to the base revenue as opposed to \$2.8. And you can see that in that case we would reduce funding from property tax and the state aid by \$353,000, significantly different from what is contained in LB342. Do you have questions? [LB342]

SENATOR KOPPLIN: Okay. Are there questions for Ms. McFarland? Senator Avery. [LB342]

SENATOR AVERY: I'll be quick. When you're negotiating with the faculty union... [LB342]

JILL McFARLAND: Yes. [LB342]

SENATOR AVERY: ...do you use comparable institutions to determine what is a fair and balanced...fair and balanced, did I use that phrase? [LB342]

JILL McFARLAND: That is an okay phrase. Yes we do, in fact we compare to the other five community colleges in the state of Nebraska. [LB342]

SENATOR AVERY: In this state? [LB342]

JILL McFARLAND: Yes, and typically we said about at the meeting, we have never been the highest. We obviously don't have the resources to compete with a Metro, so to speak. [LB342]

SENATOR AVERY: So why would you use the other institutions in the state when we were just told that they are so different from what you do in Western Nebraska? [LB342]

JILL McFARLAND: There was actually a CIR decision that came down in the late eighties specific to Western when we went into the court of industrial relations, and it was a result of that decision the comparability was established among the six. The

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Metro decision, recently, has expanded that some to include some out-of-state, but that hasn't happened in our area. [LB342]

SENATOR AVERY: So you expect about a 4.5 percent increase in costs including the faculty? [LB342]

JILL McFARLAND: For faculty, yes, I would anticipate that. Okay. [LB342]

SENATOR KOPPLIN: Other questions? Seeing none, thank you, Ms. McFarland. [LB342]

JILL McFARLAND: Thank you. [LB342]

SENATOR KOPPLIN: Next opponent. [LB342]

EILEEN ELY: (Exhibit 16) Good afternoon, Senator Kopplin and the rest of the Education Committee. My name is Dr. Eileen Ely. I am the president of Western Nebraska Community College. Since 1926... [LB342]

SENATOR KOPPLIN: Would you spell your name, please? [LB342]

EILEEN ELY: Oh, last name is E-l-y. Since 1926 the Western Community College area board of governors and the Western Nebraska Community College administration, faculty, and staff have supported and have taken pride in the philosophy that Western Nebraska Community College is a comprehensive community college dedicated to serving the constituents of western Nebraska with higher education and higher learning opportunities. And taking this stance, WNCC is committed to the following values. We believe in the inherent right of every person to an opportunity for education commensurate with the individual's potential and interest. We assume the responsibility for providing an environment that offers opportunities for developing quality academic, technical, and vocational disciplines. This is in direct response to the state statute. We are committed to lifelong learning to include providing area business and industry with vocational training for skilled employment. We are aware of the changing and challenging role of education, and we are prepared to make those adjustments in the curriculum and services to meet the diverse, and unique needs of our students. WNCC's ability to serve its 12.5 county, 17,000 square area, roughly the same size as New Hampshire and Vermont combined, has been challenging due to increased costs in providing quality education in a rural environment. Unfortunately, this is reflected in our tax base. According to state statute, the community colleges' funding formula is really based on it is 20 percent tuition, 40 percent state aid and 40 percent property tax. But during the past four years, the state aid contribution has been underfunded, which has resulted in an increase in local property taxes. In order to keep property taxes lower, the state must ensure that community colleges are fully funded. LB342 proposes

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full funding. But at the same time, it also aims to decrease state aid to WNCC by \$2,812,500 or \$2.25 million in real dollars without, I want to emphasize that, without reducing property taxes in WNCC's service area, and to redistribute this to the other community colleges. We take exception to that. Approval of this bill without changes would be devastating and would drastically affect WNCC's ability to respond to our constituent's needs, to hurt rural Nebraska, and to reduce services to our region. As you well know, an institution is either growing or it is dying. In 1998-1999, WNCC had started the spiral downward, and we admit that, and we asked for assistance, an adjustment to our base, which allowed the college to recognize new growth and sustainability in three years. If this bill is approved, I will predict that WNCC will be back in front of you within three years asking for assistance. We were criticized when we were struggling. With your assistance and with your support, we did what you asked us to, we grew. Now we are being penalized because we grew. When you look at the major trends that are affecting WNCC, and will only intensify in the future, they include decreased population and enrollment, increased demands for new program development, increasing demands for developmental education, expanded program delivery methods, increased technology demands, staffing shortages, aging facilities, increased economic development training needs and projected decreases in funding. WNCC we're doing our very best to meet all of these needs, but we cannot be proactive in meeting these needs with LB342's projected catastrophic funding cuts to WNCC. As we face our future, we can invest in a wealth of economic development efforts, but if we do not have an educated workforce, business and industry will look elsewhere as they make decisions. Two questions that business looks at when they come into town or contemplate relocating: Do you have an educated workforce and if not, do you have the ability to train and retrain a workforce with the necessary entry-level and advanced skills? In western Nebraska, WNCC has stepped up to the plate and has met this challenge head-on, and as a result the region has witnessed growth that may have gone elsewhere. I strongly support the Governor's state-of-the-state address in which he emphasized the importance of higher education, economic development and keeping our students in the state. As a quality higher education institution, WNCC is aware that if we educate our students that the possibility of keeping those students our region goes up dramatically. While WNCC has a major role in helping to achieve the Governor's vision in western Nebraska, our ability to respond to that vision will be stifled if our base is reduced by \$2.8 million. At this time, I just want to thank you for your time and hope that you carefully reconsider the ramifications of this bill and what it will do to Western Nebraska Community College. Do you have any questions? [LB342]

SENATOR KOPPLIN: Thank you, Dr. Ely. Are there questions from the committee?
Senator Avery. [LB342]

SENATOR AVERY: Would you describe the \$1.1 million that you received a decade or so ago to be seed money? [LB342]

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EILEEN ELY: It was an adjustment to the base, and honestly that base adjustment helped us to grow. We recognized that we were spiralling, and I was not at the institution at that time, but there were many late nights trying to figure out how WNCC was going to repair or to go on and do what it's mission was put in place. And again, we are appreciative of that adjustment and we recognize the benefit of that adjustment, but to the tune of \$2.8 million, it would be devastating on us. Our new programming, any new programming would be flattened, any new hiring would be flattened. When business and industry comes and asks us, what can you do to help us, we're going to have to say that we don't have the dollars. And especially when you look at vocational education, it's one of the most expensive programs to implement. And I know that that would be an area that we would really be crippled in. [LB342]

SENATOR AVERY: If I might continue the metaphor, the seed money allowed you to grow. [LB342]

EILEEN ELY: Yes. [LB342]

SENATOR AVERY: You produced a bumper crop. Is it not now reasonable to ask that you share some of that bumper crop with the rest of the system? [LB342]

EILEEN ELY: You know, we recognize the benefit of that, and I have to be honest, we do recognize that most probably where we need that adjustment, but not to the tune of \$2.8 million. You know, when we looked at what that adjustment means and the benefit of that adjustment, it's not the \$2.8 million. We feel that it's most probably the \$1.7. And otherwise we are going into the profits, the hard work that people at WNCC has put into making the college successful since '98-99. So again, I feel pretty strongly about this. As a matter of fact, I'm very passionate about this. I think that what we're looking at WNCC doing in the Panhandle area is critical, and especially being on a border state. When we look at the potential of either raising tuition so high to offset some of this, what is being proposed, we're going to have our students going elsewhere. When you look at us bordering Colorado and Wyoming, it's very easy for our students to shift that direction, and that is the last thing we want to do. Our very best resource is our student. It's that intellectual resource that we don't want to lose across the border. We know from just looking at the nursing issues and the shortages of nursing that we are experiencing in the western side of the state, that if students go into Colorado or into Wyoming to receive their training, we're not getting them back. [LB342]

SENATOR KOPPLIN: Okay. Anyone else with a question? [LB342]

SENATOR AVERY: I appreciate your passion. You need it. [LB342]

EILEEN ELY: I appreciate your time and attention. [LB342]

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SENATOR KOPPLIN: Okay. Thank you, Dr. Ely. Next opponent. [LB342]

DENNIS MILLER: (Exhibit 17) Good afternoon, my name is Dennis Miller. Miller, M-i-l-l-e-r. I am the vice chairman of Western Nebraska Community College board of governors, and I am also on the NET Commission as representative for community colleges. I ask the senators to consider the greater potential impact of LB342 on the state of Nebraska. That is, I ask that you look beyond the issue of how state aid is distributed in comparison to full-time equivalent students and to what is the impact on the overall purpose to providing state aid to the community colleges. Nebraska invests much in community development through such programs as the Community Development Block Grants. In particular, Nebraska has programs such as the Building Entrepreneurial Communities Act to help rural communities with shrinking populations and declining economies. These are useful and important programs, but none of these programs has the impact of a community college. In fact, all of the state and federal programs together do not have the positive economic impact of a community college. It is a well established fact that community colleges are responsive to local needs, and that they are very successful throughout the state and, in fact, the country in providing up-to-date training. Community colleges are essential to the economic health of Nebraska's communities in today's flat world. LB342 proposes taking \$2.8 million dollars from Western Community College and redistributing those funds to the other five community colleges. You must ask the question whether that meets the needs of the state of Nebraska to providing training to all our residents in an equitable manner. How will the potential loss of programs or increased tuition at Western Community College impact the economy of the area? Will the funds transferred to the other community colleges increase their ability to better serve their areas? In the case of Metro who has over \$40 million in reserves and \$8 million in annual receipts above their expenses, it is very difficult to imagine that an additional \$.3 million would provide anywhere near the benefit to Omaha area that a \$2.8 million loss might create in economic damage to the Panhandle and consequently to the state. I acknowledge that Mid-Plains Community College is in need of additional financing, and I encourage the committee to meet that need. Ensuring Mid-Plains' ability to meet its mission is the duty of this committee as is drafting legislation to ensure that all Nebraska's residents have access to the education that will enable them to succeed. For Nebraska to be economically healthy, the whole state, east to west, must be healthy. The community development and economic development of all parts of the state are essential to the health of the whole state. Taking money from Western and distributing it to the urban areas would be like ignoring the health of one hand in order to add glitter to the other hand which is already well manicured. Thank you. [LB342]

SENATOR KOPPLIN: Thank you, Mr. Miller. Are there questions from the committee? Seeing none, next proponent. [LB342]

DENNIS MILLER: Thank you. [LB342]

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SENATOR KOPPLIN: Or, excuse me, opponent. [LB342]

MERLYN GRAMBERG: (Exhibit 18) Senator Kopplin, members of the Education Committee, my name is Merlyn Gramberg. I have been an educator in the state of Nebraska since 1959, so that tells you a little bit about some the history that I know about the education system in Nebraska. [LB342]

SENATOR KOPPLIN: Would you spell your name for the record, please? [LB342]

MERLYN GRAMBERG: G-r-a-m-b-e-r-g. I am a lifelong resident of Nebraska. I have been a public school teacher. I have been a college professor. I have been a college administrator. I am currently with my third term with the Western Nebraska Community College board, and I also serve on the Nebraska Community College Association this year as treasurer. Western Nebraska Community College serves a large and diverse area. When you look at 17,000 square miles, when you look at how much it costs to bring one member down to the Legislature as compared to one member from Omaha or Lincoln or, you know, Mid-Plains, we require just a little bit more funding because of some of that. We are the only opportunity in western Nebraska for people seeking training or retraining in the technical areas. We work hard at this. We take this very seriously. We have worked cooperatively in the last several years with many different entities to provide this in-service training, including working with hospitals, nursing homes, working with CPAs, auto mechanics, welders, whatever the need is to keep the economic development going at western Nebraska, we have been there for that. In the fateful year of '99-2000, we received some additional funding because things were going downhill for us. At that time we were told, now we have given you some money, do something about it. We did. We began growing. We changed some of our directions, and with that, we've been able to put WNCC back on the map. We're not the only institution that has received some extra funding over the years. Northeast has had some help also. Mid-Plains needs it now. And I think this is one of the things that is real important that the Legislature understand that we can adapt and readjust and go with that. We are willing at Western to do some compensation. We tried to work with the NCCA. We went through mediation. I'm not going to go through the history of all of that that has come up before, but there were a few questionable deals that went through, but lets don't dwell on that. My main purpose here today is to be with you to just really encourage you to be fair at working with all six community colleges. I remember when the community college were started, and there was a lot of hassle. We have been doing a good job for the last 30 years. Let's continue that. Let's be enabled to do that. There's only one comment I would like to make beyond that, and that is it seems strange...well, and over 40 years in education, I have not encountered a reverse Robin Hood. That is, where funds are taken from the least fortunate and given to the most fortunate. Think about it a little bit. We want to be fair and we're asking you to do that. Thank you for the opportunity to make a small presentation and for your time. Any questions? [LB342]

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SENATOR KOPPLIN: Thank you, Dr. Gramberg. Are there questions from the committee? Seeing none, we are ready to move. Are there other additional opponents? [LB342]

TOM PERKINS: I feel like I have shrunk a little bit here, so if my chin falls on the table, I have shrunk. Senator Kopplin and members of the Education Committee, thank you for letting me come and share my concerns and my interests in LB342. My name is Tom Perkins, and that is spelled P-e-r-k-i-n-s, just like the restaurant. I am from Scottsbluff. I grew up in Omaha. I've lived on both ends of the state. Basically, I was educated at North High School, so I have a feel for my colleagues in the metropolitan area. I still have family back there. I still have good friends. But now I'm a member of the Western Nebraska Community College Board, and I'm it's former chair. I have been on the board since 1992, so I've been around and have seen the changes that have occurred over that period of time. It's also been my good fortune to be a member and past chair of the board of the Nebraska Community College Association. In addition, I am a member of the Association of Community College Trustees' board of directors. This is an organization that represents trustees from over 1,100 community colleges in the United States, Canada, and England. I have been educated in seven different public and private colleges and universities, but my passion is community college education. This is the reason for my appearance here today before you. In late July I received the report Nebraska community college area recommendation for new state aid formula dated July 17, 2006. And the report outlined the seven guiding principle we used in the funding formula discussion, including: maintain a statewide community college system that preserves local control; state aid, property taxes, and tuition should continue as the main sources of funding; provide equity and property tax levies across the state; reward growth in student enrollments; provide an inflation factor, adjustment factor; include vocational education as a factor in state aid distribution; provide the mechanism for dollar for dollar property tax relief. Those are our guiding principles that led us to where we are. At that time there were 13 topics for discussion that were identified using these 7 guiding principles. The report noted that Northeast and Metro had strong philosophical issues with 4 of the 13 topics. The report was in anticipation of the third quarterly meeting of NCCA held in August, and during that meeting our two community colleges, Metro and Northeast, continued to express strong objections to the report and its findings. At that time, I believed it to be prudent to recommend mediation in hopes that CEOs could arrive at a consensus for a recommended formula. The mediation took place, but it failed, and now I am here today unable to do philosophically what I know and what I want to do, and that is to speak with one voice to agree with the funding formula which is equitable to all community colleges in Nebraska. Our board stands firm that what is needed is a formula that is fair and equitable for all community colleges, and we recognize that we have a roll to play in achieving this goal. We recognize, also, that WNCC and Northeast were experiencing fiscal problems in the past, and NCCA made an adjustment in our respective bases, and now we also note that our colleagues

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at Mid-Plains are presently in a difficult predicament bordering on a fiscal crisis. It has never been our intent to block Mid-Plains from receiving an increase in its base in order to make it whole. That has never been our intent. Am I through? Yes, Senator. [LB342]

SENATOR KOPPLIN: Okay. Are there questions for Mr. Perkins? Seeing none, thank you for your testimony. [LB342]

TOM PERKINS: Thank you. [LB342]

SENATOR KOPPLIN: Anymore opponents? Then we will move to neutral testimony. Are there those who wish to testify in the neutral position? Senator Raikes, would you like to close? [LB342]

SENATOR RAIKES: Once again, I bring you peace and harmony. (Laughter) I just don't get enough credit. If you listen carefully, I think the combined testimony was that there is something that we need to do. There is a change that, probably, is needed. There was some confusion, maybe not intentional at all, but I think some comparisons in numbers were probably not the right comparisons to make, so keep that in mind. I would also tell you that one point that, maybe, wasn't emphasized enough is the failure of the state to fully fund the state component of the formula, and then the allowed use of the temporary aid adjustments does cause wild differences in levies. And the very high levy, I think that Western has experienced recently, is primarily due to that use of that temporary aid adjustment, and the fact that their valuation requires a pretty large levy increase in order to make up the difference. The change, I mean in rough terms, looks to me like somewhere between \$1.7 and \$2.8 was mentioned, and I think the \$1.7 needs to be divided by .8, so maybe the actual difference is somewhere between \$2.1 and \$2.8. I would also tell you that I maintain that we need to, maybe not in the immediate but at least for longer term, consider possibly some other structural changes to the formula. The fact that you are...we have now a couple of times, in five or six years, come back and felt the need to change the base. It really isn't an appropriate formula if those base changes periodically are something that we have to address. And not only is it a change in statute, but it maybe causes some hard feeling and strife among the community colleges, which probably doesn't help things either. I'll stop there. [LB342]

SENATOR KOPPLIN: Okay. Thank you, Senator. That would end the hearing on LB342. [LB342]

SENATOR RAIKES: Okay. We'll now move to LB58. Senator Harms, is he here? See if you can get a hold of him. He is on his way, okay. Good. We'll stand at ease for a moment while he makes his way. We could go to the next bill, but that is a Harms bill too, so...(recorder malfunction)...introduce for us LB58. [LB58]

SENATOR HARMS: Well, thank you very much. My name is John N. Harms, H-a-r-m-s,

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represent the 48th District, and Senator Raikes, thank you for giving me the opportunity to visit with you. [LB58]

SENATOR RAIKES: I really didn't have any choice, but you're welcome. [LB58]

SENATOR HARMS: Yeah, I understand that. But you have a choice of whether the bill comes out or not, don't you? [LB58]

SENATOR RAIKES: That one is still there, yeah. [LB58]

SENATOR HARMS: Yeah, right. Well, this particular bill is a simple bill. It changes the tenure, before they go to tenure, probationary period from two years to three years, but I have to tell that doesn't mean it is not controversial. So let me just walk you through this a little bit so you have some idea. I've had 33 years of experience with this particular piece of legislation, and I'm here to tell you it does not work in favor of the teacher. Let me tell you why. When you look at a community college, what you see is one side, the very strong academicians who have master's degrees, doctor's degrees who come through the professional side who had taken the advance to professional courses for teaching. And they do really well when they come into our system. Some of them will need to be helped a little bit on organizational delivery, but overall they do really well. Then on the other side you have the vocational technical staff, and all those people are very bright. Some might have a bachelor's degree, but with no professional training to teach. Some might have an associate's degree with no formal training about teaching, in organization and delivery. And then you have a people who have 25 years of experience in the field of trades. There is no education for that other than experience. So what happens to us is that we have two years with that teacher, and I have always believed very strongly that evaluation is to make a person better, not to terminate someone. Yeah, it does set stages, but the real approach here is to make it better for that teacher and for the students who learn. Two years is not adequate. Let me tell you why. In a two year cycle, what happens to us in this process, in the first year probably even if you evaluate at the front end or the first semester, middle of semester, what normally happens is you start to pick up that there is some difficulty with this particular teacher about second semester. Okay. So by the time you get it all identified, you start to work with the teacher, you're into the summer, you might try to get them back to school, if that is possible. Starting the second year of the first semester, by law, we have to notify that teacher within 90 days of their contract year that there may be a change in their contract. As soon as you do that, whatever you've been doing is all over with. Sixty days we notify that teacher that says, yes, we are going to terminate you. In this process, all you have to do is give due process and not just cause. Now when I have always terminated teachers, always prepared for going to court. Gave them due process, did just cause, and said this is the reason why. To be very honest with you, there are teachers that when I walked away from that hearing, my heart ached for them, because if I would have had one more year with them I could have saved them. We

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could have helped them. And what we do is that we just destroy their career, just like that. And so that's why I really would like to see this happen. I think it is for the betterment of the community college system, and I think it is better for the students, and most of all I think it is just good for the teachers. So I would open up any questions, Senator Raikes, you would like to ask. [LB58]

SENATOR RAIKES: Okay. Thank you, Senator Harms. Questions? [LB58]

SENATOR HARMS: Senator Adams. [LB58]

SENATOR ADAMS: Senator, in part what you're saying here is because the uniqueness of typically your vocational faculty it brings you to this point? [LB58]

SENATOR HARMS: Yes, that is correct. Now I will tell you that if you, probably, look at the number of teachers over 33 years that I've had to terminate, I would say there is a mix. Some are on the academic side, then probably the heavier on the vocational. That is where we seem to have most of our problems. And it is just that they are unable to get themselves organized. They had difficulty sometimes with their delivery, but they are skilled. They are skilled in the trades, and they are great. And we just needed time to be able to help them. [LB58]

SENATOR ADAMS: Can I ask another question? [LB58]

SENATOR RAIKES: Sure, go ahead. [LB58]

SENATOR ADAMS: Can you give me an example, how do you mentor these people that you find need that assistance? [LB58]

SENATOR HARMS: Well, the first thing we is set benchmarks for them, so if they are having trouble with organization, if they are having trouble with delivery, we start working with them. We pare them up immediately with a teacher who has those skills. Actually we pare them up ahead of time with new teachers coming on, a buddy system, to where you can really start to concentrate on helping that teacher. But when you're in the vocational side, you have a really heavy teaching load. You're locked into those classrooms with a fairly heavy load, so it is a little more difficult to be able to do that. On the academic side, you might be Monday, Wednesday, Friday or Tuesday, Thursday. In the vocational/technical side you're five days a week, and sometimes three or four hour blocks. That is just a little more difficult. But we do set up a program for evaluation. We try to make them better. We try to give them benchmarks, but it is really difficult to do that in two years. Because just as I said, you give them notice, that relationship is damaged. I mean a teacher just locks up and says, I'm going and I'm not going to deal with these people. And so that is part of the problem. [LB58]

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SENATOR ADAMS: So the 90-day is still part of the language? [LB58]

SENATOR HARMS: Absolutely. It is in the law, same as the public schools. [LB58]

SENATOR ADAMS: The due process is still part of it, it is just adding one more year before that? [LB58]

SENATOR HARMS: Just one more year. Everything stays the same, we just have one more year. [LB58]

SENATOR ADAMS: Okay. [LB58]

SENATOR HARMS: And that is really what I'm after. [LB58]

SENATOR ADAMS: Thank you. [LB58]

SENATOR HARMS: You're welcome. Thank you. That was a good question. It is appreciated. [LB58]

SENATOR RAIKES: Senator Burling. [LB58]

SENATOR BURLING: Senator Harms, then to follow up on that, if you're not changing when that 90-day notice is due, how does one more year keep the teacher more compatible? [LB58]

SENATOR HARMS: Well, we have a chance to set the standards for that teacher, we have a chance to work with that teacher. I have two summers with that teacher where we could get the preparation for that person for that person and help them. So it gives you that extra year to be able to work with the teacher. [LB58]

SENATOR BURLING: But you still want to leave the 90-day notice at the beginning of the first year? [LB58]

SENATOR HARMS: Well, that is by law. Yeah. Absolutely. Well, no, you want 90 days at the end of their contract year. So that part of it would not change. None of it changes, except you just extend it from two years to three years. All the rest of the law stays the same. [LB58]

SENATOR BURLING: Okay. [LB58]

SENATOR RAIKES: Senator, help me with...when I finish the probationary period, I'm over the line, then what? [LB58]

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SENATOR HARMS: Well, then you have tenure, you're into the tenure track. We don't like to refer to that in the community college business, but that is really where you are, and then it is much more difficult. In this whole process there is an whole another evaluative process that kicks in, and once a teacher is tenured, it is really very, very difficult, it takes longer to address the issue. That is why a lot of people like the probationary period administratively, because if you have got a poor teacher and you don't want to take the risk you just don't keep them. But that is why I'm saying if you have three years it is just better for you to do that. It is more difficult to get rid of a tenure teacher as Senator Adams can tell you. I think that you have to work a lot harder at it, and you have to make sure that everything is where it needs to be. It is not as easy. [LB58]

SENATOR RAIKES: You're changing it from two to three, why wouldn't you change it from two to four? [LB58]

SENATOR HARMS: I would love it. If I would think you would buy it. Four would be fine with me. I don't have a problem with it. I just think, you know, three years is... [LB58]

SENATOR RAIKES: Let's have a little auction, five (laughter). [LB58]

SENATOR HARMS: Five. Yeah. I don't have a problem with it. I used three because, to be honest with you, I thought three I could sell, but four is even better. [LB58]

SENATOR RAIKES: Senator Avery. [LB58]

SENATOR AVERY: Did I understand you correctly to say that after three years the person goes on a tenure track or they are tenured? [LB58]

SENATOR HARMS: I used the word track, but they become tenured. [LB58]

SENATOR AVERY: In three years? [LB58]

SENATOR HARMS: Yeah. The university's five? [LB58]

SENATOR AVERY: No, it's six. [LB58]

SENATOR HARMS: Six. Yeah. [LB58]

SENATOR AVERY: Your six year you get that upper evaluation and then you've got a seventh year to get another job or something, but that is very different. [LB58]

SENATOR HARMS: Yeah. That is the difference. [LB58]

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SENATOR AVERY: Very different. Is it like this with all community colleges? [LB58]

SENATOR HARMS: Well, not all of them. In the state of Nebraska it is, but outside of that it is probably not. I don't know what the other laws are. [LB58]

SENATOR AVERY: And what sort of criteria do you use to evaluate your faculty? [LB58]

SENATOR HARMS: Well, probably basically the same kind of criteria that you would use for any teacher. You know, we look at the fact of whether or not their delivery is appropriate. Whether or not they have organizational skills. Whether they have knowledge of the subject matter. Whether they can present that subject matter in an appropriate manner. Whether or not they participate and are interested in the students and are willing to show up on time, willing to make sure they are there to help counsel students. They have advisory issues, where we want to make sure that they are part of advising their students. There is just a whole series of things to go through. [LB58]

SENATOR AVERY: Do you have peer evaluation? [LB58]

SENATOR HARMS: Some have peer evaluation, others don't have peer evaluation. Where I came from, we have division chair evaluation. And the division chair works very closely with that faculty member, particularly if a problem is identified, they work very close with the individual. [LB58]

SENATOR AVERY: Student evaluations too... [LB58]

SENATOR HARMS: Absolutely, and I'll tell you what too... [LB58]

SENATOR AVERY: ...for every course, every semester, every teacher? [LB58]

SENATOR HARMS: It depends on the institution. At the college that I came from, it is every semester. We probably ask for them to see those at the end of each year to be able to look through those. To be very honest with you, that is the best evaluation you're ever going to get. [LB58]

SENATOR AVERY: Well sure, but are these administered by the faculty person? [LB58]

SENATOR HARMS: No it is not administered by the faculty. We bring it in, give it to them, and then we take it and share it with them, with the faculty. It can work either way. [LB58]

SENATOR AVERY: So you have the teaching component of the evaluation. Do you do research? [LB58]

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SENATOR HARMS: Well, we don't have research in the community college. [LB58]

SENATOR AVERY: Community service? [LB58]

SENATOR HARMS: Community service, but we have to be really careful about community service in regard to the way the laws work. It is really in its relationship just to teaching. We like to use the term "community service", but my attorney is always cautioning me very carefully not to use that as a deciding factor because you're going nowhere. And NSEA is very good at just cleaning your clock. [LB58]

SENATOR RAIKES: Oh, and they're here to advise you of that. [LB58]

SENATOR HARMS: Yeah, I know he is here. I just wanted to give him a plug (laughter). I'm very aware of that. [LB58]

SENATOR RAIKES: Okay. Any other questions for Senator Harms? Okay. Thank you, Senator. [LB58]

SENATOR HARMS: I would like to close if there is no one else here. [LB58]

SENATOR RAIKES: Sure. We'll provide you that opportunity. Proponents for LB58? [LB58]

DENNIS BAACK: Senator Raikes and members of the Education Committee, my name is Dennis Baack, B-a-a-c-k. I am the executive director of Nebraska Community College Association, and I fully expected this bill to be here. We've introduced it a couple of times before since I've been on board. I've been on board with community college about 14 years now, and NSEA has always opposed it. We've never gotten there, but it is one of the issues that for the first 13 years, I was there. It was brought up by a certain president from a certain college, who will go unnamed, every single year as being a high priority for them. And so I knew this bill would be here this year. [LB58]

SENATOR RAIKES: I think they got rid of that guy though, didn't they? (Laughter). [LB58]

DENNIS BAACK: Yeah. He has gone. He has gone, but the issue has not gone. And quite frankly...on a serious note, the other presidents bring the same issue to the table. They would like to have an additional year to do that evaluation of those teachers and to give them a better opportunity to do it. And we don't call it tenure in our system. It is a continuing contract law. It is basically the same continuing contract law we have for K-12 teachers, although theirs is three years of probation, ours is two. But it is a continuing contract, not tenure itself. [LB58]

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SENATOR RAIKES: Any questions for Dennis? [LB58]

SENATOR AVERY: I assume we'll be hearing from the NSEA? [LB58]

DENNIS BAACK: Yeah. Unless they've had an epiphany in the last 15 minutes, probably. Yeah, and probably not in support. Okay. [LB58]

SENATOR RAIKES: Okay. I see no questions. Thank you, Dennis. Any other proponents to LB58? Opponents to LB58? Well, big surprise. [LB58]

SENATOR ASHFORD: We can refer to prior testimony. [LB58]

MARK McGUIRE: (Exhibit 19) Senator Raikes, members of the committee, my name is Mark McGuire, M-a-r-k M-c-G-u-i-r-e. I am general counsel for and a lobbyist for the Nebraska State Education Association. As predicted, we are in opposition of LB58. I'm going to be talking about two points. One, necessity and two, this is just like the K-12 system. Much of the conversation I have just listened to I've heard in this hearing room 26 years ago. At that time there had been a variety of legislative bills addressing probationary status of two years. Omaha and Lincoln had a separate system, it could be three to five. There was a variety of other issues going on about hearing rights for probationary teachers. You name it. I used to joke about feeling sort of like chasing a tennis ball on the second floor between the Supreme Court and the Legislature and back again, because a problem would come up. We thought we had fixed it. It went to the Supreme Court. They said it wasn't fixed and you go back and forth. In the late fall of 1981, an interim study took place. The work meetings were all held in this room having to do with the entire system of the continuing contract law. And all the players were present: the school board association, the school administrators, Omaha, Lincoln, Westside, and some others and us, were there to work out a common continuing contract law as it is, in fact, called, and it had a number of elements in it. Included things such as the length of probationary status, hearing rights for probationary teachers, the process to go through in terms of what determination hearings are to look like, what the burden of proof, what is meant by just cause. All of those things were hammered out in the interim study that took place in here. The final draft of the compromised bill and Senator Gerald Koch was the chair of the committee at the time, and he said there was going to be a deal and everybody was going to live by it. The final draft was, in fact, done and agreed upon on Christmas eve of 1981. When the Legislature convened in 1982, the inherent pressures of two years versus three years of probationary status surfaced on the floor. The school board association couldn't continue to support the agreement that had been reached in terms of probation being two years versus three. There was, and you can look at the legislative history, much floor debate on the bill, it was LB259, over the issue of two years doesn't give us enough time to evaluate, and that was repeated and that was repeated and that was repeated. That amendment

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prevailed by a vote of something like 26-22. Over the lunch hour we prepared an amendment that said, Okay, if you keep saying school boards that you need three years to evaluate, well then let's spell out what does it mean to evaluate. And my experience at that time with school administrators were that they're not as enlightened as Dr. Harms in terms of seeing a need to evaluate, I think, viewed it as a burden. But we worked out a deal that said, Okay, if you're going to be three years, then you're going to have a statutory evaluation process. And by that I mean, and it is in the statute now, that the beginning part of it says, the purpose of the probationary period is to allow the employer an opportunity to evaluate, assess, and assist the employees professional skills and work performance prior to the employee obtaining permanent status. The specifics of that evaluation process then are found in the statutory sections in the continuing contract law, in particular in Section 79-828, and the evaluation process specifically states that the evaluation must occur once each semester for a full instructional period with the evaluator being in the classroom with any deficiencies that are observed to be promptly reported to the teacher in writing, together with suggestions for improvement techniques that could be improved, and so forth. And all of that is statutorily now required. The Supreme Court has upheld all of that and said if you're going to terminate a probationary teacher, those are the processes you have to go through. I apologize for running over, but obviously the part that is missing in LB58 is the whole sections that would have to do with mandated evaluations and what is going to be included in that evaluation process. So the "just like the K-12 system" is only minimally true. It might be three years, but the whole bigger chunk of what is there about evaluations is noticeably absent by LB58. Finally, I would simply say in the necessity issue, I don't see it. We have bargaining units at five of the six community colleges. We don't see termination cases. The last one I was involved in was in Metro, it was in 1996 and it was a reduction in force case where two years or three years of probation didn't have anything to do with any issue in the case. Admittedly there have been others since then, but very few. And so, A) I don't see the necessity for this, and certainly it is not patterned after or made to jive or dovetail with the system that is in place for the K-12 that has been for 26 years, and therefore I would ask that the bill not be advanced. I apologize for running over, but that is kind of a lot of history. [LB58]

SENATOR RAIKES: Senator Ashford has got a question. [LB58]

SENATOR ASHFORD: Mark, would you go back over that meeting that occurred in 1981, specifically what date did that occur (laughter) and what day of the week? [LB58]

MARK MCGUIRE: Actually the floor debate was in January 22 of 1982, if you would like to know. [LB58]

SENATOR ASHFORD: Thank you. That is all I have, Senator. I just wanted to... [LB58]

SENATOR RAIKES: Senator Johnson. [LB58]

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MARK McGUIRE: We kind of saw old times when I saw Senator Lamb in here earlier, because he sat right there where Senator Burling was. You weren't there yet. [LB58]

SENATOR ASHFORD: No, I knew you. [LB58]

MARK McGUIRE: I'm sorry. [LB58]

SENATOR JOHNSON: That is perfectly fine. I was late getting in and so I missed out on the original presentation by the senator and so on, so I have to kind of start at the beginning. [LB58]

MARK McGUIRE: I'll paraphrase whatever he had to say. [LB58]

SENATOR JOHNSON: Mark McGuire, did you ever take steroids? (Laughter). [LB58]

MARK McGUIRE: What exactly do you mean by steroids? [LB58]

SENATOR JOHNSON: Excuse me, I couldn't resist. [LB58]

MARK McGUIRE: We're getting towards the end of the day, aren't we? [LB58]

SENATOR RAIKES: Somehow I lost control here. I don't know exactly when it was, but...Senator Avery. [LB58]

SENATOR AVERY: I'm really curious about a two versus three year period for evaluation. I've been down this road, and I've seen a lot of teachers in their first and second year still groping and just trying to learn what is expected of them. And I'm not even sure three years is enough time for beginning teachers to actually come to grips with, what it is I need in the classroom to be the most effective so that I can be the best possible teacher that I can be. So I'm having a hard time understanding why you would oppose giving the administrators and the faculty additional time to become good teachers. So that when that time is up, they know now I've had three years, if I can't get it in three years, maybe I'm never going to get it. Why would you oppose giving them another year to learn to be effective teachers? [LB58]

MARK McGUIRE: We gave the third year conditioned upon, in fact, that administrators and whatever school was would, in fact, work with them and would start at the very beginning of their teaching career at that school in the first semester to spend an hour in the classroom. The reason we were able to put in a lot of the language was probationary teacher after probationary teacher testified, and they never saw an evaluator. I don't disagree with you, because I think anybody in any profession is probably pretty weak their first year, second year, third year and that is certainly true in

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the law business. You get competency at some point in time, hopefully, but we don't oppose it. But it can't just sit out there in a vacuum, and that is what I find troublesome about LB58. It simply says, oh you're going to be probationary for another year. I'm willing to bet not every administrator and every community college is as enlightened as Dr. Harms, and is going to have the evaluations process done by his staff, and so on and so forth. Now there is nothing to mandate it. It just says, you're out there probationary, we can fire you for no reason at all. The world has...not too many years ago...I don't have to do this 1981 business. Not too many years ago a bill was introduced to increase it to five, and the coalition that was behind the compromise, back in those days, has stuck together--the school board association, the school administrators--and to their credit. We have an understanding. And so this bill comes up, and I won't say the name of the senator, but it provided for five years, and I went to each of my counterparts in those organizations and said, what is going on here, we had a deal. We do. We don't know anything about this. The senator introducing the bill for five years was from a rural part of the state said the reason I'm doing this is we'll hire new teachers, and now we have to fire them at the end of three years because they'll get tenured, and they're really pretty good. We would like to keep them, so if we could stretch it out to five, we could have them for two more years. That is the mind-set and that is the reality of what has testified of this microphone. We'll string them along while they're still probationary and then get rid of them. That exists out there, that mind-set. [LB58]

SENATOR AVERY: So you're saying get rid of them after two years? [LB58]

MARK McGUIRE: No, I'm saying the law ought to stay as it is. [LB58]

SENATOR AVERY: Well, but the argument you're making is that if you stretch it out if you stretch it out another year so they can keep them around another year and then throw them out. [LB58]

MARK McGUIRE: No, that is what he was saying. That is what his districts in his area did. They kept them three years. [LB58]

SENATOR AVERY: Do you think that there is any of that intent behind this proposal? [LB58]

MARK McGUIRE: I doubt it. I think they calling it three because...I don't know why, but as Dennis Baack said, they always propose it, but they never propose the other half of the equation, the evaluation. [LB58]

SENATOR AVERY: Which is a mandated evaluation. [LB58]

MARK McGUIRE: And it doesn't tell you where you sit or anything. As administrator,

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you have to evaluate probationary person once a semester, for one full instructional period, and you render meaningful critique or commentary together with recommendations for improvement. [LB58]

SENATOR AVERY: The assistance part of the language. [LB58]

MARK McGUIRE: The assistance part, yes, has to be mandated, and it was mandated. And frankly, the K-12 system works pretty well. But that is all there. [LB58]

SENATOR AVERY: So you would be okay with this if that was incorporated? [LB58]

MARK McGUIRE: I find it telling that it is not there. So I don't know if by incorporating it would really represent much of a commitment to it being there, and I don't see, on the other half of my argument, the necessity for it. I don't see the necessity. I don't see...there was a ton more termination activity prior to the continuing contract law I'm talking about. We don't see and we have the teaching members at five of the six community colleges. I don't see the problem. [LB58]

SENATOR RAIKES: Let me ask you this, would you see termination actions if it is done during the probation period? [LB58]

MARK McGUIRE: Sure, if they're members. Yeah, trust me, they call as soon as they get a notice if there is a problem. [LB58]

SENATOR RAIKES: So you would see it whether it is before or after the... [LB58]

MARK McGUIRE: Yeah, some might not call, frankly, because they're embarrassed or they don't care or, candidly, I mean real honestly, they kind of get wind from their boss the second year, and if they're doing that badly they probably know it, and they probably know that they're in the wrong field or the wrong institution or whatever. And I asked my partners and we tried to check our files and we were not coming up with, certainly, a big avalanche of people who are getting kind of arbitrarily fired in their second year, or fired at all in their second year. [LB58]

SENATOR HOWARD: I'm just wondering if when a teacher comes off the probationary period, is there a salary increase at that point? [LB58]

MARK McGUIRE: No. [LB58]

SENATOR HOWARD: So going onto tenure doesn't mean additional money? [LB58]

MARK McGUIRE: No, and it is not any... [LB58]

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SENATOR HOWARD: So it is not a financial issue then? [LB58]

MARK McGUIRE: No, it is not like university-style tenure. That is a different sort of thing. It is just that now...the operative difference is when you're nonprobationary they have to prove just cause. And just cause is statutorily defined to mean incompetency, neglective duty, demorality, failure to follow school policies. It is all defined by statute as to what constitutes just cause. But they're on the pay scale just like everybody else and just move along. [LB58]

SENATOR HOWARD: So just cause would be a higher level, would mean more work for the... [LB58]

MARK McGUIRE: As a probationary teacher you don't need any reason to fire them so long as it is not a constitutionally impermissible reason. So you can't get fired for being a Republican or female or whatever. [LB58]

SENATOR AVERY: How about saying the wrong thing in class? [LB58]

MARK McGUIRE: There are First Amendment issues, that would get into the area of constitutionally impermissible. And then we could deal with the clarity of First Amendment rights. I don't want to sit here that long to try and do that. [LB58]

SENATOR AVERY: The real reason for tenure is to protect the academic freedom. [LB58]

MARK McGUIRE: That is exactly why it started. Yes. [LB58]

SENATOR HOWARD: Thank you. [LB58]

SENATOR ASHFORD: Could I just ask one? I'm sorry, because you've been a long time. But if this is put in statute, many times these terms aren't in statute. [LB58]

MARK McGUIRE: The terms of? [LB58]

SENATOR ASHFORD: The terms of this 85-1334 are not in statute. Oftentimes they're negotiated. [LB58]

MARK McGUIRE: I'm sorry... [LB58]

SENATOR ASHFORD: The two to three years are oftentimes negotiated terms, the length of time of probationary status, and then other contracts, other employee, public employee contracts that you deal with, teacher contracts, the probationary period is not generally in statute, is it? [LB58]

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MARK McGUIRE: For teachers it is, yeah. [LB58]

SENATOR ASHFORD: All teachers? [LB58]

MARK McGUIRE: Every K-12 teacher there is. [LB58]

SENATOR ASHFORD: Okay, so this is... [LB58]

MARK McGUIRE: This is unique as to community colleges. [LB58]

SENATOR ASHFORD: Okay. [LB58]

MARK McGUIRE: It is a whole different statutory section. [LB58]

SENATOR ASHFORD: All right. I know. My question is, and we could change it for teachers as well by changing the statute? [LB58]

MARK McGUIRE: Only in a hypothetical sense. [LB58]

SENATOR ASHFORD: Okay, but we could do that. But it is... [LB58]

MARK McGUIRE: Pure statutory. [LB58]

SENATOR ASHFORD: It is pure statutory. [LB58]

MARK McGUIRE: Tenure is really, what it really gets down to is that you know have an expectation of continued employment absence sufficient cause. The language that establishes a property interest, due process kicks in, and so the operative difference between probationary and nonprobationary is, do in fact, you have a protectable property interest under the 14th Amendment. That is what it really... [LB58]

SENATOR ASHFORD: Yeah, I understand all that. I guess what I look at this as, well, because it is in statute and because it is a policy that we make, it is not bargained for, that...what persuades me slightly is that I think at one point community college teachers, so to say, were somewhat dealt with similarly to K-12 because of the nature of the bargaining process. The NSEA bargained for them and bargained for the K-12 teachers as well, I think, and still do. [LB58]

MARK McGUIRE: We bargain for them now. Yeah. [LB58]

SENATOR ASHFORD: Senator Harms is making a good point, I think, to me anyway. I'm not sure it is as positive, but he is making a good point, and that is that these people

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are more like college professors than they are high school teachers. And we can make that for a variety of reasons, not that they're better or smarter, it is just that they're teaching at a higher education level as opposed to a K-12 level. So I do see the public policy difference that Senator Harms is making. [LB58]

SENATOR RAIKES: Okay. Any other questions? Thank you. [LB58]

MARK McGUIRE: Since you're all here and continuing contract law is something that is an Education Committee matter at all and frequent times, for your reading pleasure or not I would like to give you a copy of Nebraska Law Review article I was asked to write a few years ago about the development of Nebraska's continuing contract law, and it has everything that I've been talking about. [LB58]

SENATOR RAIKES: That is 50 copies, right? [LB58]

MARK McGUIRE: Pardon me? [LB58]

SENATOR RAIKES: That is 50 copies? [LB58]

MARK McGUIRE: Twelve like you're rules say. [LB58]

SENATOR RAIKES: Oh, Okay. [LB58]

SENATOR ASHFORD: Do you have a CD? [LB58]

MARK McGUIRE: We're working on it. [LB58]

SENATOR AVERY: How about in audio? [LB58]

SENATOR RAIKES: Any other opponent testimony? [LB58]

MARK McGUIRE: Thank you. [LB58]

SENATOR RAIKES: Okay. Thank you, Mark. Neutral testimony? Senator Harms. [LB58]

SENATOR HARMS: Thank you for letting me close. Let me just clarify a couple of things for you. First of all, not everybody belongs to NSEA. So it does not surprise me that they don't hear from people, because not everybody belongs to it. In fact, at the institution that I came from, it was a very minority group of people that belonged to NSEA and I think that might be typical throughout the other areas. The other side of it is, I really object to having us put in statute that we have to evaluate and what we have to evaluate on. Quite frankly, at the institution that I came from is that evaluative tool is

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built with the faculty members and the administrators coming to agreement. There wouldn't be anything more divisive and cause more heartache than to dictate to someone, this is how you have to evaluate. I'm just here to tell you I've had 33 years of this and it doesn't work. So you can kind of do with the lot what you want, and I just appreciate you're kindness in listening to this. And if you bring it out, great. I would be happy to debate it on the floor, and I think it is time to fix it, and if you don't want to, that is fine. I'll be back next year (laughter). I've got four years to get this done. [LB58]

SENATOR AVERY: Will this be your priority bill? [LB58]

SENATOR HARMS: I don't think so. [LB58]

SENATOR RAIKES: Wow, any questions for Senator Harms? Our theme of peace and harmony continues here. Okay. Thank you. That will close the hearing on LB58, and we will go to LB192 and Senator Harms will open on that. [LB192]

SENATOR HARMS: Senator Raikes, education members, my name is John N. Harms, H-a-r-m-s. I represent the 48th Legislative District. LB192 is really for me is kind of exciting. I think we have an opportunity to make some real changes in our school system to encourage students that come from low income into college while they're still in high school. And what this bill does, it creates the Access College Early Scholarship program, or ACES, and it eliminates and replaces the Community Foundation Scholarship program. What we have found is that there are a lot of young people who get involved in college early while they're still juniors in high school, or even seniors in high schools, and in the year '04-05 there were about 5,500 across Nebraska that were enrolled for dual credit, enrolled taking classes. It is a great program for gifted. They can either go to the campus to take classes or they can take it over the web. They can do it over distance learning. It can be advanced placement opportunity. The thing that is really neat about this is that it gives kids an opportunity to find out and encourage them to go onto college, and this is targeted towards low-income students, and I tell you what, there are a lot of low-income students who get frustrated with the system, get frustrated with the educational process because they see no hope. They come from, and I don't mean this in a negative statement, but they come from parents who don't understand how important it is for them to go onto college or have support for college. There are sometimes that the first generation family, there is no encouragement there, and this program really reaches out and begins to address that issue, because it is going to be designed specifically for low-income students. And the nice thing about this is it gives kids an equal access to education, to get a starting of an education at college regardless of whether or not you have the finances or not. And that is where a lot of young families or young kids who come from low-income families don't understand the process, don't understand how you get into college, how you go through this whole process. Low-income is defined for any families receiving some type of federal assistance from a federal program. It could be the Supplemental Security Income, could

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be Food Stamps, it could be the free and reduced lunches, Aid to Families, WIC, also it meets the definition of hardship that sometimes students fall under that separates them from the federal side. There is approximately right at \$49,650 in this fund as we close down the Community Foundation Scholarship program, and the Coordinating Commission will take care of all of the administration of this, and on top of that, they will pay their tuition and their fees, and we are projecting that there will be about 250 students that will participate each year. And I'm hoping that we will have more than 250, because if we do we've hit a home run. And it is designed exactly with the kind of things that the Governor talked about, about getting our kids to start school, stay in school, and pursue it. The Community Foundation Scholarship that we are eliminating with this and closing down was not real successful, and it only served about 62 or 63 students annually. There are no new dollars involved in this. It comes from the financial loan program the state has created, some time ago they set this money aside for that. I believe very strongly that if a child or a kid is exposed to college early, and they have success early, and don't drop out of high school, we've got a great chance of those students going to college, and it is not just for the academic-bound student. I mean this could be for the university, it could be for the state colleges, no school is excluded from this process. But it could also be for the student who really needs to work with his hands, like for the community college, maybe he needs to have welding or he would like to have automotive technology or computer repair, whatever it might be. Whatever it is, and our schools might be failing with that student, they have another option, they have a chance to reach out. And I'm really excited about this, because I really believe that it is important to do this. And I believe that once a kid starts to school, he will go back to that same institution that he started with his program because he feels comfortable, he feels that he has that bond and that trust, and again, we're dealing with students that come from low-income families who, in many cases, don't have the support, do not have the opportunities to do this. And I'm just excited about this, because I think it is going to be a real good opportunity for us to make some changes in that system, and that it will work for us. Do you have any questions? [LB192]

SENATOR RAIKES: Okay. Question for...Senator Howard has got one. [LB192]

SENATOR HOWARD: Thank you, Senator. I'm just curious, does this proposal have an age limit? You talk about youth and students, I'm just wondering about the nontraditional student that you hear about that is interested in getting a skilled... [LB192]

SENATOR HARMS: This is primarily designed for, unless the Coordinating Commission feels differently, high school students. That is what it is primarily designed for. [LB192]

SENATOR HOWARD: I think it would be very interesting if individuals that wanted to return to school or even people that were transitioning off welfare into employment had this opportunity. [LB192]

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SENATOR HARMS: Yeah, there are a lot of other scholarships that are available within a college for students like that, the nontraditional student who comes back. There are a lot of donors who give to foundations that are designed specifically for that, and so there are options. What this is really about is to take a student who does not have, probably, in their family any experiences with higher education, a student who might very well be very capable of being very successful, and giving them the opportunity to experience this while still being in high school. And quite honestly, I've seen students at the institution I came from, a number of years ago there was in the eighth grade came to our institution because they had an IQ of 150, and they wanted to put this child into some advanced classes like calculus that the school couldn't offer at that level. So it is similar to that sort of thing. You find people of all different kinds of backgrounds. But this is specifically designed for the student who comes from a low-income, and that is an issue for us in Nebraska. We were struggling in that area, and if you take a good look at the enrollment trends, they're slowly going up with Latino and Afro-American and other different cultural groups, but not fast enough. And where I come from, the fastest growing population base we have is Latino. The highest dropout rate we have is Latino, and what we are ending up with is a large bulk of unskilled workers that are available. And I'm hoping that this will give us a chance to turn that around, hoping this will give us a chance, an opportunity to keep kids in school and to see that there is hope for them. The other side of this would be that I hope that we can come back in a couple of years and say, you know what, \$50,000 is not nearly enough. We have a waiting list of 200. Then I'll tell you then we've done well. And this is really a good pilot to find out. So thank you. [LB192]

SENATOR RAIKES: Other questions? [LB192]

SENATOR AVERY: This entirely need-based? [LB192]

SENATOR HARMS: Yes, it is actually based upon whether their parents or the family qualifies for federal assistance, and a whole variety of areas, but it is basically need-based. [LB192]

SENATOR AVERY: So if a student who is not doing well but meets the other criteria, could be setup for failure if they went into a postsecondary school so he could take a calculus course and wasn't prepared for it. [LB192]

SENATOR HARMS: Well, no. When you talk about a need-based...let us back up here just a little bit. [LB192]

SENATOR AVERY: Here is what I'm suggesting, I'm suggesting that a student might qualify in terms of need, but may not be ready academically to enter a college classroom. Maybe they need to have taken an AP class, advanced placement class first. [LB192]

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SENATOR HARMS: Well, yes, Senator Avery, and I just didn't bother to bring it out earlier, and thank you for asking that question, because it is a good one. It has to be approved by the counselor. A counselor of the public schools has to approve this, and they'll send that notification to the Coordinating Commission that the student meets this criteria that the Coordinating Commission will establish. Absolutely right. You could put that student in a place that they'll fail and that is not the intent, and that is not what we're going to be doing with that program. But thanks, that is a good question. [LB192]

SENATOR AVERY: I applaud your efforts here. [LB192]

SENATOR HARMS: Yeah, thank you. [LB192]

SENATOR RAIKES: Senator Adams. [LB192]

SENATOR ADAMS: Well, I really don't have a question other than to say in my 31 years I've seen a fair number of students every year in my classes that though they may have guidance counseling, given that they have no family background in higher education, they very timidly walk away saying, I can't do this, and you ask them, are you going to go onto school, no, I think I'll work another year at McDonald's or wherever, and what they're really saying is, I want to, but I don't have the financial encouragement and I don't want to incur the debt. And this may entice them a bit. [LB192]

SENATOR HARMS: You know Senator Adams, that is a good point. Going back and going some of the research as I was looking at this particular bill, I found that in some other states area actually waiving tuition and fees for the first six hours for some students. There is a whole variety of different things that are happening across the country just to get these kids started, just to get them to feel that they can do this. And you're absolutely right. A lot of young people just don't have that kind of parental support to understand that they have the opportunity to be successful. You guys look awful tired, so. [LB192]

SENATOR RAIKES: Okay. Any other questions for Senator Harms? Okay. Thank you, Senator. [LB192]

SENATOR HARMS: Thank you very much. [LB192]

SENATOR RAIKES: And we will turn to proponent testimony. [LB192]

MARSHALL HILL: (Exhibit 20) Good afternoon, Marshall Hill. I'm the executive director of the Coordinating Commission for Postsecondary Education, H-i-I-I. Senator Harms has laid this out very well, so I won't repeat the points he made, but respond to just a few others that we would like you to know. First, in response to Senator Avery's

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question, the Coordinating Commission last year made some modifications to the statewide comprehensive plan to deal with dual enrollment situations. And they established the criteria under which students become eligible and could access these kinds of programs, so those would apply in this case. The information that we're providing for you shows some real case examples of what has happened in other states when something like this has been done. In Florida, which is one state which waives college tuition at the community colleges for high school students who take community college courses, has seen a remarkable increase in their college going rates from all ethnic groups that have been participating. We recount a circumstance here in this last paragraph about the University of Nebraska at Omaha's experience in working with students who are in their dual enrollment programs. We've emphasized that we've not been able to make this program in the Community Scholarship Foundation program work terribly well. It is fairly onerous for the applicants. And we've only been able to distribute about half of the money in the length of time that we've been administering this. We fully expect that we would more than utilize this. The point I would make is that the federal and state governments provide scholarship support for college students to attend college, but there is not support provided for high school students to take college courses. We know that we need to increase our college going rate. We know that this is a mechanism which works in other states when students start early. Our institutions want to do this and are already doing it. Right now we have some situations where there are students sitting in college-level classes as high school juniors or seniors, they're doing the work, they're getting high school credit for what they're doing, but because they cannot afford to pay the tuition, they're not getting the college credit that some of their better-off student colleagues are. We think using the funds that are not well utilized right now would be a way to approach that, and we would be pleased to do that. Finally, I would like to ask and draw your attention and ask that we've placed in your records is a letter of support from Mary Lauritzen, the chairman of the Coordinating Commission, expressing her support for this on behalf of the full commission. And I would be please to respond to any questions. [LB192]

SENATOR RAIKES: Okay. Any questions for Marshall? Just one, a lot of programs like this, you want the recipient to have some skin in the game, so to speak. So I would assume that if you're offering a course for credit in a high school, you pay the money up front? Is that true typically? So if the student, well it is not going to cost me anything, I might as well go ahead and try it, and the money is completely paid, and then is there a problem with less incentive thereby to go ahead and complete it? [LB192]

MARSHALL HILL: Well, that is a good question. I really hadn't thought of that. Of course there would be some other fees. There would be some textbook purchases and so forth. [LB192]

SENATOR RAIKES: Although in high school, wouldn't the high school pay for that? [LB192]

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MARSHALL HILL: I don't know that they pay for the college textbooks. They do, Tammy? Okay. [LB192]

SENATOR RAIKES: You would have a situation where this is free, why not, and there is nothing... [LB192]

MARSHALL HILL: Your point may be a very good one. At this point, we don't have enough information to know whether that would affect or not. I guess my response to that would be that this a, sort of, zero cost way to find out for a two-year or so period, and then I would guarantee you that we would come back with any modifications needed or necessary to adjust for that. [LB192]

SENATOR AVERY: You would have to trust the counselors to do a good job of screening the students, I think. [LB192]

MARSHALL HILL: Yes. [LB192]

SENATOR RAIKES: Any other questions? Okay. Thank you, Marshall. Thanks for being here. [LB192]

MARSHALL HILL: Thank you. [LB192]

SENATOR RAIKES: Other proponents. Yes, sir. [LB192]

TOM PERKINS: I am Tom Perkins, P-e-r-k-i-n-s. This is very impromptu, Senator Raikes, and I'm glad to be here. Glad to be here to support what John is suggesting. I am an example of what John is talking about. Neither one of my parents graduated from high school. We lived in poverty, but it was as a result of a minister who turned me on to education, who encouraged me in my senior year in high school to go to the University of Omaha before it was UNO, and turned me on to education. And since then, as I told you earlier, I have been in several colleges and universities, have earned several degrees, and it was because somebody turned me on. I think that this bill will turn kids on. At a national level we're very concerned about how children can get out of poverty, and what we have discovered is that children can get out of poverty when they have a good education. That is going to be one of the solutions to poverty not only Nebraska, but in the United States. I certainly applaud Dr. Harms for advising us on this bill. [LB192]

SENATOR RAIKES: Okay. Thank you. Questions? Don't see any, thanks for your testimony. Other proponents? [LB192]

DENNIS BAACK: Senator Raikes and members of the Education Committee, my name

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is Dennis Baack, B-a-a-c-k... [LB192]

SENATOR RAIKES: Good to see you again. [LB192]

DENNIS BAACK: ...executive director of the Nebraska Community College Association (laughter). [LB192]

SENATOR AVERY: You're getting paid overtime today. [LB192]

DENNIS BAACK: I think we're all on overtime today. I'm just here to support this legislation. I think it is a good first step, and like Dr. Harms said, I hope that a couple of years from now, we're back here asking for a whole bunch more money for this program, that means it is going to be really, really successful, and I think it has the potential to be. [LB192]

SENATOR RAIKES: Questions for Dennis? Yeah. [LB192]

SENATOR ASHFORD: I would concur which I rarely do, Senator Baack, with you, but I think this is very farsighted and needed kind of concept. Thank you for your comments. [LB192]

SENATOR RAIKES: Anything else? Thank you, Dennis. Well, Tip. Good to see you. [LB192]

TIP O'NEILL: I decided not to wait until March 12th, Senator. Chairman Raikes, members of the committee, I am Tip O'Neill. [LB192]

SENATOR RAIKES: Well, you only get one shot, so March 12th is gone (laughter). [LB192]

TIP O'NEILL: I guess (inaudible). I am Tip O'Neill. I represent the Independent Colleges and Universities of Nebraska. We are a consortium of 14 privately controlled, regionally accredited, not-for-profit institutions, which are located in the state. Many of you represent the campuses that I represent in the association. Senator Ashford and Senator Burling and Senator Adams. I think, Senator Avery, you may have Doane-Lincoln in your district. I'm not sure. [LB192]

SENATOR AVERY: I think you're right. [LB192]

TIP O'NEILL: I'm here supporting the bill. I think back, Senator Johnson, in 1989 you were of a group out in Kearney called Nebraskans for Equity and Higher Education, and that group ended up working with the Legislature to pass a bill. But I really think we're talking about equity here, and if a student who has sufficient family income can be

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involved in a program like this, I think we owe it to students who don't have that sort of family income to allow them to also participate. You know, we have a participation problem in higher education, although participation rates are relatively high, but our completion rate is relatively low in Nebraska. And I think programs like this will assist us in getting students who have significantly more need than others into the higher education pipeline. So we support the bill. I would be happy to answer any questions? [LB192]

SENATOR RAIKES: Okay. Thanks, Tip. Any questions for Tip? March 12th is Tip's way of thanking me for scheduling hearings, I think. [LB192]

SENATOR AVERY: The chair is glaring at us: don't dare ask a question. [LB192]

SENATOR RAIKES: You picked that up. That is good, Bill. Any other...yeah, here we go. [LB192]

BRIAN HALSTEAD: Good afternoon, Senator Raikes, members of the Education Committee, my name is Brian Halstead, that is B-r-i-a-n, Halstead is H-a-l-s-t-e-a-d, with the Nebraska Department of Education. I am here to tell you that the State Board of Education and the Department of Education support the concept behind this bill, and it is good to hear that Tip O'Neill pointed out equity, because that is really what this is about. Kids who don't have the ability to pay for this should have an opportunity if they have, in fact, demonstrated they can do the work. And I think this is a good starting point, and that is why the department is here to support the bill. [LB192]

SENATOR RAIKES: Thank you, Brian. Are there questions? Thank you. Bruce, welcome. [LB192]

BRUCE RIEKER: (Exhibit 21) Thank you, Senator. My name is Bruce Rieker, that is R-i-e-k-e-r, and I am the vice president of advocacy for the Nebraska Hospital Association, and I'm here to pile on with the support, but to tell you it is about the hospitals. We do believe that this is a very important bill and we urge you to support it. We support it. Nebraska is faced with a workforce shortage, and our hospitals are no exception. Filling this workforce shortage, remains a top priority of our association. It is predicted by the US Department of Labor that over the period of 2002-2012, 16 percent of all the wage and salary jobs will be created in the healthcare sector, with nursing being the number one priority, or the highest demanded position in the healthcare arena. And we are doing our best to help fill that, and we believe, as Senator Ashford said, that this is a very farsighted bill, that it creates equality, as some of the other witnesses have mentioned. We do believe that, we don't have empirical evidence or anything, but we do believe that if this program is enacted into law, the more low-income students would take postsecondary classes while in education, that more of those students would probably continue their postsecondary education after graduating

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from high school, and that the odds are that more of those students would choose to live and work in Nebraska upon completing that education as well. So we're here to urge you to support and advance LB192. [LB192]

SENATOR RAIKES: Thank you, Bruce. Questions? Brad. [LB192]

SENATOR ASHFORD: Actually I have empirical evidence. [LB192]

BRUCE RIEKER: That's good. [LB192]

SENATOR ASHFORD: We did a study of the 17,000 people that lived in public housing, Section 8, and the vast majority of these people are women, many of whom are in college or at Metro. But when we surveyed that population and discovered that 62 percent of those women, their number one choice for a field is healthcare. So above all other fields that...so for women in poverty, they see healthcare as a way out, and so your point is absolutely right on. And in high school to college, high school if we can get those people in the high school ages to take some nursing and prenursing courses or whatever, these people, so many of, I would predict, would be working rather than not working. It would have a direct impact. [LB192]

BRUCE RIEKER: Thank you. [LB192]

SENATOR RAIKES: Any questions? Thank you, Bruce. Any other proponents? Any opponents? Neutral testimony? Senator Harms. [LB192]

SENATOR HARMS: (See also Exhibit 22, 24) Thank you very much for giving me the opportunity to introduce this bill to you. I have to apologize. My legislative aide told me that I forgot to hand out some amendments I would like to make to this, and it is all just technical. I'm not going to walk you through all of that. It is just changing of terms and things, and I guess, Senator Raikes, if there is any problem, just come and see me and we'll work it out. But this is basically just technical changes that need to be made, does not change the bill in any form or manner, some things we cleaned up this morning I threw out. Thank you. Thank you very much. [LB192]

SENATOR RAIKES: All right. We will take a look at it. Thank you. Any questions? I see none. Thanks, Senator. That will close the hearing for LB192 and the hearings for today. Thank you for being here. [LB192]

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Disposition of Bills:

LB238 - Indefinitely postponed.

LB342 - Advanced to General File, as amended.

LB58 - Held in Committee.

LB192 - Advanced to General File, as amended.

Chairperson

Committee Clerk