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Appropriations Committee
March 06, 2007

[LB105 LB109 LB275 LB438 LB483]

The Committee on Appropriations met at 1:30 p.m. on Tuesday, March 6, 2007, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB109, LB483, LB438, LB105, and LB275. Senators present: Lavon Heidemann, Chairperson; Lowen Kruse, Vice Chairperson; L. Pat Engel; Tony Fulton; John Harms; Danielle Nantkes; John Nelson; John Synowiecki; and John Wightman. Senators absent: None.

SENATOR HEIDEMANN: Welcome to the Appropriations Committee. I think we're going to get started. I will start by letting you know somewhat who we are. Way to my right is the committee clerk, Kendra Papenhausen. To her left is Senator Danielle Nantkes from Lincoln, District 46. To her left, Senator John Wightman from Lexington, District 36. Sitting next to his left when he arrives will be Senator John Synowiecki from Omaha, District 7. Sitting next to his left is Senator Lowen Kruse from Omaha, District 13, who also serves as vice chair of this committee. My name is Senator Lavon Heidemann. I'm from District 1, Elk Creek, Nebraska. Sitting next to Kathy Tenopir, who is the fiscal analyst, is Senator Pat Engel from South Sioux City, District 17. Sitting next to his left is Senator Tony Fulton from Lincoln, District 29. Sitting next to his left is Senator John Nelson from Omaha, District 6. And sitting next to his left is Senator John Harms from Scottsbluff, District 48. Our page for the day, I believe, his name is Andy? Got 'er. At this time, if you have cell phones we'd please like to have you shut them off. Testifier sheets are on the table or near the back doors. We ask if you could please fill them out completely and put them in the box on the table when you testify. Do not fill out this form if you aren't publicly testifying. At the beginning of the testimony please state and spell your names for the record and for the transcribers following. Non-testifier sheets near the back doors if you do not want to testify but would like to record your support or opposition. Please only fill out if you will not be publicly testifying. If you have printed materials to distribute please give them to the page at the beginning of your testimony and we will pass them out. We also ask that you keep your testimony concise and on topic. Under five minutes would be appreciated, but we have been known to take almost anything. (Laughter) So with that, we'll get started. First up today we're going to open up the public hearing on LB109. [LB109]

RICK LEONARD: (Exhibits 1 and 2) I'll fill out my testifier sheet at the conclusion. I apologize for that. Thank you, Senator Heidemann and members of the Appropriations Committee. I am Rick Leonard, that's L-e-o-n-a-r-d. I'm the research analyst for the Agriculture Committee and I'm here to introduce LB109 on behalf of Chairman Senator Erdman and the members of the committee. LB109 was, in fact, introduced by the Agriculture Committee. This bill fulfills the recommendation arising from LR397, which was assigned to the Agriculture Committee last session to examine opportunities for and constraints to the expansion of specialty and organic crop production in Nebraska. Lack of suitable crop insurance products tailored to the specific needs of organic and

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specialty crop growers was identified as a constraining factor to both producer and lender willingness to risk investment in these areas of agricultural production. In the course of the LR397 study, the committee became aware of a promising new whole farm revenue plan of insurance known as Adjusted Gross Revenue-Lite developed under the provisions of Section 508(h) which is codified at 7 U.S.C. 1508 of the Federal Crop Insurance Act 7 1501 et. seq. AGR-Lite was developed by the Pennsylvania Department of Agriculture specifically to provide a crop insurance product with greater utility to smaller premium and specialty crop producers and available under conventional yield production crop insurance products. The product was first offered in a number of Pennsylvania counties in 2003 upon approval by the USDA Risk Management Agency for reinsurance and premium subsidy through the Federal Crop Insurance Corporation. Availability of the product will be expanded up to 31 states for the 2008 crop year. Ten additional states, not counting Nebraska, are indicated on the map provided by the Pennsylvania Department of Agriculture as having expressed interest. On maps that they produce in the future we'll probably include Nebraska as one of the orange maps you see in the materials I handed out. One of the items I handed out, and unfortunately we had lined up Rebecca Davis at the Risk Management Agency from Topeka to be here today, and unfortunately she was at the last moment not able to make it. She did send me this sheet, which I got last evening, provides some talking points about AGR-Lite product and how it benefits producers. Essentially the advantage of the AGR-Lite product is the whole farm revenue plan of insurance utilizes historic and projected farm revenues as a basis for coverage. This product has the ability to cover crops for which individual crop insurance policies are not available. It also has the ability to ensure the premium value of organic and other specialty crops. And it also can include insuring revenue from animals and animal products. I did provide in the handouts to you some additional explanation, a little more technical explanation of the product. There's a fairly good discussion of the product from a publication called Small Farm Quarterly. Liz Sarno, who is a UNL extension specialist for working with producers on financial and production problems, will be here and works directly with producers. I think she'll be able to provide a little more explanation on how this product would be very valuable to both organic and specialty producers. The purpose of this appropriation. This \$30,000 that's being requested to be appropriated to the University of Nebraska Institute of Agriculture and Natural Resources would enable UNL to complete the procedures under the cited federal regulations of the Risk Management Agency found at 7 C.F.R. Part 400 to provide the actuarial and other documentation supporting revision of this AGR-Lite policy to allow its sale in Nebraska. The submission is a 13 step process. The appropriation would primarily fund two steps in those process for which intensive work and most of the obligation is on Nebraska to complete those steps to and for. These steps involve identifying the benefits and anticipated utilization of the policy and compiling information for actuarial and feasibility purposes, for instance soils, climates, the numbers and varieties of crops, and performing risk rating exercises. Also, we would need to solicit letters of support from various agricultural sectors such as Department of Agriculture, major farm groups, commodity groups, et cetera. Most of the

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remainder of the steps would be completed in coordination with RMA and the Pennsylvania Department of Agriculture. We do have Dr. Doug Jose from the university here today as a risk management educator at the University of Nebraska to explain how we arrived at that figure. Anyway, I should be made aware some of the developments that have occurred since this bill was drafted and introduced. You'll note the bill provides that the 508(h) products...there is a process under Risk Management Agency under Federal Crop Insurance program, that enables reimbursement for development of new crop insurance products. This particular product will be ending nearing the end of its four-year reimbursement eligibility period. I've just learned recently that Risk Management Agency is proposing that the Pennsylvania Department of Agriculture resubmit this project so we could begin another four-year 508(h) process. Otherwise, they are required to make an election whether they will continue to own the product or whether they will turn it over to Risk Management Agency for further development expansion of the product. And that's an important development to watch to determine what happens there. If you have any questions, I'll be happy to try to answer them at this time. [LB109]

SENATOR HEIDEMANN: Are there any questions? Senator Wightman. [LB109]

SENATOR WIGHTMAN: Number one, do you know how many organic producers there are in the state of Nebraska approximately? [LB109]

RICK LEONARD: I think Liz Sarno will probably...I think we'll have an expert who has some idea of that. [LB109]

SENATOR WIGHTMAN: Okay. I guess my next question is there a reason that the university needs it...you may have explained that, but I'm not sure it got down to my small comprehension. Is there a reason that the university needs to be connected with this as opposed to developing a product that would be brought forth by crop insurance companies, issuers of crop insurance? [LB109]

RICK LEONARD: It's not absolutely necessary. This product, as I've mentioned, was originally developed by the Pennsylvania Department of Agriculture. We could independently, whether it's a private insurance company, go through that process to develop a similar product. It would be much easier for us to just do the work provided here to gather the information necessary to expand the existing product to Nebraska. The university...it's not required that the university be the ones who do this. However, in the states, the information that needs to be gathered you're probably going to be working with the university. I would say the university didn't come to us with this request. This came out of a recommendation that...we had a meeting with organic growers that this product would be very valuable. And it's not just organic. There are other specialty growers that have difficulty being insured today. What we are asking is for the appropriation to work with the university to do the work that is required under the cited

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C.F.R sections here. I didn't bring a copy of those with me and I'll be happy to...I have it in electronic format, I'll e-mail a copy of that to your legal counsel. [LB109]

SENATOR WIGHTMAN: You might if you could explain to me the fiscal note that shows that there's \$30,000 of General Fund expenditure and \$30,000 revenue. Can you tell me where the revenue will come from? [LB109]

RICK LEONARD: Oh, potentially what that note is, I believe, there's a \$30,000 General Fund request. There was a potential that if the product is resubmitted as a 508(h) product that we would have a reimbursement period. Under the cited regulations, Risk Management Agency reimburses for development costs and maintenance costs. And included in maintenance costs is the additional amendments to the product as it expands to additional states. That, as I mentioned, is a four-year period under Crop Insurance Act that expires this year. We are anticipating that and I'm hoping we will learn within the next two to three months whether that product will be resubmitted as a 508(h) product, in which case there is a likelihood that our cost, this expenditure, could be reimbursed back to the university, and we do provide that if that is the case that any reimbursed cost...potentially, there's a potential that this bill could cost us nothing in the end. Right now, if this project where we're citing probably won't be able to be completed in the reimbursement period that's available now. And so to enable this cost it probably wouldn't be able to get reimbursed for it. [LB109]

SENATOR WIGHTMAN: So the \$30,000, you're asking for a real appropriation there, but the \$30,000 that comes in in revenue is at least in the possibility stage. Is that right? It may not happen. [LB109]

RICK LEONARD: It's a possibility we could be reimbursed back. And we do provide that if we do get reimbursement that those funds would lapse back to the General Fund. [LB109]

SENATOR WIGHTMAN: Thank you. [LB109]

RICK LEONARD: The ideal situation this bill may cost us a net of zero. At this moment in time I'm going to say no, it won't. [LB109]

SENATOR HEIDEMANN: Senator Engel. [LB109]

SENATOR ENGEL: Rick, is the federal government currently underwriting this in all these states that you show here? There's actual insurance coverage that's available? [LB109]

RICK LEONARD: Right. There were some amendments to the Federal Crop Insurance Act in 2000 that Congress said I think they were dissatisfied with Risk Management

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Agency and the development of crops, and so they said let's turn to the private sector to design programs that actually work and other entities. This was one of the products that arose under that to address the very difficult problem of insuring. What happens is if the product meets the regulations for the process to submission and federal crop insurance approves it, it is approved for reinsurance and it also is approved for federal crop insurance subsidy. There's some of the products that I handed out to you explain that. So yeah, it is...but it is sold by private crop insurance... [LB109]

SENATOR ENGEL: Right. That's the way it was with your corn and soybeans prior to that. [LB109]

RICK LEONARD: ...sellers. Right. Right. [LB109]

SENATOR ENGEL: Now it looks like you can insure everything on the farm, right? [LB109]

RICK LEONARD: I'm sorry? [LB109]

SENATOR ENGEL: You can insure everything on the farm? [LB109]

RICK LEONARD: Right. This is a whole farm revenue product. And so it insures your anticipated revenues that you've established through your schedule if we use a five year history. [LB109]

SENATOR ENGEL: So we wouldn't need anymore disaster payments then, would we? [LB109]

RICK LEONARD: Well, this program is somewhat similar to some of the things that have been discussed in the farm bill as ways to redesign the farm bill. [LB109]

SENATOR ENGEL: Thank you. [LB109]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony. [LB109]

RICK LEONARD: Thank you. [LB109]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity on this bill? [LB109]

LIZ SARNO: Good afternoon, Senator Heidemann and other members. I thank you for the opportunity to speak in favor of this. My name is Liz Sarno, S-a-r-n-o, and I'm speaking as extension agent and organic project coordinator for the University of

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Nebraska. First ever to hold this position so it's quite exciting. And I can also speak as an organic farmer as well, because that's how I got my position. I farm with my neighbor approximately 400 acres of commodity crops and I raise livestock as well. For me to obtain crop insurance I have to pay a premium. And because of my organic production practices, it's approximately 40 percent more due to the fact that you have to cultivate and do various things to get your crops weed-free. So it is more laborious. And then also I leave a fourth of my ground in Agri manure soil-building crops. So it's basically idle for a whole year. I will say that my corn this year, I sold it for \$6.25 a bushel, so that was pretty good. But the only problem is if I have a disaster and I'm going to retain some cost of all these extra things I do to be an organic farmer, I get paid back on conventional prices. So that's not very helpful for me to, you know, keep my living as an organic farmer. Another sector that's really underserved is we are having a big push on local foods and more farmer's markets, fresh vegetables. University dining service now serves six meals from locally produced foods in Nebraska. They're having big trouble finding vegetable producers. And there are more and more people wanting to get into that. However, if you want to be a market gardener and you decide you're going to do heirloom tomatoes and you have 1,000 heirloom tomatoes out there, and you get hailed on, tough luck. You don't really have an option for crop insurance. You know, and if you're a younger person or typically I don't know why this is, but a lot of people in their sixties decide to go back and become market gardeners. I think it must be for therapeutic reasons and they must have good backs. But if you're going to a banker and you have no way of, you know, protecting your investment or he has no assurances that's a negative thing. So this would help people that are looking to get into different things, diversify agriculture and do more added value things on their farm. So it covers livestock. And again, as Rick was trying to say, you're looking at your revenue for five years so you have to have a five year history, and then you're paid back on your revenue. So this would be a big help. It would be more equitable to people that are taking risks and going into different types of cropping. There's approximately 100 organic farmers. It's one of the fastest growing sectors of agriculture right now. The reason I'm saying approximately, if you are producing under \$5,000 annually you do not have to become certified but you have to follow the NOP standards, which is the National Organic Programs under the USDA. So I guess I'm going to speak on favor. This is something that...you know, when we want to talk about helping our small family farms this is definitely a tool that will help them survive and hang onto the farm, and even encourage the next generation to get involved. So I'll take questions, please. Thank you. [LB109]

SENATOR HEIDEMANN: Senator Harms. [LB109]

SENATOR HARMS: First, thank you for coming. What's the cost for this insurance? What does it cost a farmer or someone with this cost to cover their crops? [LB109]

SARNO: With this? [LB109]

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SENATOR HARMS: Um-hum. [LB109]

LIZ SARNO: I can't answer that question. I'm sorry. I'm just speaking today on the need for it. I haven't gotten into the cost. [LB109]

SENATOR HEIDEMANN: Senator Nelson. [LB109]

SENATOR NELSON: This is set up as a subsidized program then, like we certainly have for soybeans and corn and things that... [LB109]

LIZ SARNO: Right. [LB109]

SENATOR NELSON: ...based on acreage and the government backs it to a certain extent. [LB109]

LIZ SARNO: Right. Yes. [LB109]

SENATOR NELSON: So then in answer to Senator Harms' question, where insurance might cost you \$3,000 to cover the crops on your farm, you actually wind up spending maybe \$900 or something like that. That's...I'm just pulling those figures out of the air. Because it's subsidized. [LB109]

LIZ SARNO: Well, I guess it's set up differently. So you'd...you know, I think it would be set up differently. I'm not sure of those nuances. I apologize for that. [LB109]

SENATOR NELSON: Is this going to replace those existing... [LB109]

LIZ SARNO: Yes. Like for me, instead of getting like the regular crop insurance, I would get something like this because it would just make more sense. I would be paid back on up to 70 percent I think it is on what my actual, you know, revenues would be. You know, that would work a lot better for me then... [LB109]

SENATOR NELSON: What your historical revenues were. [LB109]

LIZ SARNO: Yeah. Right. Because you know... [LB109]

SENATOR NELSON: But are these other programs still going to be enforced and available in addition to this one? [LB109]

LIZ SARNO: Yes, this is not a replacement. This would be an additional for people that are doing more, you know, more risk or added value type production. That's the way I see it. I hope I'm correct in answering that. [LB109]

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SENATOR NELSON: I understand the concept. But it seems to me like the people selling this insurance would do this work that we're asking the Department of Agriculture to do here. I mean, so that they can promote the program and make it available. [LB109]

LIZ SARNO: Um-hum. Yes. [LB109]

SENATOR NELSON: Now why is it that we're being asked to do that or appropriate \$30,000? [LB109]

LIZ SARNO: The university, you mean? [LB109]

SENATOR NELSON: Yes, the university. [LB109]

LIZ SARNO: Well, you know, I guess--I hope I'm not going to speak incorrectly--but the university has the expertise to help with some of those figures. You know, we know what it is to grow corn in Nebraska, but then, you know, if you have to rank that risk--I think I'm saying this right, I'm not an insurance expert now--but, you know, of cucumbers. You know, we don't really have that figured out. And I think Dr. Jose is following me and he would probably help you more with that. I guess I'm just speaking today on that this would be a good product and there is a need, because we do have an interest and people are really wanting to, you know, try different things and this would help them. You know, if you go to a banker and you're able to say I want to be a market gardener and I want to put these crops in the field, at least you would have some coverage. Right now, people, if they do cover their crops, it's really expensive and it's very difficult. [LB109]

SENATOR NELSON: Okay, thank you. [LB109]

LIZ SARNO: Yeah. [LB109]

SENATOR HEIDEMANN: Senator Wightman. [LB109]

SENATOR WIGHTMAN: Ms. Sarno, you have...I don't know if it was passed out by you or the prior introducer of the bill, this map. [LB109]

SARNO: That's Rick that handed that out. [LB109]

SENATOR WIGHTMAN: Is that from you? [LB109]

LIZ SARNO: Yeah, that's from Rick. [LB109]

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SENATOR WIGHTMAN: Do you know whether these other states implemented a program through their university or anything? Or how were these...I understand they've been implemented, but what was the... [LB109]

SARNO: I think the university in some states were involved. [LB109]

SENATOR WIGHTMAN: And some of them perhaps not, or do you know? [LB109]

LIZ SARNO: Yeah. Right. I'm not sure. I can't answer you exactly. I'm sorry about that. [LB109]

SENATOR WIGHTMAN: Okay, thank you. [LB109]

SENATOR HEIDEMANN: Are there any other questions for Liz? Seeing none, thank you for your testimony. [LB109]

LIZ SARNO: Thanks. Oh, you're welcome. Thank you. [LB109]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity? [LB109]

DOUG JOSE: My name is Doug Jose, last name is spelled J-o-s-e. I'm a professor of agricultural economics at the university, and I'm pleased to be able to speak about this bill this afternoon. And I think probably the first thing I'd like to do is to answer a couple of the questions that have come up. Currently, there are approximately 20 commodities that are covered by specific crop insurance programs in the state. You know, you have corn, you have hybrid corn seed, and you have soybeans and so on. So there are approximately 20 of those programs that are currently in existence. The AGR, Adjusted Gross Revenue-Lite program, as Rick has already said, is a whole farm revenue protection and it's designed to sort of pick up where these traditional crop insurance programs aren't in place. So you have a situation where a farm has different kinds of production and this is really designed to complement the basic crop insurance programs. It's not designed to replace them or to be competitive, but it's designed really to complement them. So there is a subsidy, approximately 50 percent just like there is in the regular crop insurance programs. The premiums will be subsidized by the federal government. Depending on how much coverage you buy, it changes a little bit. But it's roughly 50 percent is the subsidy. Now the other question had to do with why...or a couple questions related to the development of the background material and the ratings. I'm familiar with a number of the university faculty in other states, particularly in the west, as well as Pennsylvania and the northeast who have been involved in this project and have developed the basic data for it. The reason universities and so on are involved as opposed to private companies, if a private company...let's say it's ABC crop insurance company was to do this, they would go ahead and develop the data, develop

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the rating. And then in order to get the subsidy for the program from the federal government, any program that's developed has to be available to all companies. So in other words, if company ABC put their expenses into developing the rating then they would have no way to recoup their expenses, say, from other companies. As Rick mentioned, RMA has a reimburse process and it's getting towards the end of that. And what we're looking at here is a situation that maybe, as Rick said, it wouldn't cost anything. But that's the reason why the university is involved as opposed to the private sector in developing the data, because essentially if they did develop it then all the companies would have to benefit from it and they wouldn't have a specific way to recoup their expenses. So I just wanted to respond to that question. In terms of what we're requesting, just a little bit of background on what's required. One of the steps is that you conduct hearings--focus groups--where you get together a group of professionals that are involved in crop production across the state. And these aren't farmers because farmers might have some vested interest in whether the risks were high or low. But these are people who are in the community. They could include lenders, extension people, crop insurance agents, farm service agency personnel from particular counties, and that sort of thing. Get these people together and then they are asked to score all the production, all the commodities that are produced in that area on a scale of whether they're low risk or high risk. And so that's one of the basic steps involved in how the ratings are developed. That's the first step in this whole rating process. And so part of the cost involved here is to conduct these focus groups across the state. Once they are conducted then be the job of the analyst to say okay, we'll set up the state into two, three, four, whatever seems appropriate number of risk areas, and that may relate to--in our case--I think you could relate it to rainfall, for example, as one possible way that you're going to differentiate risk areas, you know, where you have low rainfall in the west as opposed to the east, and these sort of things. Soil types, the sandy soils versus the heavier clay soils and these sort of things. So part of the analysis then is to determine what seems to be appropriate risk regions. And probably we'll end up with something like two to four or two to five different regions in the state and then each of these regions then will have a rating. So there's the analysis involved in conducting those sessions, doing the analysis, and then the actual rating itself. And this is a skill that is fairly specialized. I do have some colleagues across the country and other universities who have been actively involved in this. For example, Dr. Roy Black at Michigan State University is one that has worked with Pennsylvania on their work and has been involved in doing the ratings. And it would be somebody like him that would have to get involved at that stage to actually set the rates--the premiums in other words--that would be charged for this product. So those are really the basic steps that are involved in requesting the funding here and the purpose in having those funds. And I think with that, I'll just ask if you have other questions. [LB109]

SENATOR HEIDEMANN: Are there questions for Doug? Seeing none...oh, Senator Harms. [LB109]

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SENATOR HARMS: Doug, looking at what you have here, I'm really surprised by the fact that, you know, you could get assistance from a yield reduction such as a drought, quality problems, market fluctuations or any combination of these factors. [LB109]

DOUG JOSE: Um-hum. [LB109]

SENATOR HARMS: That's pretty broad. And I guess I'd still like to go back and give us some idea of, even though you're going to try to set those rates, what do you think the cost for this is going to be for the producer? I mean, according to this information, he or she can choose whatever percentage they want to have covered from 75-90 percent. How does that work? [LB109]

DOUG JOSE: I'm not sure what the actual premium costs would work out to be. I haven't worked through this rating process and so I guess I'd have to say I'm not sure that the...you can insure up to \$1 million is the amount, I believe, that's the gross income that you can actually insure for. But what the premium on that is I'm not sure. But I can say that, you know, it has been a product that has been fairly popular, particularly in the northeast part of the country where it was first initiated. So there are some benefits obviously for producers feel the benefits are there. [LB109]

SENATOR HEIDEMANN: Are there...Senator Wightman? [LB109]

SENATOR WIGHTMAN: Mr. Jose, would the graduate student be working under your supervision that you're asking for appropriations? [LB109]

DOUG JOSE: Yes, sir. [LB109]

SENATOR WIGHTMAN: Do you know what...I see the benefits here at \$3,000 and you're talking about four-tenths of a full-time equivalent. Is there any rule on when people that are part-time or either part-time or a short time obtain benefits under the university's policy? [LB109]

DOUG JOSE: I think it's six months, but I'm not sure. That if you're employed longer than six months, I believe. [LB109]

SENATOR WIGHTMAN: Would that be true whether you're a part-time employee or a full-time employee during the six month period? [LB109]

DOUG JOSE: I don't think it matters whether...if you're in a position that's--if you want to call it a part-time, full-time position--for a certain period of time, I think, you know, the same rules apply whether you're full-time during, say, that time period or whether you're given as a, say, it's quoted as a 75 percent time or something like that. I think the same rules apply. [LB109]

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SENATOR WIGHTMAN: One of the problems we have in the Appropriations Committee--I think I speak for everybody, but certainly for myself--is that we are reaching the point where compensation packages and benefit packages dictates the entire direction of the Appropriations Committee. So anytime we look at a new position, whether it's part-time or full-time, it becomes a major issue as far as we're concerned, and we certainly like to think we're not--if we do appropriate money--that we're not looking at a continuing basis. I know your bill address that, but... [LB109]

DOUG JOSE: Sure, I understand that. Yeah. I do. I know when we write grants, I think it's...I hear what you're saying, I think it's like 28 percent we have to put in for fringe benefits when we write grant proposals. [LB109]

SENATOR WIGHTMAN: Thank you. [LB109]

SENATOR HEIDEMANN: Senator Nantkes. [LB109]

SENATOR NANTKES: Hi, thanks so much for joining us. [LB109]

DOUG JOSE: Thank you. [LB109]

SENATOR NANTKES: And maybe this is better directed to somebody else, but we know that debate has just begun on the 2007 farm bill and a previous testifier talked about that there may be some implications for this issue in the redesign of that federal farm bill. Would it behoove the committee to wait and see if and how that federal legislation may affect this issue? [LB109]

DOUG JOSE: That's a good question. I know there's a lot of discussion. One of the major commodity organizations have proposed a revenue type program. And I was in Washington actually a couple weeks ago and visited some of our congressional offices and I asked the aides similar question of what's going to happen with the farm bill, and I didn't get very much specifics, but certainly there's discussion about having a revenue product. Now would it behoove the committee to wait? That's hard to say. My guess is that even if there is a revenue kind of a part of the farm bill, I think probably the crop insurance programs that exist including the revenue products are probably still going to be kept in place, because I think probably any revenue aspect of the farm bill is going to be more of a disaster kind of a deal where, you know, yes it protects farm revenue, but probably at more of a disaster situation. Whereas if there is a crop insurance program in place or an insurance program, you can make your own decision as to how much risk you want to take. So I think that will probably be offered to producers, because then they can make their own decision as to, you know, is what's offered in the farm bill sufficient or are they wanting some higher level of assurance to protect their gross income. And so they can make the decision themselves whether they want to

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participate or not and pay the premium. And so I'm guessing that, again, if there's something there in the farm bill it's going to be more complementary in that the revenue kind of products that we have with our insurance program are going to stay in place. [LB109]

SENATOR NANTKES: Thank you. [LB109]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony. [LB109]

DOUG JOSE: Thank you. [LB109]

SENATOR HEIDEMANN: Is there any other testimony in the proponent position? Seeing none, is there anymore testimony in the opponent position? Seeing none, is there any testimony in the neutral position? Seeing none, we will close the public hearing on LB109 and open up the public hearing on LB483. Senator Johnson. [LB109]

SENATOR JOHNSON: Senator Heidemann, members of the Appropriations Committee, I'm Senator Joel, J-o-e-l, Johnson, J-o-h-n-s-o-n, representing the 37th Legislative District. I'm here to testify on what I consider to be an extremely important matter, and that is the dealing of autism and LB483. What we have happened in the state of Nebraska, other than through our special education programs, is treatment by neglect. We have virtually said to our families in Nebraska that this disease does not exist. It does exist. There are about 1,500 children in the state of Nebraska below the age of nine. There are about one child in every 150 that's diagnosed with this to varying degrees. There is some evidence that this is increasing for some unknown reason. At any rate, autism is more prevalent than juvenile diabetes, muscular dystrophy, leukemia, and cystic fibrosis combined. Now, here's the really difficult part with this, is because of the neglect of these infants or these children by our state, two things happened. One is people go searching for answers elsewhere. I am aware of one family where the mother and children moved to Wisconsin, dad stayed in Nebraska to work. About 70-80 percent of the parents of autistic children get so frustrated that they end up in divorce. They just can't take it any longer. From the state's perspective, these kids still end up in our care. Frequently they end up in our institutions. You all know what happens to the costs when this happens. Now, if this isn't a crisis just in Nebraska, it's statewide. Time magazine, Newsweek, Wall Street Journal, 60 Minutes, and lots of other people like this have talked about this in the last several months. And I'm not much of a computer person but if you google something, the thing that is looked up, the eighth most common entity looked up, is autism. Well, why are we here today? We're here today because I think we have a unique opportunity involving a public/private partnership to help Nebraska with this problem. We need to start providing some hope for these parents with these children. Basically what we do now is dispatch their care to the education system. And whereas they may try to do their best, it's disorganized and

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we do not have any coordinated care that is provided. This says nothing about the effort by our special education in schools, but what it does say is that we need to create a hub where we will have this as the central issue to give us the direction for our various programs, such as special education, as well as early treatment. This is what we need. There is actually two bills. LB482 was heard in the Health and Human Services Committee, and what this does is it applies for a Medicaid waiver to cover medical assistance for this intensive early intervention program. Dr. Fisher from UNMC will follow behind me to tell you more about this, and rather than repeat this I will defer to him and he will clearly show you what the program is. The Medicaid waiver has the potential of being one piece that might supply 60 percent of this funding, and we are working with the Health and Human Services Department to secure this Medicaid waiver. The second piece is what we're here about today, the state's commitment which can also, in this case, leverage private money. You will hear again from people behind me, from the private sector, that will help us with this so that our goal, I guess you might say, is that we have three different entities coming together to help us with this very, very significant problem. Now, the legislation before you today is a suggested way to find state dollars. That is none General Fund dollars. LB483, believe me, is a work in progress, has been for many months. But I think we need to thank our staff, your staff, and all of the people that have worked so hard to try and put this package together because it is needed so badly. Now, we believe that building this public/private partnership with the federal Medicaid waiver, it does require still more creativity to put this together, and we'll continue to work on this. What we really aim to do here is this, is to develop a comprehensive plan for where the state goes over the next few years with this so that as we look for the answers where we go, we are also searching for the best treatments and the most inexpensive treatment that we can provide our citizens. Frankly, our suggestion today before you is an appropriation from the health care fund, the Health Care Cash Fund, to be exact, for \$1 million per year with the intent that the program would be funded for five years of a demonstration program. We would create a new box which would be designated for public/private partnerships for the treatment of autism, contractual private sector willingness to commit to match these public funds at not less than a 2:1 basis, and the opportunity to bring early intervention--and that's one of the keys is early intervention--with children who would otherwise require specific and significant public costs as they grow to adulthood. About 50 percent of the kids with autism, with three years of treatment, can obtain a normal IQ, so there is hope for success with this now, and we would hope that as research continues, these numbers would continue to climb. It ends up that 80-90 percent of these children can be very significantly improved to the point where they would not require much state assistance down the line. I mentioned that Dr. Fisher would follow me, and he is the director of the Center for Autism at UNMC. Also Connie Shockley will be here to tell you what it's like from the parent's perspective. And then Gail Werner-Robertson will talk about her efforts in the past, and she and her colleagues, Gail herself founded the Sunshine Foundation and has been working on this for some time. She is committed to work with us and with you and with the state of Nebraska so that we can do a better job about

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this. We can no longer, no longer, just neglect this disease. Thank you. [LB483]

SENATOR HEIDEMANN: Thank you. Just real quickly, you had talked about funding for three years? [LB483]

SENATOR JOHNSON: The...you know, and I think that's up to you, Senator, as far as where we're going here. I think that I mentioned we're talking about a five-year program. Now, I am not an expert by any way by how far you can fund in the future. I know that there's rules that way, and so on, but we're talking about a five-year program. That's what we would go for in the Medicaid waiver and working in that direction, and so on. But we are talking a five-year program. And I forget the exact number of children that we could directly serve with this, but we would also indirectly serve many, many others who are now in our school system, and so that the numbers are really quite a lot larger than would be because of the spin-off effect that we would get by the program under the UNMC sponsorship here. [LB483]

SENATOR HEIDEMANN: Do you know what the cost would be from, oh, along like year 4 and year 5, and then even maybe possibly after that? [LB483]

SENATOR JOHNSON: No, sir. And I think what we're really talking about, and I think that decision is going to have to be made as we go along because one of the things that we're going to see as we go along is the direction that this takes us. Are we doing any good? Are we improving our capital expenditures that we now are putting into the school system for this? That's the sort of thing. So I think that part, Senator, would be kind of a work in progress, as well. But, yes, we have to go far enough into the future here with this so we don't just appropriate this for one or two years. I think that we should plan on the five years. [LB483]

SENATOR HEIDEMANN: So if we go forward, this is going to be a commitment. [LB483]

SENATOR JOHNSON: I think that's the way we ought to look at it. [LB483]

SENATOR HEIDEMANN: Okay. Senator Engel. [LB483]

SENATOR ENGEL: Joel, I was very impressed that morning we had the meeting over at Blue Cross-Blue Shield with this doctor who talked about how effective this is in certain areas. And I'm familiar with my neighbor who is afflicted with this. But is there any problem as far as getting this Medicaid waiver if we come up with this? [LB483]

SENATOR JOHNSON: I can't say for sure. We have had several conversations and are working with the appropriate people. They've been in my office meeting with the people behind me, and so on, to see what we can do. And at this point in time I can just say

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that we're hopeful, but I certainly can't guarantee anything beyond that at this time.
[LB483]

SENATOR ENGEL: Thank you. [LB483]

SENATOR HEIDEMANN: Senator Harms. [LB483]

SENATOR HARMS: Senator, what type of research are we looking at? [LB483]

SENATOR JOHNSON: Well, what Senator--we don't want to demote him, I guess--Dr. Fisher, behind me, will tell you about is how that program works, and I would defer to him. But basically it's early interventional therapy. One of the things with these children is they are terribly self-destructive in their nature. So even in their therapy rooms they are completely padded to the point where they even have to pad not just the floor, but the handles of the doors and everything when they start out. So there's that part of it. But I think again that's the early interventional part, certainly extremely important, but that we coordinate all our efforts in our state and particularly in our schools. [LB483]

SENATOR HARMS: Well, as I read this bill, we're talking about stem cell, is that correct, research? Embryonic stem cell research? They're looking for a...maybe the cause?
[LB483]

SENATOR JOHNSON: Well, sir, I don't believe that's really part of this. Certainly there would be that...you know, other people are working on it. I don't believe that the university is working on it. One of the things that there...one of the most recent articles, and again the doctor behind me can refer to this, but there is now a report out of Canada where this may be a genetic problem. And so that would be part of the equation rather than what you're talking about. [LB483]

SENATOR HEIDEMANN: Senator Fulton. [LB483]

SENATOR FULTON: Thank you, Senator Johnson. Just for clarification, this is...in the green copy of the bill, LB483, I think Senator Harms is making reference to a line that actually excludes..."excluding any such funds expended for research involving the use of human fetal tissue obtained in connection with the performance of an induced abortion or involving the use of human embryonic stem cells." [LB483]

SENATOR JOHNSON: I don't see where that would part of... [LB483]

SENATOR FULTON: Yeah. But it's exclusionary of that concern, which is a concern.
[LB483]

SENATOR JOHNSON: Yeah. I wouldn't see where that would be part of what we're

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talking about. [LB483]

SENATOR FULTON: Right after that, though, there was in previous budget bill, there was a line that said, right after that, ironically, what you're pointing to, that said each recipient of funds under this section shall report annually to the Legislature and to the Governor regarding the use of such funds received. That was in previous years, and I notice that it's not included in this bill. [LB483]

SENATOR JOHNSON: Well, if it isn't, we would intend that it should be because I think that how we can we have direction for the future if we don't have some reporting mechanism. So, yes, I think that would be a good addition if it isn't there. [LB483]

SENATOR FULTON: Okay. [LB483]

SENATOR HEIDEMANN: Senator Synowiecki. [LB483]

SENATOR SYNOWIECKI: Thank you, Dr. Johnson. Appreciate you bringing this forward. The Medicaid waiver part of this is, I understand, going to your committee, and has a public hearing been held on that yet? [LB483]

SENATOR JOHNSON: Yes, we have, and we're working. We...I forget whether we actually have advanced that out of committee, but I'm quite sure we have, and we have something like 60 or 70 bills so to have them all clear in my head as to their status right now, but, yes, we are going in that direction and have actively engaged in conversations, and our friends in Health and Human Services are working with us to see what we can do in that respect. [LB483]

SENATOR SYNOWIECKI: That's kind of where I'm going, is the department fully engaged? Because I know these waivers can take some time. [LB483]

SENATOR JOHNSON: Yes. And we are... [LB483]

SENATOR SYNOWIECKI: And are they fully engaged and ramped up and ready to pursue the waiver in a timely manner? [LB483]

SENATOR JOHNSON: Yes, I think...I would give them credit for helping us in any way that they can. Like I say, they have actually been in my office, which we have loaned to them for the groups to get together to work and search for these funds. But it's my understanding that six months is kind of the minimal amount of time that you could possibly hope for this. It usually ends up being more like a year or something like that, perhaps some might be longer than that, but six months to a year is my understanding on that. [LB483]

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SENATOR SYNOWIECKI: Do we need statutory authority to pursue a Medicaid waiver or just does the department have the authority to do that on their own? [LB483]

SENATOR JOHNSON: It would be my guess that if we did need that statutory authority, that they would have indicated to that, and I don't remember that they did. I will check on that and I'll try and also give you a closure and we will see if we can get you that answer. [LB483]

SENATOR SYNOWIECKI: And the last question. This committee does a lot of work with provider rates and so forth, and I honestly don't know the answer to this question, and if you don't I can defer to the doctor, too, is...these kids, as they progress in age, are they considered developmentally disabled, and our developmentally disabled network of providers care for these kids, or...? [LB483]

SENATOR JOHNSON: I think that he would be the expert on that, Senator Synowiecki, and I think it might be better if he answered. [LB483]

SENATOR HEIDEMANN: Senator Wightman. [LB483]

SENATOR WIGHTMAN: A couple of questions, Dr. Johnson. Number one, is the UNMC currently involved in autism research? I assume they've done some in the past. [LB483]

SENATOR JOHNSON: Yes. And the gentleman, Dr. Fisher, who will address you shortly, is on the UNMC faculty, and then adjacent or part of the medical center complex is the Munroe-Meyer Institute and that's where they actually have their programs right now. [LB483]

SENATOR WIGHTMAN: One other question, I guess. Could you explain to me how the Medicaid waiver works? I'm not exactly sure but does that waive any...? Does that automatically make people with autism, even though their parents may have funds, available for Medicaid, or...? [LB483]

SENATOR JOHNSON: Well, sir, I think I'd answer that by this question or this way of doing it. As far as your funding is concerned, this is extremely expensive, per child. We're talking in the neighborhood of \$50,000 per child. And now there may be a few people in Nebraska who could be able to have that expenditure for a child that they might have, but there wouldn't be very many. But there may be people who have a good income, and certainly we would expect them to pay, shall we say, a fair share for their treatment. So, again, sir, as far as how the waivers work and so on. I think there's people behind me that could give you better answer than I. [LB483]

SENATOR WIGHTMAN: Thank you. [LB483]

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SENATOR HEIDEMANN: Any other? Senator Nantkes. [LB483]

SENATOR NANTKES: Dr. Johnson, thank you so much for bringing this important issue to us today. I just wanted to talk in a general sense about some philosophical concerns that we've looked at, as a state, when addressing Medicaid issues as a whole and overall. We've seen reluctance on the part of the Department of Health and Human Services and from the administration in aggressively pursuing Medicaid waivers in other areas because they see it as an expansion of government, and that's something they're philosophically opposed to. Can you talk about how maybe this proposal interplays with those general philosophical underpinnings? [LB483]

SENATOR JOHNSON: You know, I don't know how to answer that question particularly after this morning's session on the floor. [LB483]

SENATOR NANTKES: It was a bit loaded. [LB483]

SENATOR JOHNSON: But, you know, Senator, I guess really what it comes down to is I think those of us here in the Legislature, I wasn't aware of this to the extent of the problem that there was in Nebraska when I came down here four to five years ago, and I'm learning just like the rest of you. But I realize it's a terrible problem, and frankly, other than for the valiant attempts of our school system, we've treated this with neglect. [LB483]

SENATOR NANTKES: Thank you. [LB483]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony. [LB483]

SENATOR JOHNSON: Thank you. [LB483]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity on this bill? [LB483]

CONNIE SHOCKLEY: (Exhibits 3 and 4) Good afternoon, everyone. My name is...Mr. Chairman, members of the committee, my name is Connie Shockley, spelled S-h-o-c-k-l-e-y, and I'm here today representing the Autism Society of Nebraska and my family, as a parent of children with autism, on LB483. Thank you for allowing me to testify today. In the position of being the parent of two children with autism, a therapist experienced in behavioral therapy, and the vice president of the Autism Society of Nebraska, I have the unique point of view that many others do not. As a parent of two children with autism, one 17 and one 10, the challenges in finding services and professionals experienced in autism has had its ups and downs over the years. While

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the awareness of autism has increased over the years, in Nebraska intensive and specialized services are nearly nonexistent. Parents are forced to either pay out of pocket, or if their financial situation prohibits such a venture, they have cobbled together programs from whatever services that may be available, or create their own. Between the ages of 3 to 5, my son attended a preschool program through the local school district. And at that time it stated in his IEP at the end of that time that he had made no significant language increases. It wasn't until he was placed in a school program with teachers who had specialized training and experience in behavioral therapies did my son begin to show improvement. My youngest daughter started receiving home services through the school district when she was two. However, due to funding issues, homebound services were limited to one hour a week, which didn't even begin to address her needs. In my talks with other parents whose children are just now being diagnosed, such limited hours of services are still the norm. It's not that school districts don't have good intentions, they have made great progress in the last few years in beginning to address the growing number of children in Nebraska with autism, but the fact is, these children need intensive one-on-one therapy and the schools are simply not set up to train and pay for the number of autism experts to meet the needs of these kids. Also children with autism often do not generalize what they learn, so it is imperative these kids receive consistent therapy in both the home and the school settings. And here's the dilemma. We know that intensive therapy is what works, but many parents, myself included, cannot afford the huge bill that comes with running a home program, so we take it upon ourselves, through conferences and networking with other parents, to get educated. The success that these kids make depends on the adults around them, but when our kids are first diagnosed, we're just parents, not autism experts. And often we have other children to take care of, as well, so in order to access the experts the state does have, we either have to pay \$45,000 to \$70,000 per year out of our own pockets or piece together a program that we know doesn't fully meet the needs of our children. Many families' limited funds go toward the therapies they can access or afford, and the very basic living necessities. Vacations are a rarity. In their place are autism conferences. The harsh reality is that many things most people would consider necessities, such as health and dental checks, tune-ups and oil changes, are luxuries for those dealing with autism due to the huge costs involved in getting the crucial therapies needed. As an advocate and for the last two years, the vice president of the Autism Society of Nebraska, I've spoken with many parents. The sad fact that faces these families is that unless they have the financial ability to start an in-home program, there are few services in the state. Parents of a child with autism have to learn to advocate, to be detectives in searching out those few providers who do exist in the state, to educate themselves on autism and often be the main therapist for their child. It is a daunting task for even the most determined person to start on that long road. I was fortunate enough to work for Munroe-Meyer Institute's autism program for three years. Using a variety of behavioral therapy strategies, I saw the children we treated flourish and grow in the short time they were in our program. As a therapist and as a parent, it was the best training I have ever gotten and I cannot state strongly enough, since

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Project Best Case closed down, how frustrating it has been to see children who could benefit from these services to know they can make advancements yet know that these children will not receive these critical services because they are not offered in Nebraska unless one is financially wealthy enough to afford paying out of pocket for them. Lack of services is one of the reasons our family has been giving serious consideration to leaving the state, And sadly, we're not alone in considering that option. Children with autism can improve with the right therapy. They can be taught to talk. They can be taught to interact with others, and they can and do show us every day the miracles of each step they master in the process. My son lost the first few years of his early education in a program they didn't know how to teach them. When we finally got him into a program with a teacher well-versed in behavioral therapies, the turnaround that first year was amazing. When he was five, we had drilled him extensively for the first few months at his new school in answering questions appropriately. One of those questions was, what is your name? We had gone to the park that fall and he played with the other children, when one turned and asked him that fateful question, what is your name? I was halfway out of my seat to help prompt him to answer the question when, for the first time, my son looked directly at the boy and said, my name is Chris. I wanted to dance. I wanted to scream. I wanted to point to the miracle that was my baby boy, and shout to the other parents, look what he did; look at the miracle that happened right in front of you. Parents of typically developing children take for granted those developmental steps that happen throughout their children's lives. Parents of a child with autism know them for the miraculous events that they are. To quote the Center for Disease Control, autism has become a national health crisis. And it is a huge problem in Nebraska, with an estimated 1,600 kids under the age of ten with autism. The schools and the private sector cannot solely bear this burden. We ask that the state become a partner in the solution to save these families, and give the greatest gift that can ever been given, the gift of hope. I have with me letters from parents, family members, educators, therapists, and various organizations that I would like to submit in support of LB483. As a parent, as a therapist, and as the vice president of ASN, I am happy to give my full support to this bill and hope that you will offer your support, as well. If you have any questions I'll be happy to try and answer them. [LB483]

SENATOR HEIDEMANN: Are there questions? Senator Harms. [LB483]

SENATOR HARMS: I first want to say just thank you very much and I applaud your courage and I know how tough it has to be to go through what you're going through. As I just look at this, I'm going to have you tell me, as a parent because I don't know, it sounds like to me, one, we need to put some money into, first, a program for parents to better know how to deal with and how to understand their own children that have autism. Secondly, continuing to do the research that we need to do to find some solution to the problem, and then to prepare our public schools for addressing the issue in some form or manner, to be able to help these children progress. Is that what you look at as you think are the three of the more important issues? Helping financially, of

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course, but starting to get a handle on that aspect so we can move this state forward, because I think we have to do something with this. What are your thoughts as a parent? [LB483]

CONNIE SHOCKLEY: As a parent my thought is the first thing that's needed is the therapies that help the children. As parents. Parents are tenacious in their desire to find out what autism is, and that comes through books and information on the Internet. But what helps the family the most is seeing that, yes, we are on the right track; I can see that this is making a difference. The stresses in the house can be unimaginable when you don't know what is going on and why this is happening. But even if you do know why it's happening, it still doesn't help if you don't have access to those services that the child needs. [LB483]

SENATOR HARMS: Do you think that parents also need to have some help in coping skills, how to cope with this issue and how to address it internally as a family? [LB483]

CONNIE SHOCKLEY: I won't argue with that. [LB483]

SENATOR HARMS: I'm just trying to find a way to have a better understanding. I just applaud what you're doing and I'm hoping that we can make a difference in Nebraska, because it's time to address the issue. [LB483]

SENATOR HEIDEMANN: Senator Engel. [LB483]

SENATOR ENGEL: I'd like to thank you very much for coming today. Secondly, about what age do you first find out that your child has this problem? [LB483]

CONNIE SHOCKLEY: That really depends on the professionals in the given community. Autism, as far as I know, and Dr. Fisher can probably state more accurately, can be detected as early as 18 months but it's usually between two to three that it becomes noticeable and it's given as a diagnosis. [LB483]

SENATOR ENGEL: Thank you very much. [LB483]

SENATOR HEIDEMANN: Senator Nelson. [LB483]

SENATOR NELSON: Thank you very much, Ms. Shockley. I'm looking at the statement of intent here. It says that the program would initially provide services to approximately 60 children the first year and ramping up to a total of 420 over five years. So I assume that would increase a little bit. We're still talking about 60 to 80 children a year, is that your understanding of how it would work? [LB483]

CONNIE SHOCKLEY: My understanding, yes. [LB483]

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SENATOR NELSON: And then it says here in a letter, with appropriate services, training, and information, children with autism will grow and can learn even at a different developmental rate. Can you just briefly state how this program would work as far as Munroe-Meyer or whoever that does this? Are the parents involved? Are the children there all day, so to speak? Are they there at certain periods of time for the training, or is...? How does this work? Is there some research going on, as well, or will someone else address that? [LB483]

CONNIE SHOCKLEY: Probably Dr. Fisher would address it. Typically these kinds of programs do require parental involvement, as it is important to carry over the therapy that's been done in the clinic or the school setting into the family environment. As Senator Johnson said, children don't generalize very well, who have autism, so it's very important that all segments of the community are together and working on the same goals with the child. [LB483]

SENATOR NELSON: But the parents would be involved to the extent that they can carry on at home and know better how to deal with the children at home, and so it's training for them, as well as therapy work with the children themselves? [LB483]

CONNIE SHOCKLEY: As I understand it, but I'm sure Dr. Fisher could give more information. [LB483]

SENATOR NELSON: Okay, thank you. Thank you. [LB483]

SENATOR HEIDEMANN: Are there any other questions for Connie? Seeing none, thank you for coming in today. [LB483]

CONNIE SHOCKLEY: Thank you. [LB483]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity? Welcome. [LB483]

WAYNE FISHER: (Exhibit 5) Good afternoon. Thank you for allowing me to speak on behalf of children affected by autism. My name is Wayne Fisher; that's W-a-y-n-e, Fisher, F-i-s-h-e-r. I'm the director of the Center for Autism Spectrum Disorders at the Munroe-Meyer Institute at the University of Nebraska Medical Center. And although I work at the university and have expertise in autism, I am expressing my personal opinions today and not speaking for the university. Autism spectrum disorders are serious lifelong conditions that affect multiple areas of development and have significant and lasting consequences for affected individuals and their families. One in 150 children is diagnosed with autism. In fact, it's ten times more common than juvenile diabetes, muscular dystrophy, childhood leukemia, and cystic fibrosis combined, yet over 100

times more research dollars are spent per individual on these other conditions than are spent on autism. The potentially devastating effects of autism are evidenced by the fact that only a small minority of children with autism graduate with a regular high school diploma. The vast majority of adults with autism do not become self-sufficient. Children with autism are much more likely to display severe destructive behaviors like self-injurious behavior and aggression, and are more likely to be segregated from their peers or even institutionalized. And the overwhelming effects of autism extend beyond the individual. The divorce rate for parents of children with autism is over 75 percent in some parts of the country, and siblings and parents of children with autism are much more likely to experience stress-related mental health problems. Obviously, autism is a problem that requires our immediate and sustained attention if we are going to make an impact on these children and their families. The funding requested through LB482 and LB483 will make available effective treatment that will help approximately 420 children with autism to attain their fullest potential. That treatment is called early intensive behavioral intervention, and when implemented by well-trained professionals and paraprofessionals, most children with autism show marked gains in IQ, language, social skills, and reductions in aberrant behavior. Nearly one-half of the children with autism who receive this treatment improve to a level where they can be educated in regular classrooms with minimal assistance. Early intensive behavioral intervention is based on the principles of applied behavior analysis and is well-grounded in both basic and clinical research on learning and behavior. As stated in the Surgeon General's Report in 2000 related to autism, "Thirty years of research has demonstrated the efficacy of applied behavioral methods in reducing inappropriate behavior and in increasing communication, learning, and social behavior." Early intervention based on the principles of applied behavior analysis has also been endorsed by a review panel and convened by the New York State Department of Health, the National Research Council, and the Association for Science in Autism Treatment. In fact, it was the only treatment found to have strong evidence supporting its use for treatment of the major symptoms of autism by the New York State Research panel. Behavioral treatment is highly effective for children with autism for a number of reasons. First, it uses highly refined, empirical methods of identifying items and events that will motivate children with autism to learn new skills and to behave in more socially appropriate ways. Second, behavioral interventions follow a data-driven approach in which the goals and objectives of the treatment are clearly specified and measured on an ongoing basis. In contrast to traditional approaches where progress is monitored once or a few times a year, the effectiveness of behavioral interventions are monitored on a daily basis and this ongoing feedback rapidly informs the therapist as to whether appropriate progress is occurring or whether refinements of the treatment are needed. Third, behavioral treatments for autism are comprehensive and include a specific set of research-based treatment protocols that target a wide variety of skill deficits and aberrant behaviors that are not typically addressed through other approaches. It is important to note that the effectiveness of behavioral treatment is not just due to the number of hours of individualized therapy involved in the treatment. In two recently published studies,

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behavioral treatment was compared with more eclectic approaches, but both groups received the same intensity of services. Behavioral treatment resulted in statistically significant higher scores in all domains of development except motor skills. IQ scores were 22 to 27 points higher in the behavioral treatment group than in the comparison group. Providing effective research-based interventions for children with autism and their families benefits not only those families but also local school systems and the entire state of Nebraska. According to the report of the General Accounting Office, the cost of educating a child with autism is about three times as high per year than for a typical child. In Nebraska, this means that it costs about \$400,000 to educate a child with autism until that child reaches the age of 21. Add to this the fact that the majority of adults with autism become wards of the state when their parents are no longer able to care for them, and the average lifetime cost of an individual with autism is over \$4 million. Researchers have used these data, along with data on the effectiveness of behavioral treatment of autism to model the lifetime costs of autism with and without behavioral intervention. Their results indicate that the lifetime cost savings associated with behavioral treatment ranges from about \$1.6 million to \$2.7 million for each individual treated. Finally, because we are proposing to support this program through a combination of private, state, and federal dollars, the program will bring into the state of Nebraska private and federal dollars that would otherwise be spent elsewhere. Our goals are to have every \$2 of state money matched with \$1 of private money, and to combine this for \$3 that would then be matched by \$4.5 of federal money through a Medicaid waiver. Thus, for \$2 of state money would result in \$7.5 of service to children with autism and their families. In addition, if we conservatively estimate that approximately 25 percent of the \$7.5 would be recouped by the state in property, sales, and income tax, then the net cost to the state would be just 12 cents of state money for every \$7.5 of service to children with autism and their families. Thank you for your valuable time and attention and I'll be pleased to try and answer any questions. [LB483]

SENATOR HEIDEMANN: Thank you, Dr. Fisher. Senator Kruse. [LB483]

SENATOR KRUSE: Dr. Fisher, thank you. How long have you been in Nebraska? [LB483]

WAYNE FISHER: I've been in Nebraska about a year and a half. [LB483]

SENATOR KRUSE: And you were recruited from where? [LB483]

WAYNE FISHER: I was on the faculty at the Johns Hopkins University School of Medicine for 19 years, 13 of those years I was in Baltimore, Maryland, at the Kennedy Krieger Institute at Johns Hopkins, and then the six subsequent years I was at the Marcus Institute in Atlanta, Georgia. [LB483]

SENATOR KRUSE: All of us understand why someone would want to come to

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Nebraska, but (laughter) why did you come to Nebraska? [LB483]

WAYNE FISHER: For a variety of reasons. One was this excellent opportunity to come and build an autism program here. There was a large commitment on the part of the university and on the part of the Munroe-Meyer Institute to bring us here to start autism programs. There was a real strong need and commitment, both in terms of the private sector and in terms of the university. And also for personal reasons, that our children are 12 and...no, 13 and 15 now...and we thought that Omaha was a nice town for them to kind of go through adolescence, learn to drive and that sort of thing. And we've been well pleased with the move here. [LB483]

SENATOR KRUSE: Well, that's a wonderful straight line and I'll avoid that since I also drive there. Thank you. [LB483]

SENATOR HEIDEMANN: Senator Nantkes. [LB483]

SENATOR NANTKES: Thank you, Dr. Fisher, and this question might be better directed to a later testifier but I at least wanted to broach the topic with you. This body, in recent years, has looked at parity issues in terms of health insurance issues in more general terms. I'm wondering how some of those issues may interplay with this proposal before us? For example, I know that many families at all income levels who have an autism diagnosis within their family end up paying huge out-of-pocket costs. And how, looking at this from a Medicaid waiver perspective versus maybe a parity perspective, if you could shed any light on that. It just kind of popped into my head as we started delving into the issue. [LB483]

WAYNE FISHER: Sure. One of the difficulties for families who have children on the autism spectrum is their child doesn't fit into a category, and these are children who fall into the cracks. Insurance companies and Medicaid said this is an education problem, the education people say this is a medical problem, and the families are left holding the bag. Many insurance providers and insurance policies specifically exclude autism as a covered condition, as if children with autism don't have mental health problems. And so this is one of the reasons we're here to today is that this is a group of children who have really fallen through the cracks. [LB483]

SENATOR NANTKES: That's helpful. Thank you. [LB483]

SENATOR HEIDEMANN: Senator Wightman. [LB483]

SENATOR WIGHTMAN: Just thank you. Thank you for coming in. It's been very enlightening. You indicate 1 in 150, and I see another one, 1 in 166, but that's rather immaterial, children born. Do you know what that translates in the number of children born? I'm guessing around 120 to 150. Does that sound...? That would be born with

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autism in an average year in Nebraska? [LB483]

WAYNE FISHER: In Nebraska? I have calculated that. I don't have it on the tip of my tongue. I can certainly supply it to you but that sounds in the range of being correct. [LB483]

SENATOR WIGHTMAN: I'm just basing that on about 20,000 births maybe in the year and using the percentages. Does the degree of autism, and I don't know if that's the proper terminology, but there is a great variation in how autism affects a particular child, isn't it? Is that...? [LB483]

WAYNE FISHER: That's absolutely correct. [LB483]

SENATOR WIGHTMAN: So if some of them show some signs of autism and would be counted in these numbers but maybe require very little in additional care and some of them require a tremendous amount. When we talk about...and I think we heard the figure of \$50,000 to \$70,000, is that the high end of the range? [LB483]

WAYNE FISHER: Correct. And there were questions about what things that we're doing in terms of research, and this is an area that we're trying to address, is that the current body of literature tends to group children in the autism spectrum as being very homogeneous when they are very heterogeneous. And some kids need really intensive services and some kids need less services. And one of the things that we would like to do as a component of this effort is to get better at identifying which kids need what level of service. Essentially doing a dosage study and trying to identify those predictors to see which kids need the most, the highest level of intensity, which kids can benefit greatly from a shorter period of time and a more focused intervention. And it's quite clear that there is that variability and different kids need different amounts and different types of services, and that's one of the things we want to get better at through studying. Another issue that we're working on is the issue of early intervention. We can identify kids on the autism spectrum by about 18 months of age and generally have a definitive diagnosis of where they are in that spectrum by about two years of age, but the median age of diagnosis in many parts of the country is up around six. Now we know that the earlier intervention occurs, the more efficient it is and the more effective it is. And so one of the things that we're working on is a set of Web-based screening procedures so that kids can get screened very early on through their local pediatricians. They can get that information back and then those kids that need to get referred on for a diagnostic assessment will get that. Kids will get diagnosed more early and we'll get treatment started earlier. [LB483]

SENATOR WIGHTMAN: Is this fairly common? Do you see several children in the same family that would have autism? [LB483]

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WAYNE FISHER: The concordance rate among monozygotic twins or identical twins ranges from about 60 to 100 percent. That is, it's around 100 percent if you look at the full spectrum of autism. If you say one child has autism and the other one has to have exactly the same diagnosis of autism, then it's around 60 percent. But there is a very strong genetic component to it and does tend to run in families. [LB483]

SENATOR WIGHTMAN: These are twins though you're talking about. All these numbers siblings (inaudible). [LB483]

WAYNE FISHER: Right, twins. But even among dizygotic twins or siblings, the prevalence is much higher among siblings and family members. [LB483]

SENATOR WIGHTMAN: Thank you. [LB483]

SENATOR HEIDEMANN: Just a quick question from me. Not being able to help all the children, autistic children in Nebraska in a year's time, how are we going to decide which ones are going to get services and which ones are going to get, unfortunately, left behind? [LB483]

WAYNE FISHER: That's a very good question and I think that hasn't been determined. As we negotiate and work with the Department of Health and Human Services that's one of the things that we'll want to do, and different states have used different methods. Some will use a lottery-type system, others have used other systems, but that's a very good question that we haven't answered at this point, but that's something we have to address going forward. [LB483]

SENATOR HEIDEMANN: Okay, thank you. Senator Fulton. [LB483]

SENATOR FULTON: Thank you, Dr. Fisher. My question has to do, I guess it dovetails a little bit off the Chairman's question, if we're going to have a select number of children which will be helped, I assume that there will some criteria by which we select which children are helped, with the idea that if we helped 60 children across a certain spectrum we should be able to get an idea of what percentage of what level of affliction might be applied to the broader audience. I guess I look at this as a subset of a larger set. So I'm thinking through the different considerations that would go into that decision, and these children's epistemology and behavioral ability and cognition, and these are all affected in different ways. So I guess could you speak a little bit to how...? I would assume there's some thought into which children will be helped first such that we can learn how--and forgive my lack of terminology--is it intensive behavioral intervention therapy, is that correct, or...? [LB483]

WAYNE FISHER: Early intensive behavioral intervention. [LB483]

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SENATOR FULTON: Okay. That's X; when that is applied to children across a spectrum of affliction with autism, how we could expect to be served in the future when that is applied to the larger subset. Are you following where I'm...how I...? [LB483]

WAYNE FISHER: No, I'm sorry, would you...? [LB483]

SENATOR FULTON: Okay. Is there any thought given to which 60 children are going to be...? [LB483]

WAYNE FISHER: Yeah, I think that's one of the things that we need to work on, going forward. And different states that have done waivers where they limited the number, some have done a first-come first-serve basis, some have done a lottery system where the kids get evaluated and they meet the qualifications for the waiver. And if they meet the qualifications for the waiver then it's basically a lottery system for who gets served first. [LB483]

SENATOR FULTON: Okay. So is there...I guess, is there adequate empirical data to say that, on a scale of 1 to 10, this child is afflicted at a 9 and this one at a 2 or at a 4, such that... [LB483]

WAYNE FISHER: Yeah. [LB483]

SENATOR FULTON: And then...okay, so if that data exists then it would be conceivable that one could say these 60 children represent the population as a whole. Is that an accurate portrayal? [LB483]

WAYNE FISHER: It's a little more complicated than that. In terms of early behavioral intervention being effective, it appears to be most effective with kids who have mild to moderate retardation and above. And so children on the autism spectrum, some have severe to profound mental retardation, some have moderate, some have mild, some are borderline, some have normal IQs, some even have exceptionally high IQs but still have other behavioral characteristics that are preventing them from using the skills that they have. And so one of the things that we want to do as a part of this in terms of studying...and that's one of the things that's lacking in the literature is understanding how you identify kids and say here are the kids that are going to benefit most and here is the right dosage or amount of therapy that they require. That's something that still needs to be determined. [LB483]

SENATOR HEIDEMANN: Senator Synowiecki. [LB483]

SENATOR SYNOWIECKI: Thanks, Doctor. Following up on Senator Nantkes' questions, on what basis do the private insurance industry, on what basis do they deny the claims typically? [LB483]

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WAYNE FISHER: Very frequently there are exclusions for autism. [LB483]

SENATOR SYNOWIECKI: Written right into the policy? [LB483]

WAYNE FISHER: Written right in. Yes. [LB483]

SENATOR SYNOWIECKI: I had asked earlier, as these kids progress, get out of school and so forth, is it considered a developmental disability and do they go into the developmental disability care network within the state? [LB483]

WAYNE FISHER: Yeah, and that, I think that...we talked a little bit about that, that these are kids that very frequently fall through the cracks so that traditionally autism has been considered a developmental disorder or developmental disability. But if you look across the autism spectrum, many kids with autism, those with Asperger's disorder, some with high-functioning autism, do not have mental retardation, and some, in fact, have very high IQs. And so those kids don't fit nearly as well with kids who have other developmental disabilities, and so that's one of the reasons we want to look at autism as a unique group of individuals. And so it has traditionally been done that way but many kids with autism have gone untreated because they didn't fit with one group or another group that provides services. They don't fit well even though they have mental health problems very frequently, they don't fit well in the mental health system, and some do but don't some don't fit well in the developmental disability system. [LB483]

SENATOR SYNOWIECKI: Thank you. [LB483]

SENATOR HEIDEMANN: Are there any other questions? Senator Harms. [LB483]

SENATOR HARMS: Dr. Fisher, is there...in all the research that we're doing in this area, is there any idea at all what genetically causes this link? I mean, if we're really going to get to the bottom of the issue, somewhere in the research is there anything that genetically...? Do we have any indication at all what might be causing this? [LB483]

WAYNE FISHER: Sure. [LB483]

SENATOR HARMS: Or is it that we're just more aware of it now? [LB483]

WAYNE FISHER: Sure. Dr. Brad Schaefer and several other geneticists at the Munroe-Meyer Institute have been working on this for some time. Currently, even though there is a very strong genetic component to autism, there may be a genetic basis for a child's autism but we may not be able to identify it for that individual child. In most centers, about 20 percent of the children, when they go through a diagnostic workup and an etiological workup, were able to identify a genetic cause for their...a

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specific genetic cause for their disorder. That's now been increased at the Munroe-Meyer Institute to about 40 percent of kids. What this will help, I think over time, is to more targeted and better treatments, more specific treatments for different subgroups of children with autism. And so, yes, we are working...what we're focused on here with this bill is really early intervention for those kids that have the characteristics, but there's also research and work going on onto the genetics of autism. [LB483]

SENATOR HARMS: Is there any hope that we might be able to modify that link sometime really early? [LB483]

WAYNE FISHER: There is definitely that hope. I think we're a ways off from that at this point in time. [LB483]

SENATOR HARMS Yeah, okay. Thank you. [LB483]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you so much for your testimony. [LB483]

WAYNE FISHER: Thank you. [LB483]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity? Welcome. [LB483]

GAIL WERNER-ROBERTSON: (Exhibit 26) Good afternoon. Mr. Chairman and members of the Appropriations Committee, my name is Gail Werner-Robertson, and that's spelled W-e-r-n-e-r, dash, R-o-b-e-r-t-s-o-n. I am the president of the GWR Companies. GWR helps clients succeed in financial matters. My husband Scott and I cofounded the GWR Sunshine Foundation and I also serve on the Nebraska Investment Council and have served as the chairman for the past two years. I'm here to testify in support of LB483, and thank you for giving me this opportunity to do so. I would also like to thank Senator Joel Johnson for his commitment to autism and for introducing this legislation, and I also would like to take this opportunity to thank each of you for your willingness to serve in the Nebraska Legislature. As a fiscal conservative, this is a first for me to come to the Legislature in search of funding. I do so because I truly believe, as the Centers for Disease Control stated, that autism is an urgent public health concern. I also believe that the approach outlined today is a good investment for Nebraska. To stay on the current course will cost the state millions of dollars, long term, and the very growth curve you are trying to slow down will continue to escalate at an even more alarming rate. And in addition to the cost, it also causes families to leave our state in search of resources for their autistic children. Today I'd like to share with you the Werner-Robertson story, but even more importantly than that I come to you seeking your support and ask you to help the many families across this state who feel hopeless and alone, many whose children are at risk of becoming long-term dependents of the

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state. And also come to you with a proposal that provides a public/private approach, an approach I'm so confident will yield good results I'm committed to raising the funds to make it happen. Let me begin with my personal story. My experience with autism started 19 years ago as my oldest son was nearing his second birthday. He had been a happy, good-natured baby, but as he was starting towards age 2 he developed odd behaviors. He liked the repetition of throwing toys in the air and watching them fall. He would pick at the carpeting and watch the fan spin, but most disturbing for us was his odd language development in which he used incorrect pronouns, such as I for you. This created temper tantrums and meltdowns as Jared tried to communicate his wants and needs but wasn't able to do so. We spent the time from age 3 to almost age 7 trying to find out what was wrong. When Jared was 3, we had a doctor tell us he would most likely not ever be able to function independently and that we would have to institutionalize him. We did not accept that prognosis and continued to search for answers. We had so much difficulty getting him adjusted to school that we homeschooled him in first grade, and it was that year that we finally got the diagnosis of autism. We had lost so much time, and the days were long, the decisions agonizing, and, yes, we had other children at home to take care of. When our third child, who is a boy as well, started showing similar symptoms of delayed language development that we did not waste any time. We got Cleigh immediate intensive help. While Jared ended up spending his first five years of school in a special education room, Cleigh has always managed in a regular classroom. If you met Cleigh you would most likely not realize there was anything different about him. You might think he is shy. He doesn't make very good eye contact but other than that you would think he is pretty normal. Well, I am very proud of the accomplishments that both of our boys have made. Jared is almost 21 and he currently lives on his own with minimal supports. He drives. He attends classes at Metro Tech and he works at the Henry Doorly Zoo Aquarium where he can tell you everything you wanted to know about sharks, fish, and other sea life. He is a certified diver and wants to be a marine biologist. He loves to be around people, which is a common misperception about autistic individuals, that they do not like people, and especially enjoys sharing his math skills. He still has a hard time understanding why we neurotypicals cannot calculate 82 to the fourth power or the cubed root of $35,937$ in our head, but he doesn't hold it against us. I truly do believe that these outstanding outcomes for our boys are due to the fact that we had the resources to deal with the problem. And although there were no programs developed at the time, we were able to build our own. However, even with the resources, there were days when I felt we were losing the war. Having been drafted into this war on autism, many days I felt combat exhaustion. I still have difficulty sleeping, wondering if my boys will be self-sufficient enough to take care of themselves by the time I'm no longer here. I understand the stress, the pain, and the heartbreak that thousands of other parents are experiencing as they try to raise their autistic children, and I feel that I was blessed. I was blessed with resources to find help, tough mindedness to keep searching even when things looked glum, and wonderful professionals who helped our boys reach for the sky. But I needed to do more to help other parents experience the joy that I have in watching my sons pull

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themselves from the depths of this affliction we call autism. So about ten years ago my husband and I founded the Sunshine Foundation with the specific purpose of helping families who are struggling with autism. The foundation was established to serve as a catalyst, providing assistance to interested parties concerning the challenges of the individuals diagnosed with autism spectrum disorders, or ASD, and other special needs. The ultimate goal of the foundation is to remind society and reaffirm to the individual with special needs that they are inherently valuable. We started by giving grants to other organizations who are working on autism issues like the Munroe-Meyer Institute, which is connected to the Med Center. The current social skills program for high school students and young adults was born out of a grant from the Sunshine Foundation to MMI. We've grown into doing specific programs like cosponsoring with Easter Seals an overnight camp for those with ASD. Prior to this time there was no place in the state of Nebraska where a child with ASD could have an overnight camping experience. We also provide educational opportunities to both parents and educators. We just held our second autism summit on February 9 and 10, where we addressed a crowd of over 200 individuals on both Friday and Saturday, giving them up-to-the-date information regarding medical treatments, behavioral treatments, teaching strategies as well as parenting strategies, and we also are proud to say we helped recruit Dr. Fisher to Nebraska, and he is a great addition to the talented staff at MMI-UNMC. I think MMI and the Med Center do a fantastic job in their treatment of ASD patients and there is a great deal of confidence that the private sector holds for what the Med Center and MMI has shown they can do. There has already been large philanthropic donations given to these institutions. I think the Durham Research Facility is another great example of how well public/private partnerships can work and the leverage that is gained by pairing these two powerful resources together, and I'm confident that teaming up with the Med Center will produce an excellent return on investment for all of the parties involved. Well, so why do we need to do anything? Because the current numbers of those being diagnosed is now currently 1 out of 150. There was a question about 1 out of 162; that number has been changed to 150. If we can use early intervention to curb the likelihood that those individuals end up being institutionalized, we save both lives and dollars. Also, why this approach? Because autism is a huge problem; you've heard about that today. It will take many sources of talent and resources to address this ever-growing population. I've been knocking on many doors in Omaha, seeking the advice of some of the world's best investors, and one particular advisor said to me, Gail, this is bigger than all of us. And it was then that I knew we must do more and we must have the state's help. So the pledge. You've heard from Senator Johnson, the parents, and from an expert, Dr. Fisher, who has outlined a plan. The pledge that I bring to you today is a private sector match. For every \$2 the state commits, the private sector will commit \$1. The Medicaid waiver is but one piece. The state committing \$1 million per year for five years from the Health Care Endowment Fund is another important piece. The private sector matching that \$1 million per year with \$500,000 per year represents the strongest approach to yield good outcomes. Private dollars demand accountability, as well as a quick return on investment. I believe we will be able to show both improvements and

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outcomes for these children who receive early intervention, as well as savings to the state over the long term. If we don't do something about this soon, we will be facing a cataclysmic funding crisis related to long-term care for these children when they reach adulthood. I've studied the sustainability of the Health Care Endowment Fund and the distributions from it, and the suggestion that a total of \$55 million to be transferred from the Health Care Endowment Fund which is currently \$52 million with the suggestion that \$1 million of the increase be targeted for public/private partnerships for long-term healthcare issues is, in my opinion, a reasonable distribution amount which would not endanger the long-term viability of the fund. This would be a good source of state funding for this pilot project. In the end, this plan is about leverage, it's about partnering, and it's about results, and about children and families. And we need your help; we ask for your help. With that I would be happy to try to answer any questions that you might have. [LB483]

SENATOR HEIDEMANN: Senator Wightman. [LB483]

SENATOR WIGHTMAN: Thank you, Gail, for coming in. Your story is heart wrenching but inspirational. [LB483]

GAIL WERNER-ROBERTSON: Thank you. [LB483]

SENATOR WIGHTMAN: How many children do you have? [LB483]

GAIL WERNER-ROBERTSON: Four. [LB483]

SENATOR WIGHTMAN: You've got four. And two of them are... [LB483]

GAIL WERNER-ROBERTSON: Two girls and two boys. Our two boys are both on the spectrum. [LB483]

SENATOR WIGHTMAN: Two of them have no... [LB483]

GAIL WERNER-ROBERTSON: Two of them are fine. [LB483]

SENATOR WIGHTMAN: Fine. Do you know how many children...? One hundred and twenty...there's 150 probably is an average, but is that about right or do you know? [LB483]

GAIL WERNER-ROBERTSON: That's the CDC's current number is 1 out of 150. [LB483]

SENATOR WIGHTMAN: Now, do you know, on the plans on treatment, I assume early intervention is a major issue so you're probably going to start looking at those children

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that you can identify at the earliest age, is that...? [LB483]

GAIL WERNER-ROBERTSON: Yes. That was really the idea behind the pilot is starting with these very, very young children. I think we get a great return on our investment because I think we can really alter the outcome. And I really...I gave you my story because of the comparison between my two boys. I truly believe that my younger son, getting earlier help, has made a huge difference in the outcome. He will be fine. No one, I don't think, will ever know. And he prefers people don't know. And our older son, I think it just...we lost some time, but he is still doing remarkable. [LB483]

SENATOR WIGHTMAN: If you placed yours on the spectrum of the degree of autism that appears, would you say yours are in the upper end of...? [LB483]

GAIL WERNER-ROBERTSON: Both high functioning. What is interesting is there was a recent--and I think this was a UK study; I don't have it with me--I'd say about ten years ago they used to think that 30 percent of the kids on the spectrum had normal IQs and 70 percent had some form of low IQ towards mental retardation. They have now flipped that around and believe 70 percent of the kids have more normal or even high IQs, and 30 percent are on the lower end of the spectrum. So it's been very hard, I think, for them to get a good handle. When kids do not have language, how do you test their IQ? It's very difficult. And then if you have behavior on top of that, it makes it even more difficult. But, yes, both of my boys I would consider on the high end, but if you would have seen my 21-year-old when he was 2, you would not have thought he was on the high end. [LB483]

SENATOR WIGHTMAN: Well, I applaud your efforts in fund-raising and becoming involved in private raising of funds. I just think that's a tremendous asset and allows us to leverage funds. Thank you. [LB483]

GAIL WERNER-ROBERTSON: It also will give you accountability because private dollars are very demanding, so you will have accountability, not that you wouldn't ask for it as well. [LB483]

SENATOR WIGHTMAN: Thank you very much. [LB483]

SENATOR HEIDEMANN: Are there any other questions? Just Senator Fulton. [LB483]

SENATOR FULTON: Thank you for being here. [LB483]

GAIL WERNER-ROBERTSON: Yes. [LB483]

SENATOR FULTON: If Senator Wightman didn't make it clear I think it should be said from someone from the public sector, thank you to the private sector. It's not often that

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people will pony up with Benjamins. (Laugh) You're usually asking, so thank you for that. Can I ask, can you comment on your thoughts about other places where funding in state government could be used to match? I mean, some of these...I understand these are coming from the Health Endowment Fund, is that correct? [LB483]

GAIL WERNER-ROBERTSON: Right. [LB483]

SENATOR FULTON: Are there...have you thought about other places where we could go? [LB483]

GAIL WERNER-ROBERTSON: Where funding could come from? [LB483]

SENATOR FULTON: Yeah. [LB483]

GAIL WERNER-ROBERTSON: Well, we are trying to avoid General Funds because we had heard that was not going to be a good place to go to this year, so we would leave that open to your recommendation. But this was really kind of one of the only places that we saw that certainly made sense and what it was set aside for. It certainly matches what we're trying to do here and I don't think it would jeopardize the fund. But if you have other ideas, we're open. We're open to your suggestions. [LB483]

SENATOR FULTON: Thank you. [LB483]

GAIL WERNER-ROBERTSON: You're welcome. [LB483]

SENATOR HEIDEMANN: I'm also fiscally conservative so I always like to hear that, and I am concerned about the sustainability of the fund. You're confident, at \$55 million, this could go down the road. [LB483]

GAIL WERNER-ROBERTSON: Yes, I am. I know there will be an other person who is going to testify just a little bit later to that, but I feel very comfortable that that is not going to affect the sustainability, at all, of the fund. [LB483]

SENATOR HEIDEMANN: Okay. Thank you. Are there any other questions? Seeing none, thank you so much for coming in today. [LB483]

GAIL WERNER-ROBERTSON: Okay. Thank you very much for your attention. [LB483]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity on this bill? Is there any testimony in the opponent capacity of this bill? Is there any testimony in the neutral capacity of this bill? [LB483]

DAVID BOMBERGER: (Exhibits 6-9) Good afternoon, Chairman Heidemann and

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members of the Appropriations Committee. My name is David Bomberger, D-a-v-i-d B-o-m-b-e-r-g-e-r. I'm the State Investment Officer and I represent the Nebraska Investment Council who is responsible for managing the Health Care Endowment Fund. Assets in the fund at the end of 2006 totaled about \$364 million. Thanks for the opportunity to appear before you today regarding the impact that passage of LB483 might have on the sustainability on the health care transfer, and I'm testifying in a neutral capacity. In a letter dated November 1, 2006, I provided a report to the Clerk of the Legislature regarding the sustainability of the \$52 million annual transfer from the Health Care Endowment Fund. And in that letter I concluded that annual transfer was sustainable. Senator Heidemann, during our meeting last week you asked me to estimate the impact that the passage of LB483, contemplated at \$1 million per year, and LB275, contemplated at \$2 million a year, might have on the sustainability of the annual health care transfer. If that transfer was increased to \$54 million or \$55 million, what you have in front of you currently is a letter that I sent to Senator Heidemann last week reporting on those estimates. And what you see in addition to the letter are three spreadsheets. One is the spreadsheet that calculated our estimation of the sustainability of the \$52 million transfer provided to the Clerk of the Legislature last November. And we've updated that, assuming a \$2 million increase to \$54 million, and a \$3 million increase to \$55 million. I didn't specifically estimate only the impact of the \$1 million increase due to LB483. You should be aware that there are at least three significant assumptions that go into those forecasts. The first is that the assumed tobacco contribution estimates are provided to us by the Budget Division of the Department of Administrative Services. Secondly, the assumed Medicaid IGT contribution estimates are provided to us by the Health and Human Services System, and you should note that those contributions are decreasing and are projected at zero after fiscal year 2009. And from the Investment Council's perspective, an important consideration is the expected investment returns. And the investment returns in those estimates are constructed using the Investment Council's asset allocation of 75 percent invested in equities and 25 percent invested in fixed income securities. The expected annual rate of return on the equity investments is 7.7 percent over a ten-year period, and 4.8 percent for fixed income investments over the same period. These are estimates that the council's investment consultant, Ennis Knupp, has provided us, and are the expected returns over the next ten years. After considering the adjustments described above, the sum of the total health care contributions and the total expected return on the investments in the fund exceed the annual increased annual transfers of either \$54 million or \$55 million. Certainly, if only LB483 is passed and it increased by \$1 million, the transfer is sustainable. As noted in my earlier letters to the Clerk of the Legislature, it's critical for you to remember that these contributions are subject to political and economic changes, and accordingly the projected contributions may change over this projection period. However, over this ten-year period we believe that the fund should continue to grow even with the annual transfer exceeding the external contributions. And it's with that in mind that I affirm my conclusion that the increased transfers to either \$54 million or \$55 million are sustainable. And with that I'm happy to answer any questions that you might

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have. [LB483]

SENATOR HEIDEMANN: Just for my own knowledge and comfort, on the tobacco contribution side you see them as they go through the years, that they are slowly going down also. Not as much as the Medicaid contributions, which are quitting, but how solid are they? How reliable are they? [LB483]

DAVID BOMBERGER: Senator, we rely on projections that the Budget Division of DAS provides to us, and I can't comment on how reliable those are. I think that's the point I made that they are subject to political change and economic conditions, and could change. I don't have any better information than what I've provided you in this material. [LB483]

SENATOR HEIDEMANN: Okay. We won't get too deep into that one. Senator Synowiecki. [LB483]

SENATOR SYNOWIECKI: Thanks, Dave, for being here. [LB483]

DAVID BOMBERGER: Sure. [LB483]

SENATOR SYNOWIECKI: Nice to see you again. The expected returns on the 75 percent of equity funds, that's a rather conservative estimate, isn't it? Seven point seven percent? [LB483]

DAVID BOMBERGER: Well, that was my thought as I was preparing this, and I looked at the history of the return on the U.S. equity component of this fund since the end of 2001, and so it's a short period of time, but the U.S. equities produced a return of 6.5 percent. We believe that 7.7 percent is a reasonable expectation. Certainly, last year equities performed much better. We would rather use conservative assumptions about returns than overly aggressive. So it...we'll know in ten years from now whether these are accurate or not, but they are our best. (Laughter) [LB483]

SENATOR SYNOWIECKI: You know, I asked that because the Investment Council does a marvelous job in returns on retirement funds and whatnot, and do you have the ability and the jurisdiction to examine that allocation of investment for inequities? If we're in the equity market and we're only deriving 6 point something percent? Does the Investment Council have the jurisdiction to look at the investment portfolio for this fund relative to the equity investments? [LB483]

DAVID BOMBERGER: I believe we have the authority to examine the asset allocation for this fund and increase the exposure to equities if the council believes that is an appropriate decision to make. We do think it's important to be diversified, and certainly having 25 percent of this fund in fixed income securities during the period 2000-2002,

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protected a lot of the value of this fund. But I do believe that the council has the authority to examine that asset allocation and increase or decrease the allocation to any specific asset class. [LB483]

SENATOR SYNOWIECKI: It just struck me as relatively low. I'll look for an equity. [LB483]

DAVID BOMBERGER: Well, I think a 75 percent allocation to equities would be consistent with funds of this nature. And I understand your point that, looking through the rear view mirror, an estimated expected return of 7.7 percent on equities seems low given what we experienced last year and what we've experienced over the last couple of years. But if we look, over the last five years, it's been less than 7 percent. So there will be time periods where that may be, the 7.7 percent expected return, may be too high. [LB483]

SENATOR SYNOWIECKI: Thank you. [LB483]

SENATOR HEIDEMANN: Senator Wightman. [LB483]

SENATOR WIGHTMAN: I just had one question. Were the returns expected determined prior or after last week? (Laughter) [LB483]

SENATOR HEIDEMANN: Any other questions? Thank you for coming and enlightening us today. [LB483]

DAVID BOMBERGER: Thank you. [LB483]

SENATOR HEIDEMANN: Is there any other testimony in the neutral capacity on LB483? Seeing none, we're going to close the public hearing on LB483. I don't see Dr. Johnson here to close so we're going to close. (See also Exhibit 27) And we're going to open the public hearing on LB438. They are waiving. Okay. Welcome to the committee. [LB483 LB438]

SENATOR McDONALD: Thank you. Good afternoon, Senator Heidemann and members of the Appropriations Committee. I am Senator Vickie McDonald, representing the 41st Legislative District. LB438 requests state funding to assist Nebraska's area health education centers in their efforts to grow and retain health professionals in underserved urban and rural communities. The area health education center, which I will call the AHEC program, was developed by Congress in 1971 to recruit, train, and retain a health professional work force committed to underserved populations. Today there are 49 AHEC programs with 211 centers in 46 states and the District of Columbia. Although other states have received federal AHEC funds since 1971, Nebraska first received federal funding in 2001. Central Nebraska AHEC was our first AHEC. We now

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have five AHEC programs which are organized as independent 501(c)(3), not-for-profit organizations governed by local boards of directors. Central Nebraska AHEC is our oldest AHEC, and it's located in Grand Island and it serves 35 counties. The Northern AHEC in Nebraska is located in Norfolk and serves 14 counties. Nebraska Panhandle AHEC is located in Scottsbluff and serves 14 counties. Southeast Nebraska AHEC is located in Beatrice and serves 17 counties. The Omaha Urban AHEC serves Douglas County and is located on South 36 Street in Omaha. The AHEC mission is to enhance access to quality healthcare by improving the supply and distribution of healthcare professionals throughout educational partnerships between communities and academic institutions. Nebraska's AHECs have a contractual relationship with UNMC, which funnels federal funding to the centers under the Title VII of the Public Health Service Act. Each AHEC is eligible for federal core funding for six years. A state can receive 12 years of federal core funding. Once all five centers have completed their six years of core funding, Nebraska can apply for and receive federal basic funding, but at a lower rate. A state can't receive federal core funding and federal basic funding at the same time. Central Nebraska AHEC will go off their federal funding in September of 2007. The Northern Nebraska AHEC will go off in 2008. All five Nebraska AHECs will be off federal funding by September of 2011. Over the last six years, Nebraska's AHECs have made thousands of contracts with K-12 students to recruit young people into health careers in Nebraska. AHECs provided student training opportunities in communities and assisted healthcare professionals with continuing education programs. Since 2001, Nebraska AHECs have provided community grants to more than 300 organizations to address health needs in local areas. AHECs have strengthened Nebraska's health professional pipeline and have helped us to grow our own professional...health professionals that will stay in Nebraska. LB438 requests state funds to support the AHEC partnerships already in place as the AHECs begin to go off federal funding. Other states have provided state support to their AHECs during this transitional period. LB438 requests state funds for less than 20 percent of the annual cost of AHECs' programs. AHECs will also depend on community support, private grants, other federal grants, and university funding for the remainder of their funding needs. We have organized six experts who will explain how AHECs works and what they have accomplished in their Nebraska communities. I'm not an expert, however, I know that AHECs work with the hospitals, care centers, health departments, and schools in my legislative district to recruit, train, and retain medical professionals that will stay here in Nebraska. AHECs provide programs and services that are essential to the provision of healthcare in my district and yours. It is my hope that you will agree with me about the importance of AHECs to our state and include LB438 as part of your 2007 budget package. Thank you for your time and your interest. [LB438]

SENATOR HEIDEMANN: Thank you so much for coming today before our committee. Out of curiosity, after the year 2007-2008 and 2008-2009, how much money do you think is going to be needed down the road? [LB438]

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SENATOR McDONALD: You know, I'm going to have you reserve that to the experts behind me. They will know more because they deal with the funding on a day-to-day basis. [LB438]

SENATOR HEIDEMANN: Okay. [LB438]

SENATOR McDONALD: So if you wouldn't mind reserving that question, that would be great. [LB438]

SENATOR HEIDEMANN: Any...Senator Wightman. [LB438]

SENATOR WIGHTMAN: Senator McDonald, in the past has there been no state funding for the AHECs? [LB438]

SENATOR McDONALD: No, it's been all done by federal funding, and I think they've also received some grants, but you can ask them that information also, how they've been able to handle their funding. [LB438]

SENATOR WIGHTMAN: Okay. Can you tell us (inaudible) it says for continuing education training or recruitment and training of healthcare professionals, would that be better if I asked someone else that? [LB438]

SENATOR McDONALD: You know, it would be. I'm just the messenger. [LB438]

SENATOR WIGHTMAN: Thank you, messenger. (Laughter) [LB438]

SENATOR HEIDEMANN: Thank you for bringing the message. [LB438]

SENATOR McDONALD: And I'm going to be waiving closing. [LB438]

SENATOR HEIDEMANN: All right. Thank you for that. [LB438]

SENATOR McDONALD: Okay? Thank you. [LB438]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity? Welcome. [LB438]

ROXANNA JOKELA: (Exhibit 10) Good afternoon. I received word Dr. Mike Sitorius was to be here to present, and I received word shortly after 1:00 that due to a medical emergency he could not be here, so I am here to present the testimony from the AHEC program office, so good afternoon. My name is Roxanna Jokela, spelling, R-o-x-a-n-n-a, last name J-o-k-e-l-a, and I serve as the director of the Rural Health Education Network at UNMC and also as the deputy director for the current AHEC federal grant funded

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through the Health Resource Services Administration. First, thank you, Senator Heidemann and members of the Appropriations Committee, for the opportunity to address you today for support of LB438. Also, a special thank you to Senator McDonald and her staff for their leadership in the legislative process and the cosigning of nine additional senators to this important bill. In the packets you'll be receiving, you will find background information about what the AHECs have done in the past six years, as well as letters of support, including letters of support from the Nebraska Hospital Association, the Nebraska Rural Health Association, and a high school student that couldn't be here because she's busy studying to be a physician in the future. Over the past six years, the Nebraska AHEC program has provided significant resources to promote health profession careers across our state. The AHECs have been able to leverage their funds from the federal government, and provide an impact in our rural and underserved communities. There are four key areas which the Nebraska AHECs focus on: first, K through 16 health career awareness; secondly, health profession training; third, continuing education; and fourth, community and wellness needs. The AHECs have been instrumental in the development and implementation of the Nebraska Telehealth Network which has enabled rural health professionals to receive quality continuing education without traveling for hours and leaving their patient responsibilities. In addition, the AHECs have provided support to our health profession students while on their rural rotations by providing them with a link to home and welcome in their communities. Please let me highlight just one activity from each of the AHECs because else we could be here for hours and I know you don't want that. Central Nebraska developed a first of its kind video medical interpreting service that is now available statewide to assist our Latino communities in receiving quality, culturally appropriate care. Northern Nebraska broke ground in developing an on-line Health Insurance Portability and Accountability Act/confidentiality testing program for use with over 1,450 job shadowing experiences for potential health career students. The Panhandle AHEC hosted a recruiting and retention workshop for administrators and HR staff representing 55 area hospitals and long-term care facilities. Our Omaha Urban AHEC helped equip the local school district career center with first responder training and equipment. And our Southeast Nebraska AHEC created an intensive after school science education program for minority and underserved 5th and 6th grade students. Again, the AHECs look at the full complement, the K through 12, the K through 16, all the ways, the entire pipeline of how do we provide tomorrow's health professionals for our state. When you consider that a rural physician may have a million-dollar-plus per year economic impact to a community, and that a community dentist creates five or six additional jobs, the nurturing of our students to work in rural and underserved communities is integral to the sustainability of our towns. Now I've been able to share a little bit of data with you about the importance of the AHEC, but it's going to be the people sharing their story after me that will prove the importance of the AHEC and the importance of LB438. Thank you, and I would be happy to answer any questions.
[LB438]

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SENATOR HEIDEMANN: Senator Harms. [LB438]

SENATOR HARMS: I would just say to the committee that in my previous life I had the opportunity to actually help develop this program in western Nebraska, and it's absolutely phenomenal. What it has done for rural America is unbelievable. They've done things that no one else could do, from dealing with health career recruitment, which you stated, to providing clinical training programs, to work with the colleges. It's just...it just is a conduit that we didn't have in that rural environment and, quite frankly, I appreciate what you've done because it's made a big difference for us. So I'm hoping that as we look at this that we can find some way to give them some assistance, because it does pay great dividends. So thank you very much for what you're doing. [LB438]

ROXANNA JOKELA: Thank you. [LB438]

SENATOR HEIDEMANN: Any other questions? I don't know if...I had asked the question before about how much funding down the road, if you're the person to ask or... [LB438]

ROXANNA JOKELA: I will attempt to do that. Thank you. Right now the federal government requires dollar-for-dollar match for all the funding that they get, and currently this year we're getting \$2.2 million from them. So essentially we are looking at a \$2.2 million that we have done in a community match, and the majority of that is truly from our health professionals in the communities pitching in to look at development of our health professionals. We are not asking the state for \$2.2 million. We're not even asking for close to that. As Senator McDonald asked, we're looking at about 20 cents on the dollar down the road. Right now in this biennium, we are requesting \$925,000, which would be to assist our first AHEC center going off in year one, and our second center in year two. In our second biennium, we will have an additional center going off of their federal funding in the second year of the biennium, and if you'd like additional information on that I can clarify that, but it is...it's definitely a way that we do get a chance to show the importance of the health professional recruitment and the importance that the communities play in that. [LB438]

SENATOR HEIDEMANN: Senator Wightman. [LB438]

SENATOR WIGHTMAN: So is the difference...now we have \$320,000 the first year of the biennium and then \$625,000. When the third one goes off will we be looking at an additional \$300,000 or \$325,000 or...? [LB438]

ROXANNA JOKELA: If you would be kind to consider that, however, we have been very good and very productive in looking at other funding and in writing grants and finding other resources, so I feel very strongly that there is private support available and we will

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continue to look at that, but there would be the possibility of additional funding necessary in the future. [LB438]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for coming in today. [LB438]

ROXANNA JOKELA: Thank you. [LB438]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity? [LB438]

ALFRED BURNS: (Exhibit 11) Senator Heidemann and esteemed committee members, I appreciate the opportunity to be here today. My name is Alfred Burns, that's spelled A-l-f-r-e-d B-u-r-n-s, and I'm a senior dental student at the University of Nebraska Medical Center College of Dentistry here in Lincoln. Today I'm here to endorse the community dental projects that AHECs cosponsor which impact students such as myself and aid hundreds of undeserved Nebraskans in our state. The Sonirsa Project served 83 low-income children from Adams and Clay Counties at the Central Community College Dental Hygiene Lab in Hastings. This is a joint project with Central Community College, UNMC, and Central Nebraska AHEC, and South Heartland Public Health Department. The Central Community College dental hygiene students do the prescreenings, cleanings, and fluoride treatments, and many dental students, including myself, performed restorative services and sealants. Many of us were able to do more complicated procedures than we normally do at the college, and it was a great opportunity for all of us that were able to attend. Most importantly, the rate of tooth decay among these children has begun to decline over the past four years as AHEC has served its purpose. The experience that students such as myself receive at the Panhandle Community Services in Gering has also been tremendous. Students have...individual students have seen anywhere from 20 to 35 patients a week and performed hundreds of procedures. Again, these educational experiences more than quadruple the work done by students in a typical week at the College of Dentistry. My community involvement, thanks to the Nebraska Panhandle AHEC, has enhanced my education, redirected my career path, and provided compassionate care to fellow Nebraskans who have nowhere else to turn for quality healthcare. In addition to dental students working with AHECs, this year 14 dental hygiene students have been kept busy volunteering in local schools and working with Dr. Anderson at the Good Neighbor Community Health Clinic in Columbus, making a real difference among children from Platte County and many other counties. Because of my involvement with children and practicing dentists during these projects, I have decided to pursue a two-year pediatric dental residency at the Ohio State University. After that time, perhaps I'll be able to return to Nebraska and continue the cause and advance AHECs' ideals. I appreciate your time and would be happy to answer any questions you may have at this time. [LB438]

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SENATOR HEIDEMANN: Are there any questions? Seeing none, we're going to let you off easy. [LB438]

ALFRED BURNS: Thank you. [LB438]

SENATOR HEIDEMANN: Thank you for coming in. Is there any other testimony in the proponent capacity? [LB438]

RUTH HUSTON: (Exhibit 12) My name is Ruth Huston, it's H-u-s-t-o-n. My husband's great-grandfather left the first O out and we've been confusing everybody ever since; otherwise, it's just like in Texas. I'm a physical therapist at Beatrice State Developmental Center and I live about 17 miles on farther south of that, which sort of indicates my distance from work. The opportunity to take the videoconferencing at the Beatrice Community Hospital was a great boon. Otherwise, I would have had to go to Omaha and stay overnight, and so it was not only much handier, it was also more economical. As a physical therapist, I'm required to maintain or obtain a certain number of continuing education units per year in order to maintain my license and so this was really a great advantage for me. Several months ago I receive a brochure in the mail for this two-day continuing education course. I was not aware of this before it happened. I don't know how I got on the mailing list, but I'm very grateful. I was surprised and pleased to see that the course would be available at several sites across Nebraska, Beatrice being one of them. I called that number. Yes, it would be in Beatrice, and indeed it was, and someone from AHEC was there to sort of guide me through, be sure I was comfortable and everything went well. It was convenient. I didn't have to go the 200 miles...wrong, 100 miles in two hours to Omaha, so I didn't have that extra expense. I saved time, 30 minutes away. The topic was very relevant. It was on geriatrics. All of us are getting older. When I leave Beatrice State Developmental Center, also known as BSDC, I intend to go to Nebraska City to be closer to my sister, and there are three nursing homes over there who have said, how soon can you get here? So it is important to me to maintain my license. The course was interactive. We were able to, you know, that little microphone on the table, we could talk to Omaha, we could talk to other areas in the state. It was well-planned and I had a...I was given a full set of materials, the same as the people in Omaha received; ate lunch at the hospital cafeteria and this was picked up by AHEC. And it's really a good thing that Robin was there because getting everything hooked up took a lot more "electronical" expertise than I have. The cost was very reasonable. If this had not been available, yes, I would have gotten the continuing education hours somewhere. This may entail going out of state at quite a great expense, and so I am very grateful that this was available within Nebraska. Nebraska's AHEC are ideal partners to expand the options for training to small communities across the state. Their ties to both UNMC, community colleges, and local hospitals mean that they can be a link between these institutions and local healthcare providers to help inform them of training opportunities, to host local training sites, to

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make arrangements for attendees, and to bridge the appropriate accrediting bodies. These continuing education units have to be approved by the Nebraska Physical Therapy Association, which means I can't just go to any old class anywhere. And I am hopeful that I will be able to attend more instructional opportunities because I don't happen to want to quit being a therapist for quite awhile. [LB438]

SENATOR HEIDEMANN: Thank you for coming in today. You live 17 miles south of Beatrice? [LB438]

RUTH HUSTON: Yes, I do. [LB438]

SENATOR HEIDEMANN: You're almost to Kansas residence I would have to think. [LB438]

RUTH HUSTON: That's right. (Laugh) [LB438]

SENATOR HEIDEMANN: Are there any questions? Seeing none, thank you for coming in. Thank you for making the trip. [LB438]

RUTH HUSTON: Thank you. [LB438]

SENATOR HEIDEMANN: Any other testimony in the proponent capacity? [LB438]

THERESA HILTON: (Exhibit 13) Good afternoon, Senator Heidemann and esteemed committee members. My name is Theresa Hilton, that's T-h-e-r-e-s-a H-i-l-t-o-n, no relation to Conrad so...(laughter). I'm currently the president of the Central Nebraska AHEC board and I have been on that board, a member, since our inception in early 2001, the first AHEC. Also, I was a founding member of the East Central District Health Department and I'm currently serving as their immediate past-president. I am employed at Columbus Community Hospital, director of Patient and Outreach Services. I've been there for 27 years. And we've also been longtime members of the Nebraska Hospital Association. I thank you for the opportunity to speak to you today about AHECs from the hospital standpoint. Area health education centers have played a vital role in addressing healthcare shortages through several of the initiatives, some you've already heard of. Eight hospitals have reinstated the job shadowing program, ours included, thanks to the Northern Nebraska AHEC, their on-line HIPPA compliance program that was mentioned earlier by Roxanna Jokela. AHECs, along with hospitals, have created virtual hospital rooms for schools developing health science pathway programs. Hospitals in partnership with AHECs provide career exploration opportunities through health career fairs and summer exploration programs. In April, teams of hospital personnel, high school teachers, and community college personnel will join AHEC in developing two health science courses that adhere to the national health science standards. These courses will be available to any and all school districts who want to develop a health

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science pathway. AHECs are unique among healthcare programs. AHECs collaborate with a wide range of partners at the local and state level to develop a quality healthcare work force and help address our unmet health-related needs in our underserved communities. In just one year, AHEC served over 450 health professional students at almost 200 rural and underserved community training sites. These students gain a wide array of clinical experiences. The hospitals provide valuable in-kind assistance to support the housing and meal assistance during these students' trainings. In addition, area health education centers offer programs to improve health literacy and increase consumers' understanding of healthcare. They assist communities in evaluating and refining their local health system to meet regional needs. AHECs have been involved in efforts to expand the safety net provider network through potential expansion of more community health centers within the state. AHECs also play an important role in the safety net by improving communication between limited-English-speaking patients and providers. More than 430 hours of interpreting have been provided to six of our hospitals in this collaborative program with that VMI network that Ruth was speaking of. I am very proud to tell you the innovative approaches of the AHEC network has strengthened our healthcare infrastructure of communities, thereby enhancing economic development and the quality of life for many people. AHEC provides equipment and connectivity to more than 30 of our hospitals and public health departments. As reported by the Telehealth Subcommittee of the Nebraska Information Technology Commission, just in this past year alone more than 3,700 telehealth hours have been clocked, saving 66,000 travel hours and more than 3.6 million miles of travel. Ruth, I think, was just one example of that. My colleague at Nemaha County Hospital, Marty Fattig, states: We are so excited to finally have AHECs in Nebraska; they provide the services that we need but that none of us can provide on our own. And I think Senator Harms spoke to that when he said the conduit, certainly a good word for our linkages. Also, I know Ron Briggs from the Nebraska Hospital Association, as chair, is providing written testimony. And I did want to go on record in hoping that Dr. Burns does return to our Columbus...the dental clinic there at our community health center. He's been a great student. So I do thank you for your time today and would entertain any questions from the hospital side that I could. [LB438]

SENATOR HEIDEMANN: Are there any questions? I have one. Just out of curiosity, how do you get on a board? [LB438]

THERESA HILTON: Well, it...I was really fortunate to, you know, know Roxanna and the development with the Med Center when we were looking at the funding and how critical this was. Nebraska has just become a state with AHECs since 2001. And I think there's 46 states but the 2 that aren't are South Dakota and North Dakota, and we'd always heard that, you know, I think we were really missing with our area health education. And doing a lot of outreach and health education in our area, just were very excited when this presented with the Med Center, and I was very pleased to be involved with the first development of the first AHEC and now subsequently the other four, so...but I'm going

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to just be a grandma on all these boards pretty soon. (Laugh) [LB438]

SENATOR HEIDEMANN: Okay. Thank you for coming in. [LB438]

THERESA HILTON: Okay. [LB438]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity on this bill? [LB438]

KEITH NEAL: (Exhibit 14) Good afternoon. My name is Keith Neal, K-e-i-t-h N-e-a-l. I am the current board chair of the Northern Nebraska Area Health Education Center, AHEC, and a nationally registered EMT-Paramedic. I am also very active in all aspects of the AHEC programs and have been for five years, ranging from 2nd and 3rd grade career activities in Dixon County, to 8th grade science meets in Brown County, to Groundhog Job Shadow Days in Madison County. As a paramedic, I am uniquely aware of the training needs of many of the volunteer squads located in the AHEC regions. Northern and Central Nebraska AHECs, in conjunction with Norfolk Morning Kiwanis, Nebraska Kiwanis Foundation, provided pediatric trauma kits to 65 rural ambulance services. Many testimonials were received from the squads. The most compelling came from Winside in Wayne County where a four-year-old child was saved by the equipment and training. In your packet you will find a letter from Terry Hirsch of the Norfolk Morning Kiwanis further detailing the impact of the project. I have also seen the impact of AHEC programs at the community level. Being a presenter, I have become a true believer in the benefits of AHEC. They can provide to the communities, their youth, their teachers, their parents, et cetera. AHECs are decreasing the brain drain felt by many Nebraska communities. AHECs show students that they can stay in small communities and earn a living wage. AHEC brings other health career opportunities to students, helping them understand there is more than just doctors and nurses in health careers. Mark Seier, a science teacher and fellow board member of Newman Grove, sums it up best: Prior to AHEC, I occasionally had a student apply to the Rural Health Occupation Program. Now that we've had the AHEC touch, we have had at least one student accepted as an RHOP student for the past four years. The exciting thing about RHOP graduates is UNMC statistics show that over half are practicing in rural Nebraska communities today. I have been on the Northern Nebraska AHEC board for over four years, two and a half serving as board chair. The AHEC boards include a cross-section of community residents dedicated to improving the quality of healthcare work force: Spanish newspaper publisher, medical residents, behavioral health practitioners, county commissioners, public health professions, teachers, state senators, community business leaders, health professions, and the list goes on. This diversity allows AHEC to stay focused to the community needs in a cooperative environment. Based upon myself and other previous speakers, I hope that the committee has gotten a feel for what AHEC has done and the importance of continuing the AHEC program. In my AHEC's region alone, clinical training sites have increased by 65 percent, providing over

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100 training opportunities per year. Statewide, AHEC has given 11,343 health professionals access to continuing education. That education has been local. I want to leave you with one last thought. Over the last five years, 74,000 students in Nebraska have had an opportunity to learn about health careers. That opportunity was never afforded to me. Without your support of LB438, we are in jeopardy of losing all these benefits and more. Thank you for your time. Are there any questions? [LB438]

SENATOR HEIDEMANN: Thank you for coming in today. Are there any questions? Senator Nantkes. [LB438]

SENATOR NANTKES: And maybe you don't have this information, but prior to the time...you noted in your testimony that we were one of the last states to develop this AHEC network... [LB438]

KEITH NEAL: Uh-huh. [LB438]

SENATOR NANTKES: ...prior to that time what did healthcare professionals in your circumstances do for continuing educational opportunities? [LB438]

KEITH NEAL: We traveled, much like the PT did. The benefits of the telehealth is that we don't have to travel, so we can stay local, so that our volunteer EMTs can stay there in their local areas. If they have a call, they're ready to respond; so that doctors, nurses, they don't have to travel from Valentine or O'Neill over to Grand Island or Norfolk. They can stay closer and that allows more opportunities and greater opportunities for those nurses to get...nurses, doctors, healthcare providers, to get other education. [LB438]

SENATOR NANTKES: Great. Thanks. [LB438]

KEITH NEAL: You're very welcome. [LB438]

SENATOR HEIDEMANN: Thank you for your testimony. Is there any other testimony in the proponent capacity? [LB438]

FREDDIE GRAY: Good afternoon. [LB438]

SENATOR HEIDEMANN: Welcome. [LB438]

FREDDIE GRAY: (Exhibit 15) Senator Heidemann and esteemed committee members, my name is Freddie Gray and I'm the...I'm sorry, and that's F-r-e-d-d-i-e G-r-a-y. I am the director of the Omaha Urban AHEC and I'm representing the five area health education centers here today. Your Nebraska AHECs are in line to address the disparities of the healthcare infrastructure as outlined in Healthy People 2010. These issues impact the challenges of individuals, communities, and professionals, in deed all

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of us, that we face to ensure the good life that we have here in Nebraska. In the coming biennium, as you'll see in the brochures that are enclosed in your folders, Nebraska AHEC is committed to recruiting young people into health careers through the distribution of 110 or, I'm sorry, 10,000 of our career guides, and we do have some if you would care for an example. We plan to introduce 42,500 elementary, middle, and high school students to health careers through classroom presentations and after-school programs. We will provide 675 students an opportunity for a more in-depth look at health careers through health career camps and also workshops. We believe that 50 percent of the students attending our programs will indicate a positive attitude toward health careers upon completion of our programs. Working with undergraduate institutions, 575 college students will discover that there are over 95 health career programs available at over 52 locations in Nebraska. We will continue to facilitate 800-plus health profession rotations in medicine, nursing, physician assistants, nurse practitioner, dental and pharmacy within the community-based training sites that are developed using community practitioners. Students and practitioners will be given access to learning resources as part of AHEC's commitment. Exposing students to underserved community increases the likelihood that they'll return to those same communities to practice. In fact, we do believe that at least 35 percent of the students completing the AHEC supported clinical training experiences will indicate that they are likely to consider not only a practice in a rural setting but in an underserved setting in the state of Nebraska. AHEC will offer 2,250 health professionals a broad range of continuing education programs in emerging healthcare issues. AHEC will continue to work with at least 25 Nebraska Telehealth Network sites by sponsoring educational opportunities utilizing the network with 80 percent of our participants evaluating our programs as either good to excellent. AHEC will provide at least \$52,500 for health-related grants to community-based organizations that will be beneficial to all of your communities and to the recruitment of individuals into health careers. Over 150 health profession students in primary care and other disciplines will also complete their service learning projects in rural and underserved communities by...provided by AHEC. You've heard today many of the programs that AHEC has accomplished within its six years of existence. You've all received information from us for the projected funding, the benefits, and the specific AHEC programs within your own districts that we have provided and that we are planning to provide, and we've done that within the past six weeks to make sure that you knew who we were before we came to see you today. I think you will agree that AHEC has had tremendous success in fulfilling its role and mission of cultivating community-based academic partnerships to improve health in Nebraska. Want to thank you again for your time this afternoon. Myself, as well as the other center directors who are here with me today, will be happy to answer any questions that you may have. But I did want to take a moment. There was a question that was asked earlier about funding, and Senator Wightman I believe asked the question and he left. [LB438]

SENATOR HEIDEMANN: He just... [LB438]

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SENATOR ENGEL: Here he is. [LB438]

FREDDIE GRAY: Ah, Senator, you had asked, I believe it was you that asked the question, about funding, if we were going to come back and... [LB438]

SENATOR WIGHTMAN: Yes. [LB438]

FREDDIE GRAY: ...ask for the additional. I can tell you that you were correct. The first year it's \$320, the next year it's \$625, but the following year we are not going to ask for an increase. We are talking another...we are still talking that \$625, so... [LB438]

SENATOR WIGHTMAN: Okay. You're looking at it continuing on at the \$625 until you determine, what, in 2011 what the rate of federal funding might be? [LB438]

FREDDIE GRAY: Well, what the federal funding, absolutely right. We have no idea what that's going to be like. We would ask for an increase in the following year, possibly, but other than that we are very...we know that we can do what we need to do with matching funds. We have a community that is well versed in AHEC. We are getting our messages out and they also want to see us succeed. We have great partners. [LB438]

SENATOR WIGHTMAN: Thank you. [LB438]

FREDDIE GRAY: You're welcome [LB438]

SENATOR HEIDEMANN: Are there any other questions? Senator Nantkes. [LB438]

SENATOR NANTKES: Just to confirm your strategy in your testimony here today. I have never heard of AHEC before. I was sworn in this January and I am well, well aware of all of the good work that you and your network do on behalf of Nebraska. So thank you for your efforts. They've been very, very well organized. [LB438]

FREDDIE GRAY: Thank you. We appreciate that. [LB438]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony. [LB438]

FREDDIE GRAY: Thank you. [LB438]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity? Seeing none, is there any testimony in the opponent capacity? Seeing none, is there any testimony in the neutral capacity? Seeing none, and being as Senator McDonald wanted to waive closing, we will now close the public hearing on LB438, and we will

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open up the public hearing on LB105. (See also Exhibits 28-64) Senator Louden.
[LB438 LB105]

SENATOR LOUDEN: Good afternoon, Senator Heidemann and members of the committee. My name is LeRoy Louden, the last name is spelled L-o-u-d-e-n, and I represent the 49th Legislative District. I'm here today to introduce LB105 to you. LB105 is intended to prevent the kinds of devastating wildfires that occurred in Nebraska last year. The bill seeks funding for the National Forest Service to match federal funds for forest fuel reduction. Our state forests have developed an alarming amount of fuel over the years and if that fuel is not removed in a comprehensive methodical approach, it is just a matter of time before catastrophic wildfires strike again. This is especially true if the drought continues. The state forester, Dr. Scott Josiah is here today and will also speak to you about the need for LB105. Dr. Josiah will provide a number of compelling details to support the bill and I don't want to steal his thunder, but I do want to mention a few facts about the 2006 wildfires in the Pine Ridge area. Last summer for the first time in Nebraska, intense wildfires burned 70,000 acres destroying or damaging 24 homes, one commercial structure, many outbuildings, and 35,000 acres of commercial timber and causing agricultural and other losses in impacts totaling over \$50 million. Only about \$4.5 million of that will be reimbursed by the federal government for fire suppression costs. Private insurance covers residential rebuilding and replacement of home contents where people had insurance. Most of the rest of the costs will be born by landowners, communities, and the local economy. The wildfires burned at an incredible speeds and moved so quickly that planning and positioning of forces was almost impossible. The forest material that burned was literally explosive. Pine and cedar forest combusted explosively. Exploding trees created heat so intense that it hurled burning pine cones and huge ambers hundreds of feet into the air. Winds then moved these fiery missiles miles from their origination points. The result was a fire that moved at incredible speeds making on the ground decision-making almost impossible. Fires moved from one spot to another within minutes, not hours. Normally a fire gives emergency management staff some time to move forces from one side to the other based up the direction the fire is moving and the 2006 fires were not normal. To put the speed and devastation of these fires in perspective let me ask you to think for a moment about the biomass heating and cooling system at Chadron State College. The college includes 281 acres and some 25 buildings with over one million square feet of floor space. The college uses woody biomass, basically wood chips, for all the heating and cooling needs for the entire campus. The 2006 fires consumed 3.5 million tons of biomass in about 10 days. That amount of biomass would heat and cool the entire Chadron State College campus for 350 years. LB105 would put funds into the Nebraska Forest Service to take action now to begin reduction of fuel loads and manage our forests to prevent fires and the devastation they bring to local economies, which in turn, adversely affect the state. The state funds sought in LB105 will leverage federal funds to take the steps that need to be taken now before more property and timber are lost. These funds will be used to manage and improve our forests, and by doing so will help

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lessen the cost of emergencies at the state and local level. As I stated, the overall economic impact to central and western Nebraska was over \$50 million. In short, I believe that the funds we seek with LB105 are good insurance and a sound investment of state dollars. I hope that the committee can add LB105's provisions to the budget bill this year and I'll be happy to try and answer any questions. [LB105]

SENATOR HEIDEMANN: How much federal funding are we going to get in connection with the \$425,000? [LB105]

SENATOR LOUDEN: Well, they're talking about that they get the mix of 50 percent of federal dollars so I think they're going to try and leverage probably the 400-some thousand dollars of federal money, because some of the in-kind work and everything that the state of Nebraska will put up will be part of it. I think probably Dr. Josiah will be able to better answer the complete funding formula, but what the mix is they're going to try and get 50 percent federal dollars, 25 percent state dollars, and 25 percent landowner contributions. [LB105]

SENATOR HEIDEMANN: Is there any thought of trying to leverage the money for the local NRDs, which could you work in connection with the local NRDs to get money? [LB105]

SENATOR LOUDEN: The local NRDs work with us some. They don't have that much money to put dollars up. I was just talking to the manager the other day. What they try to do is some of their rebuilding, replanning, and some of the work that NRDs naturally do, but like all NRDs they've got that--what--3.5 cent levy and they're getting about where they are because they've been working on the water most of the time instead of fire control. Some of the NRDs...but I think that's usually come from either the Nebraska Forest Service, but they did have some forest thinning has been going on up there and that has been mostly by selling the timber. Private people have been able to sell some of that timber and thin the forest, but since we've lost a lot of that timber that timber industry is literally moved out of western Nebraska. They moved over into Wyoming. [LB105]

SENATOR HEIDEMANN: Okay. Senator Wightman. [LB105]

SENATOR WIGHTMAN: You talked, Senator Louden, about the landowners. How much of this is being done on private land and how much on publicly-owned national forest land? [LB105]

SENATOR LOUDEN: Okay. I think Dr. Josiah could be a little closer to that, but most of the fires up in the Harrison area, and I thought there was about 30-some thousand acres up there out of the total 70,000, was on nearly all private land. So that will have to be some private landowners will put up part of the money and your state match and

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your federal match. Some of the fires in there south of Chadron and in that area was a lot of state lands with a little bit of it on federal lands. But federal lands, usually the feds go in there and have started doing some thinning on their own, but the state lands in there south of Chadron, they'll probably be 25,000 or 30,000 acres of state lands that need to be taken care. [LB105]

SENATOR WIGHTMAN: How many acres are we looking at all together? Do you have any idea? [LB105]

SENATOR LOUDEN: Well, there was, what, 35,000 acres of timber in the two fires, and I think that included the one by Valentine, but that fire wasn't that big right there north of Valentine and nearly got Valentine. [LB105]

SENATOR WIGHTMAN: But it's the unburned land, I mean, land that still has trees on that you're looking at clearing. [LB105]

SENATOR LOUDEN: Oh, looking at? [LB105]

SENATOR WIGHTMAN: Oh, good lord. I don't know. When you go from...there's a whole lot of country out there that didn't burn up, you know. And that's what we're trying to do. It's going to be an ongoing process to try. I think probably some of the first places they'll try to do is probably the Niobrara River Valley area like what happened around Valentine, because in the Niobrara Valley, those walls as you come up out of the river, there's nothing but dead timber all the way through there and that's what happened in Valentine. Once I got started in there there was no stopping it. So my observation is they'll probably have different areas where they'll start doing it. You'd have to ask one of the experts how many...it's however many thousands of acres that Nebraska has of forest out there in the Pine Ridge area. [LB105]

SENATOR WIGHTMAN: I know I've talked to you privately about this and that you talked about probably this would be a continuing program, and I don't know how many years you're thinking that might last. Two years is not going to anywhere near do all that you're hoping to do. I gather that... [LB105]

SENATOR LOUDEN: True. I think the two year deal is you're going to get some a system made, a program made up so you can start doing...no, I think you're going to have to do this the rest...as long as you've got Nebraska. If you want to have a forest service or if you want to have forest in Nebraska, you're going to have to do something. Nothing has been done since that whole area around Chadron was all forested off around the turn of the century or before, and it's been about, well, a little over a hundred years getting back up to where it has. And then we've had some devastated fires through there that have taken a bunch of it off and now they're finding that if they go in there and thin those forests, you can stop that devastation. What they found where they

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have thinned it was instead of the fire going and crowning, or going across the top of the trees where the forest was thinned, the fire would then come down on the ground on the grass where it could be controlled and would burn under the trees. [LB105]

SENATOR WIGHTMAN: Obviously, Senator, we're going to have a lot of competing demands for dollars in the form of appropriation requests. And we're going to end up lining them up and determining priorities, but I guess I'm interested in all of them. If we funded at less than the rate that you wanted, is it still a viable program to do it? [LB105]

SENATOR LOUDEN: You'd have to talk to the forester on that, because that was what his plan is and I'm sure he didn't plan on asking for twice as much and looking for half as much. That wasn't what he told me when I introduced the bill that this is what we were looking at to get something started up there. And the Nebraska Forest Service has been quite neglected, you know? About the first year I came down here they nearly did away with it. The only reason we still have a Nebraska Forest Service, they found out that that's the only way you're going to get your equipment through the federal forest service for your local fire districts. And you've got to have a forest service in order to get that free equipment or that leased equipment. So that was how, I think, Senator Wehrbein and I introduced some legislation to fund that. And that time it was, what, I think \$2 million was the funding and then the rest of it was grant money that came from, oh, wherever we could get grant money--Department of Agriculture. And that's how the forest service had been funded. [LB105]

SENATOR WIGHTMAN: Well, I agree with you. This is very important and could have long ranging effects. I have no doubt about that, and yet, we're going to have to try to fit all of the appropriation requests in somehow. So that's the reason for questioning as to whether it could be funded at a lesser level, but... [LB105]

SENATOR LOUDEN: And I agree. There's never enough funding for what everybody's asking for, but I guess the deal is, you know, are we going to try to take care of the forests we have in Nebraska. Up until now, there's been very little management done in that forested area and we've gotten to a critical state. We have the same problem with land that the Game and Parks have. I've been on them ever since I've been down here to do something about reducing the fuel load in some of their wildlife management areas. And I think maybe we have some new director in western Nebraska and stuff, and this was a wake-up call, because once that fire went through there there was nothing left and those areas that had burned 50 years ago there over there by Harrison when I was out there last summer working. There aren't any trees. There are just scraggly trees here and there, you know. So it's a long-term project and it needs to be taken care of or else we won't have one. It's as simple as that. [LB105]

SENATOR WIGHTMAN: Do you happen to know whether the federal funding would be available on the same basis for private land as they would be for public land? [LB105]

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SENATOR LOUDEN: That I don't know. But I suppose when you leverage...I suppose there's grant programs out there to do some of that stuff. [LB105]

SENATOR WIGHTMAN: Thank you. [LB105]

SENATOR KRUSE: Senator Fulton. [LB105]

SENATOR FULTON: Senator Louden, how has the reception been from private landowners? I mean, has this been broached with them that 25 percent is hopefully going to come from them? [LB105]

SENATOR LOUDEN: Well, I guess if they want anything done to do that, why, they would have to put up some of the money on the thinning part process there. A lot of that private land probably would have gotten thin by selling some of the timber off there, but they'll still be...it isn't any different if I do soil conservation on my ranch or anything like that. I've usually got to put up some of my own money or I don't get to leverage state funding. That's just the way it always has worked. I mean, it isn't nothing new. [LB105]

SENATOR FULTON: But has it been broached specifically for this project? Has it been brought up? [LB105]

SENATOR LOUDEN: Has anybody went out there? Not that I know of. I mean this has been an...those people lived around it all their lives out there, so I'm sure it isn't...I guess to say, I don't think you have to have a town hall meeting to see if the people are going to accept it. [LB105]

SENATOR FULTON: Well, I'm just...how will it be funded? Will they... [LB105]

SENATOR LOUDEN: Will they use the funding? [LB105]

SENATOR FULTON: Well, how will private landowners fund this? I mean, will they write out a check to a certain fund or to the...I mean, how are we going to do that? [LB105]

SENATOR LOUDEN: Well, I suppose that I haven't asked exactly how they're going to do it, but I suppose the forest service comes out there, because they're supposed to come out to my place and go through my shelterbelts, you know, and tell me what needs to be done and anything that they can recommend and I have to pay for it. I mean, they didn't come out to tell me they would take care of it. They came out to tell me what can be done. But, yeah, that's my understanding when they come out to help me. It's going to be...I'm going to have to pony up the bucks to do it. And I don't intend to have them come out unless they do that. I've been waiting on them for awhile. We got one forester out there in western Nebraska, so he covers a lot of ground and takes quite

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a while. [LB105]

SENATOR FULTON: Thank you. [LB105]

SENATOR KRUSE: Thank you, Senator. [LB105]

SENATOR LOUDEN: I'll probably waive closing. [LB105]

SENATOR KRUSE: Waive closing? Appreciate it. Next proponent. [LB105]

TACIE HAWKINS: (Exhibits 16 and 17) Thank you. Good afternoon, Senator Heidemann and members of the committee. My name is Tacie Hawkins, it's T-a-c-i-e H-a-w-k-i-n-s. I am the regional emergency management planning, training, and exercising officer for the north central region of Nebraska. Eilene Brannon, the Cherry-Keya Paha emergency manager was unable to attend today and asked me to testify on her behalf. The Valentine Big Rock fire in July 2006 reinforced the need for mitigation efforts to reduce the number of cedars and vast undergrowth within the canyon and timber areas of northern Nebraska, thus minimizing the fuel load and reducing the risk to responders and structures. The Big Rock fire was a very intense, fast moving fire. I have provided some photos that were taken by local photographers in Valentine, Mark Adamson and Duane Witte. The first page shows a residence. The fire was approximately one mile away. The fourth photo on that page shows the burning house on the other side of the canyon seconds before the home behind them burned to the ground leaving nothing standing but a fireproof safe. You will notice from the first photo to the fourth photo was a mere 40 seconds. It moved extremely fast with such intensity that homes were reduced to ashes. On the next two pages are photos of firefighters trying to save another firefighter's home. The last two pages show both the helicopter drops and aerial views of the vastness of the fire where it started to encroach upon Valentine. The cedars, small ponderosa pines, and thick undergrowth provided fuels that intensified the fire. We were extremely fortunate to have saved Valentine and much of the wild scenic Niobrara River Corridor. We were also very lucky to have suffered only five minor injuries. It had the potential to be much more devastating than what it was. With 114 degree temperatures, drought conditions and high winds, firefighters knew the potential for a big fire was extremely high. The quick response from 60 volunteer fire departments and a number of ground troops including approximately 100 firefighters from U.S. Fish and Wildlife, three air tankers, and continuous helicopter drops were a huge factor. Approximately 10 homes, some outbuildings and an emergency radio tower were completely destroyed by the fire, and 10 homes were damaged, but hundreds of homes were threatened. The hospital, two nursing homes, and about 400 homes and apartment complexes were quickly evacuated. With the fire raging within city limits, many left their homes sure they would never see them again. The firemen did a fantastic job saving as many homes as they did. Most of the residents had sprinklers going, even on their rooftops, trying to save their homes and valuables.

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The fire was so intense because of the vast undergrowth in the canyons fueling the fire that the homes on the ridge tops didn't have a chance. Although the fire was contained fairly quickly, the potential existed for a much larger and more costly disaster. If the winds had changed or the firefighters had not been able to contain the fire before it reached the refuge and the Niobrara River Corridor, we could have lost many homes and miles of beautiful timber and recreation land. The cedars and undergrowth are so thick in places that you would have to crawl through and there is limited access to the timber and canyons along the river. If the complex fires in Chadron area had been going on at the same time as the Big Rock fire in Valentine, our resources would have been drastically cut and the outcome would have been much different. Following the fire, we held two public meetings. The first with landowners who were affected by the fire to discuss what needed to be done immediately and what their long-term plans should include. The second one focused on the people who have homes in the canyons and on the ridge tops who are at risk for fires because of their locations. Most participants were extremely concerned and found what they could and should do to reduce their risks. The question kept coming up whether there were any funds available to help them with the cost. Reducing fuel load through mechanical reduction can be very costly. I think many of the landowners would take advantage of a cost share program to remove and reduce the number of cedars, small pines, and undergrowth if given the opportunity. We urge you to advance LB105. Thank you for your time and support. [LB105]

SENATOR KRUSE: Thank you, Tacie. And thank you for all that you did and a whole army of volunteers. We all appreciate it. [LB105]

TACIE HAWKINS: Definitely. [LB105]

SENATOR KRUSE: Are there questions for Tacie? [LB105]

SENATOR WIGHTMAN: I think you said 60 fire departments. I assume as far as the number of people, it was staggering. [LB105]

TACIE HAWKINS: It was. [LB105]

SENATOR WIGHTMAN: Teams of thousands, I suspect. Is that correct? [LB105]

TACIE HAWKINS: Yes. [LB105]

SENATOR WIGHTMAN: And I happen to think that this maybe is an awful good investment, but I still wonder how many acres are we looking at total and how much can you clear for, say, \$1 million, which is apparently about what you hope to invest in this the first year when you include federal funds and maybe some landowner participation? [LB105]

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TACIE HAWKINS: That question would probably be better answered by Dr. Josiah. [LB105]

SENATOR WIGHTMAN: Okay. [LB105]

TACIE HAWKINS: And then I'm sorry. [LB105]

SENATOR WIGHTMAN: No, that's fine. [LB105]

SENATOR KRUSE: That's fine. Okay, thank you, Tacie. [LB105]

TACIE HAWKINS: You're welcome. Thank you for hearing us. [LB105]

SENATOR KRUSE: Appreciate your coming to testify. [LB105]

SENATOR WIGHTMAN: Thank you. [LB105]

SENATOR KRUSE: Next proponent. Welcome. [LB105]

SCOTT JOSIAH: (Exhibits 18 and 19) Thank you. Good afternoon, Senator Kruse and Senator Heidemann and members of the Appropriations Committee. My name is Scott Josiah, that's S-c-o-t-t J-o-s-i-a-h. I am the state forester and director of the Nebraska Forest Service. I am here to provide testimony in support of LB105. LB105 would appropriate state funds to the Nebraska Forest Service specifically for forest fuels reduction. These largely pass-through funds would partially match and leverage federal funds that together would provide cost-share dollars to mechanically thin, overly dense, extremely fire-prone forests on private lands in the Pine Ridge and Niobrara Valley and other areas at risk as well. Fuels reduction costs would be paid for as follows: 50 percent federal, 25 percent state, 25 percent by the landowner. The Nebraska Forest Service is administratively housed in the University of Nebraska. For this reason, these funds would be appropriated to Program 51, the University of Nebraska. Be assured that none of this money would be used for ongoing university programs. The entirety would be passed through to the Forest Service to implement the forest fuels reduction program. LB105 is all about protecting life and property from catastrophic wildfire, especially the lives of residents and volunteer firefighters. The summer of 2006 was unprecedented in wildfire severity. Were it not for a very last minute change in wind direction in Chadron and timely air tanker retardant drops in Valentine, we might have lost both of these communities to fire. Increasingly, severe wildfires threaten and place at great risk 15,000 people in 10 communities, over half a billion dollars in homes and buildings, and many of the state's premier parks and wildlife management areas, and I'll add--to answer your question--400,000 acres of forests, many of which are commercial forests. Clearly, these fires threaten the resources of all Nebraskans. The catastrophic wildfires in 2006 occurred because of three converging trends. One, chronic enduring

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drought, which I heard the state climatologist on the news today saying he can expect another year in the west of intensifying drought. And in fact, he told us several weeks ago in a meeting that we're looking at 10 more years of drought in the west. That's not good news. Increasing forest fuel loads and increasing building of homes in or adjacent to forests. We cannot control the weather nor can we control where people settle, but we can control the density of our forests. Let me refer to the packet. On the first page, photo one and two--they're numbered--show the extremely dense pine and cedar forests with two to four times the number of trees per acre than is ecologically appropriate or certainly not safe. It also shows the latter fuels. The small trees that once go on fire the flames just keep on going and then you have a crown fire up in the crown which is not controllable. Photos three and five are a sequence of photos showing the Spotted Tail fire, which is the one that burned at the Chadron, just after ignition and then 40 and then 60 minutes after ignition. And you can see this is the one 60 minutes after ignition. That fire cloud, smoke cloud, those flame heights, you can see the kind of rosy areas there in the base of the cloud there. They're about 200 feet tall those flame heights. That is an explosive, explosive fire. And that was only an hour after ignition. This is off-the-chart fire behavior. The next photo viewed from downtown Valentine--that's photo six--shows the intense fire approaching the town, which had to be a horrific experience for the people in that town. Clearly, these forests will burn with incredible intensity. These fires are extremely dangerous, unpredictable, move rapidly, and are very difficult to suppress. We were very, very lucky to not have had a firefighter or more seriously injured or killed during these events. Reducing fuel loads is the only way we can reduce the risk of catastrophic fire to residences, communities, and commercial forests. This is the story across the west. All the communities adjacent to forests in the west are facing this same crisis. Photo seven shows a thinned forest after fuels reduction treatment. By thinning forests in the Pine Ridge over the last several years--we've been doing this since 2002--we've decreased fire intensity, and saved many homes, and created access for firefighters. The next few photos are evidence of that. Photos eight and nine are evidence of the effectiveness of fuels reduction. These images show--the first one, number eight--shows an intense crown fire approaching a house surrounded by a forest we thinned two years prior. We thinned about three or four acres around that house, that red house. And it was a crown fire as it came across. The fire lost intensity when it entered the thinned area, dropped to the ground, and it spared the house. The fire intensity was low enough where the house was saved even though it had a wooden deck all the way around the back. The photo on page nine, which is further down in your packet, shows a thinned area that firefighters used to stop the Spotted Tail fire from destroying many homes along 385. Clearly, fuels reduction works. The majority of these funds that we're requesting will be passed through to cost-share thinning of approximately 3,500 acres. That's equivalent to an 800-foot corridor 36 miles long each year. We'll locate those in strategic areas working with Game and Parks Commission, Bureau of Educational Lands, and the U.S. Forest Service to make sure that these provide strategic corridors throughout the pine forest and Niobrara Valley so that it provides access for firefighters and safety for firefighters.

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The appropriation would support two wildfire technicians--one in Chadron and one in Valentine--to manage the program. These people will work with landowners, secure the contractors, supervise the contractors, assure that the work is done properly, and submit the forms for reimbursement. The wood generated by these operations will likely be chipped and burned to heat and cool Chadron State College and other institutions that are considering wood heat as well in that area and in the Niobrara Valley, creating jobs and adding to the regional economic impacts. Given that state support is a criteria for federal grant approval, LB105 will substantially improve the state's ability to successfully compete for additional federal hazardous fuels reduction dollars through the U.S. Forest Service. LB105 is a wise investment of state dollars that will reduce fire suppression costs and prevent tens of millions of dollars of damage. Perhaps most importantly, expanded fuels reduction programs will reduce the substantial risks that firefighters face when they attempt to suppress these fires. I ask for and appreciate your support for LB105 and hope you can advance the funding detailed in this bill in the budget bill that you sent to the floor this year. Thank you and I'll be glad to answer any questions. [LB105]

SENATOR HEIDEMANN: Senator Fulton. [LB105]

SENATOR FULTON: Thank you for your testimony. I have a question that I ask it to help us gauge the effectiveness of the dollars that would be appropriated. In thinking through this I would think that there probably is a certain figure that would be representative of dollars spent per BTU of fuel removed. That may not be an appropriate means of measuring efficiency, but is there some other means that we can say that for every dollar spent we're going to remove fuel to a certain level? [LB105]

SCOTT JOSIAH: For every \$300 spent total of the federal, state, and local that will treat one acre. [LB105]

SENATOR FULTON: Okay. [LB105]

SCOTT JOSIAH: So one-quarter of that would be the state dollars, and so it would be a three to one match. [LB105]

SENATOR FULTON: Okay, and to that end will any of those funds appropriated be utilized in an administrative capacity or will this all go to mechanically actually removing some of this dense... [LB105]

SCOTT JOSIAH: Not administrative in the sense of supporting administrators, but in a sense of supporting the technicians that have to operate this program. For instance, the Nebraska Forest Service has no one in Valentine at all. The nearest person lives in Ord. That's two hours away. Or in Chadron, which is close to three hours away. So to effectively implement this program, this complex of federal, state, and local dollars in

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Valentine, you know, we definitely need a person. We only have one person in Chadron right now operating all our programs. So, yes, some of this money would go to personnel that would help implement and maintain the good management of these public dollars. But I can assure you that we would keep those costs as low as possible, because it is our intention and it has been from the beginning of when we hatched this idea to funnel as many dollars as we can to fuels reduction cost-share. We want work done on the ground. [LB105]

SENATOR HEIDEMANN: Senator Wightman. [LB105]

SENATOR WIGHTMAN: Yeah, your cost is \$300 per acre and I'm not quite sure from Senator Fulton's question and your response, would the \$300 just be work in clearing and the cost or does that include the administration of the program as well? [LB105]

SCOTT JOSIAH: That's the contractor. That's what we have to pay contractors to go in and clear that material. [LB105]

SENATOR WIGHTMAN: Okay. So anything that goes for personnel is over and above that. Is that correct? [LB105]

SCOTT JOSIAH: Right. Right. [LB105]

SENATOR WIGHTMAN: And I'm gathering you're trying to leverage somewhere in the neighborhood of \$1.5 million per year looking at the \$425,000. And the state's share of that is 25 percent. Is that pretty close to where you hope to be? [LB105]

SCOTT JOSIAH: About a million dollars a year, yes. We dramatically increased the amount of money that we requested from the federal government this past year. [LB105]

SENATOR WIGHTMAN: Would the million include landowner participation as well? [LB105]

SCOTT JOSIAH: Right. So it would be \$500,000 federal, \$250,000 state at least, and then another \$250,000 matched by the landowners. Let me add to that that since we've put together this proposal and Senator Loudon introduced this bill, we've had discussions with the U.S. Forest Service to use some of their unspent end of year money for fuels reduction as well, which would add to this pot, as well as we are seeking...these fires put us on the map in the west and we now get some respect in terms of our applications. And so we are now seeking quite a bit more money than we ever have. I would expect next year we would seek \$750,000. [LB105]

SENATOR WIGHTMAN: From the state? [LB105]

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SCOTT JOSIAH: From federal dollars. [LB105]

SENATOR WIGHTMAN: Federal dollars. It looks to me like you would be able to clear maybe 3,000 acres or slightly above that a year with the million dollars, although I know some of that is going for administration, but... [LB105]

SCOTT JOSIAH: That's correct. About 3,500 acres would be able to be conducted. Possibly a little bit more with the million dollars. [LB105]

SENATOR WIGHTMAN: So this could be a 20 year program. Is that... [LB105]

SCOTT JOSIAH: You know, this is a long time in the making and obviously we're not going to deal with every acre. We're not going to treat every acre. That's not a realistic goal. But we do want to create these corridors through both forested areas so that we can arrest and counter and suppress these fires when they start getting rolling. [LB105]

SENATOR WIGHTMAN: So you would have somewhat of a patchwork through the forested acres so that it wouldn't be able to spread beyond a certain point perhaps. [LB105]

SCOTT JOSIAH: That's right. [LB105]

SENATOR WIGHTMAN: Or at least you would limit the exposure. Is that correct? [LB105]

SCOTT JOSIAH: And we would create these corridors around significantly important real estate towns. The city of Long Pine, for instance, if a fire gets into any of the forest around there that town is probably gone. I don't think it's defensible the way it is right now. [LB105]

SENATOR WIGHTMAN: Thank you. [LB105]

SENATOR HEIDEMANN: You talked about federal money next year of \$750,000? [LB105]

SCOTT JOSIAH: That's what we hope to seek, yeah. [LB105]

SENATOR HEIDEMANN: If you seek that it needs a local match. [LB105]

SCOTT JOSIAH: Right. Right. [LB105]

SENATOR HEIDEMANN: You will be back. [LB105]

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SCOTT JOSIAH: No, we will not. No, we will not. It will need a local match and then we might have to ask more from the landowners at that point. We might seek other dollars from, say, the Environmental Trust or somewhere else for other dollars like that. Or even private foundations. We don't intend to be a burden on the state, but I think because these fires can start on private land, can start on federal land, can start on state land and the mosaic of land ownerships, the state has a definite interest in maintaining some sort of a presence in this program. [LB105]

SENATOR HEIDEMANN: Senator Wightman. [LB105]

SENATOR WIGHTMAN: A couple of questions. The \$425,000, when you say no, you won't be back, does that mean it's a two-year program that you're asking the state to commit? [LB105]

SCOTT JOSIAH: Well, I don't know how that would work. I guess in that case, obviously, we would as a continuing program, yes. But we would not ask for increases. [LB105]

SENATOR WIGHTMAN: Not ask for increases, but you probably would continue the request on an annual basis. [LB105]

SCOTT JOSIAH: Right. I would hope so, because two years would not have the impact. [LB105]

SENATOR WIGHTMAN: It's just a good start. [LB105]

SCOTT JOSIAH: Right. [LB105]

SENATOR WIGHTMAN: The other question I have and I discussed this a little bit with Senator Loudon is that, as you know, we're going to have many, many appropriations requests and if we funded it at a lower level is the program still viable? [LB105]

SCOTT JOSIAH: It would...we have so much to do. Again, this problem is 50 years in the making and this prospect of long-term continued, enduring drought is pretty frightening frankly. We want to try to get done as much as we possibly can get done as soon as we can get it done. So, you know, I don't know about viability. I mean, it would just mean that we could match less federal dollars and the whole program would be reduced by that level and reduce the effectiveness. [LB105]

SENATOR WIGHTMAN: I hope you're wrong on the 10 years. [LB105]

SCOTT JOSIAH: I sure hope I'm wrong, too. Or the state climatologist is wrong. [LB105]

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SENATOR WIGHTMAN: Thank you for coming in. I appreciate it. [LB105]

SCOTT JOSIAH: Sure. [LB105]

SENATOR HEIDEMANN: Is there any other questions? Seeing none, thank you for coming in. [LB105]

SCOTT JOSIAH: Thank you. [LB105]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity?
[LB105]

JERRY STILMOCK: Good afternoon, Senators. My name is Jerry, J-e-r-r-y, Stilmock, S-t-i-l-m-o-c-k, registered lobbyist on behalf of the Nebraska State Volunteer Firefighters Association. As Dr. Josiah alluded, for a moment in time in 2006 Nebraska was number one. We were number one in the wildfires taking place in the United States surpassing California, surpassing Arizona, surpassing New Mexico. We were number one. We don't want to be number one. There were no less than 56 volunteer fire departments assisting the city and the rural district in Valentine. Over 250 volunteer firefighters were making the call to help out in that situation. In Valentine alone, as that fire bared down on the city of Valentine a decision had to be made. They're fighting a fire in 113 degree weather with low humidity, wind gusts up to 25-30 miles an hour. When I'm out thinking of baseball during the summer, these people are thinking about survival. The city of Valentine had to evacuate its hospital, three assisted living facilities, and over 200 residents in their homes. Evacuated because of the safety of Valentine. There's a gentleman from Chadron, spends a great deal of his time fighting fires. He was called to Valentine--from Chadron to Valentine--July 16. It was the Sunday afternoon when the fire broke in Valentine. He was on the scene. He assisted with the incident command. On Monday, the next day, July 17, the Governor was out in Valentine looking at the area. It turned quite prophetic that on July 17 the communication was made back to the university to give the status of what the Forest Service was doing to combat Valentine, and the statement was made that it's not Valentine alone, but we also have a tremendous problem in Pine Ridge. The risk of a catastrophic uncontrollable wildfire are unacceptably high at this time. That was July 17. Pat Gould finished the job in Valentine. Valentine was saved. There was a slurry dropped that was created to protect Valentine, but for that I think Valentine would have been engulfed, portions of it would have been engulfed in fire. Mr. Gould wiped his brow. He left on Thursday of that following week having accomplished his goal of protecting the area of Valentine as best he could. Lo and behold, two fires break out near Chadron, and the Chadron fires are created by a dry lightning storm. Fires break down in Dawes County. Fires break out in Sioux County. They're happening simultaneously. These things are going on. Mr. Gould and his firefighters of over 300 people are out fighting fires for 48 straight hours--48

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straight hours. Pat Gould is south of Chadron and he receives a call: Chief, you've got to get back here right away. We have a third fire that broke out south of Chadron. And they are shaking in their boots. Most of the equipment is out fighting the two fires south of Chadron. A third fire breaks out just below the college and it's the perfect storm, if you will. The dry conditions, 113 degree temperature, the low humidity, and it's approaching the college. They put everything they had in it. It's been described to me. I didn't witness it. But what was described to me what I thought was very telling, a civil war lineup of soldiers in the sense of (inaudible) with volunteer firefighters across the front line with water. They had about a half dozen bulldozers trenching out for fire break. They started back fires. And they did everything that they could humanly possible to prevent that fire touching into the Chadron State College. They had the practice football field sprinklers going. Everything that they could imagine they threw out there to prevent that fire from touching into the college and there was a wind shift. The wind shift took the fire away from Chadron and shifted it off to the east. And thank goodness. I mean, don't come in here blindly and sitting in front of you before, I think with the request that you're looking at, is it potential flood area for the prison? Is it some type of economic development? And how those items are categorized. Is it animal management? How do those things line up? If items line up in terms of being critical in your categories of how you accomplish these items, are they critical? Are they a must do? Or are they a want to? If in those three categories...In July and August, these items were certainly what was happening out there, were critical items that some action had to be taken because of the overgrowth that has occurred. And I just implore you to consider that when you sit back in your late night discussions, whether or not this meets the category in your minds collectively of being critical, it certainly was. And thank goodness no one was seriously injured. Thank goodness nobody was killed. Thank goodness nobody from Valentine is here asking for money to rebuild a portion of their town and thank goodness nobody from Chadron is here requesting funding to rebuild the state college. I think it rises to the level of critical and I hope in your deliberations you might come to agree. And I appreciate the opportunity to testify and certainly of Senator Loudon and Senator Fischer and others bringing the measure before you. Thank you. [LB105]

SENATOR HEIDEMANN: Thanks for coming in today, Jerry. Is there any questions? Seeing none, we're going to let you off easy also. Is there any other testimony in the proponent capacity? Seeing none, is there any testimony in the opponent capacity? Not seeing any, is there any testimony in the neutral capacity? (See also Exhibit 20) Seeing none, Senator Loudon waived closing so we'll close the public hearing on LB105 and we will open up the public hearing on LB275, Senator Kruse. [LB105]

SENATOR KRUSE: (Exhibit 21) Thank you, Mr. Chairman and colleagues. My presentation on this bill will be fairly brief. The point of the bill is to bring before us a promise or commitment from a previous Legislature. We all recognize, but it needs to be said on the record that one Legislature doesn't bind another. But at the same time, I'm here not representing myself and not representing other groups, but simply representing

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the promise that was made in the Legislature. I was one of those who voted for this. I'd call your attention to the handout, the bottom of page 8, it was highlighted on this, but didn't carry over too much on the copies, so Section 24. It is the intent of the Legislature to appropriate \$10 million in fiscal year 2001-02, \$10 million in fiscal year '03, \$12 million in fiscal year '04, \$12 million in '05, and \$14 million in each fiscal year thereafter from the Nebraska Health Care Cash Fund, which we more usually call the tobacco settlement, to the Department of Health and Human Services finance and support for biomedical research. And that research then was to go to the Med Center, Creighton, and Boys Town. So that was an earnest and reasonable approach at that time. When we came into the downturn we nicked that fund with the agreement of the ones who were to receive it saying we would put it off. So we're now looking at the fiscal year of '08 and saying that we should be able to come to that figure of \$14 million to the Biomedical Research Fund is the general title that we give to it. And then it flattens. It stays at that point by that agreement. It's up to us, of course, whether it would change from here, but my anticipation and that of those who receive the funds is that it would continue then at \$14 million. A couple of points and others will follow and be able to answer questions related to it, but again, I see it straightforward. These funds have been monitored. They've been used for biomedical research. They have leveraged millions of dollars for our state. It's been a wonderful investment to us. They are in keeping with the decision we made at that time, which I am very proud I was a newcomer and trying to catch on, but it was impressive. Nebraska decided to use tobacco settlement for health purposes. One of the few states in the nation that made that kind of important decision and we've stayed with it. It's to be used for health purposes. And this meets that particular need. I feel that we need to look at other possibilities. We've had one presented this afternoon. It seems to me it fits the category. That's up to the committee to decide, not up to me, and of course, eventually the total floor. We have in my office for the last several months been examining the sustainability of this fund and you had a report on it earlier. I received copy of one that took it out, oh, about 20 years. We had that earlier projection going out to '16. There's another one that takes it out another nearly 20 years. And by those figures we're gaining about \$11 million on the year end carryover during that time. Every one of us knows that is not a promise, but it would seem like that that's enough of a margin that we could, with some confidence, declare \$3 million. That would certainly be my hope. But that's a discussion that would come to us later. This bill is simply a way of providing a public hearing for following through on an original commitment. We discussed various ways last year how we want to go about this and it was the feeling that we should have a bill and hearing on this, even though it would not be a bill that would go forward from this committee, I would presume. Again, that's in the hands of the committee. So Mr. Chairman, that's what's before us. [LB275]

SENATOR HEIDEMANN: Thank you for bringing this before the committee. Are there any questions for Senator Kruse? Senator Wightman. [LB275]

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SENATOR WIGHTMAN: In my ignorance I know that we talked, Senator Kruse, about \$52 million and \$55 million, I think, and whether that was sustainable, but I guess I don't know where we talked about two funds today and this one would be at \$14 million. And we talked about the autism. Where did all the rest of the money...are we currently spending that much? [LB275]

SENATOR KRUSE: Okay. There was \$40 million set aside for other purposes and the \$52 million, which is our current level of funding, includes \$12 million of the biomedical research. If we go to the \$14 million which was the original--I think goal was a fair term for it--but it was pretty clear commitment. And I need to say these schools and research programs have depended upon that and, you know, they're doing long range planning. They're saying this is kind of what we're hoping to have happen. Again, recognizing that it's still up to the Legislature. So the \$52 million is where we're at with the \$12 million in it. The two added for biomedical research to go to the \$14 million would bring us to the \$54 million, and if we were to choose to add the autism for \$1 million each that's where the \$55 million comes from. [LB275]

SENATOR WIGHTMAN: And I gather they said it was sustainable or appeared based upon the projected... [LB275]

SENATOR KRUSE: It is sustainable at the \$52 million plus \$11 million that we are projecting to clear \$11 million past \$52 million. Again, we all understand that's a projection. [LB275]

SENATOR WIGHTMAN: Thank you. [LB275]

SENATOR HEIDEMANN: Are there any other questions for Senator Kruse? Seeing none, thank you. [LB275]

SENATOR KRUSE: Thank you. And I waive closing. [LB275]

SENATOR HEIDEMANN: Is there other testimony in the proponent capacity on LB275? [LB275]

MIKE ZELENY: (Exhibit 22) Good afternoon, Chairman Heidemann, members of the committee. My name is Mike Zeleny, M-i-k-e Z-e-l-e-n-y. I serve as the assistant vice chancellor for research at the University of Nebraska-Lincoln. Thank you for giving us this opportunity today to voice our strong support of LB275. The tobacco funds that Senator Kruse mentioned are the kind of farsighted investment that is required to achieve great scientific breakthroughs. UNL has honored the intentions of the Legislature by investing tobacco settlement funds in areas of biomedical research that have an impact on the health of all Nebraskans and also on the economy of our state. We're investing for the long term with the knowledge that today's great advances in

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medicine grow from basic research begun years and sometimes decades ago. Nevertheless, UNL's investment of tobacco funds has already begun to show dramatic results both in our research capabilities and in the discoveries of our scientists. UNL has seen an unprecedented 418 percent increase in national institutes of health funded biomedical research since 2000. From \$4.8 million then to more than \$25 million last year. This investment of tobacco funds has helped make the phenomenal growth possible. Tobacco funds have allowed us to hire new research faculty and acquire cutting edge instrumentation they need to succeed. The funds have literally been invaluable to us giving us the resources to hire high achieving senior scientists and outstanding young scientists who are our future. Dr. William Velander is a biomedical engineer who is producing a safer inexpensive recombinant protein for a fibrinogen bandage that will save the lives of soldiers wounded on the battlefield by rapidly stopping their bleeding. The work also has a high potential to spin off marketable technologies and stimulate our state's economy. UNL has also invested tobacco funds in promising research projects in the early stages enabling scientists to gather preliminary data and leverage these into large competitive grants and important scientific findings that often improve the quality of lives for Nebraskans and beyond. Dr. Ravi Saraf and his collaborators developed a touch sensor that could give surgeons the ability to detect cancer at the single cell level and give robots the sense of touch. It is a self-assembling nanoparticle device that has the touch sensitivity comparable to that of a human finger, a capability far beyond any mechanical devices now available. That discovery in particular was ranked by Discover Magazine as one of the top 100 science stories in the world last year. These are just a couple examples of the important work that Nebraska tobacco settlement funds are enabling our scientists to accomplish. In Nebraska, the tobacco funds have made a proven difference. We thank you and urge your support of LB275. [LB275]

SENATOR HEIDEMANN: Thank you for your testimony. Senator Kruse. [LB275]

SENATOR KRUSE: I'd like to correct myself, Mr. Chairman, by asking a question. Sir, are you the fourth research center that I've failed to mention in my opening. [LB275]

MIKE ZELENY: We are indeed, Senator. [LB275]

SENATOR KRUSE: Thank you for what you do. There are four. There have always been four research centers in this funding. Thank you. [LB275]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony. [LB275]

MIKE ZELENY: Thank you. [LB275]

SENATOR HEIDEMANN: Is there any other testimony in the proponent capacity?

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[LB275]

JOE VETRO: (Exhibit 23) Chairman Heidemann, members of the Appropriations Committee, I thank you for this opportunity to testify on behalf of the University of Nebraska Medical Center. My name is Dr. Joe Vetro, J-o-e V-e-t-r-o, and I'm an assistant professor at UNMC in the department of pharmaceutical sciences, College of Pharmacy. I'm a native Nebraskan who went away for graduate school and I've come back to conduct research in Nebraska. I'm very proud of that. And this is why I've come here to testify to strongly support the passage of LB275. My work, which can be broadly described as drug delivery research, involves developing better cancer treatments by improving the delivery of drugs to tumor blood vessels. Blocking the ability of a tumor to recruit blood vessels from the body has much potential in the treatment of many different cancers, including breast, colon, prostate, skin, and lung cancer. The nature of my work, however, requires the application of skills and resources from many different fields such as chemistry, biochemistry, molecular biology, cell biology, and animal biology. As such, I looked for institutions known for drug delivery research where collaboration is actively and financially supported, especially with and among young scientists like myself. I looked at many places including Harvard, M.I.T., the University of Utah, and the University of California at San Francisco, but was proud to discover that right here in my home state at UNMC that this is where the criteria where the strongest met. So my decision to come to UNMC was based on many factors that were established in large part through the effective use of tobacco settlement funds. First, a number of internationally recognized drug delivery scientists were recruited by the department of pharmaceutical sciences. This created a critical mass of expertise in drug delivery research that exists in only a few other places in the world and that's something to be very proud of. The recruitment and retention of these scientists was made possible primarily through tobacco settlement funds. Second, from my perspective, a truly multi-interdisciplinary institute-wide program to develop nanomaterials for drug delivery is being established within the Center for Drug Delivery and Nanomedicine at UNMC by an internationally recognized leader in the field, Dr. Sasha Kabanov. Dr. Kabanov is also working to establish a training program in drug delivery research for young scientists such as myself, and was recently retained by UNMC using tobacco settlement funds. Third, an institute-wide collaborative environment in drug delivery research is actively supported by other well established scientists that have benefited from tobacco settlement funds. Their involvement promotes collaboration and facilitates bringing together the right combination of scientist for a particular drug delivery project. My research is a prime example of that where I've been able to pull together three other scientists that have really allowed me to put together a very strong grant application for the National Institute of Health. Fourth, the core facilities at UNMC that were established with tobacco settlement funds allow the timely use of powerful but expensive instruments that would be otherwise unavailable or take too long to properly implement. This gives a substantial competitive edge over similar grant proposals from other institutions that do not employ these cutting edge techniques. My research also would

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not be possible without this support. Fifth, in the past year alone, UNMC has used \$3.3 million to recruit and retain scientists of great merit. All told, the extramural funding for these researchers exceeded \$32.7 million, showing a remarkably sound investment in tobacco settlement funds. Of this \$3.3 million, UNMC also invested \$810,000 for the retention and recruitment of women or members of underrepresented minorities. Additionally, during that time frame, UNMC allocated an additional \$760,000 in tobacco settlement funding for research projects that were directed at health care disparities among minority populations. So in closing, I want to thank you for helping to establish UNMC as a true world leader in drug delivery research. This has provided me the unique opportunity to come back to my home state of Nebraska and work at a world class institution in the field that I absolutely love. I have witnessed firsthand the substantial impact of tobacco settlement funds on UNMC research and have greatly benefited from this invaluable resource. I thank you for your continued support and I urge you to pass LB275. Thank you and I'm open for any questions. [LB275]

SENATOR HEIDEMANN: Thank you for your testimony. Are there any questions? Seeing none, thank you. Is there any other testimony in the proponent capacity? Welcome. [LB275]

PATRICK BROOKHOUSER: (Exhibit 24) Senator Heidemann, members of the committee, I am Patrick Brookhouser, P-a-t-r-i-c-k B-r-o-o-k-h-o-u-s-e-r. I'm a physician and serve as director of the Boys Town National Research Hospital in Omaha. I wanted to just take an opportunity to talk to you about the important impact that these tobacco settlement funds have had on our research program. As a research hospital, the Boys Town National Research Hospital is tightly focused on communication disorders in children which involves hearing, vision, speech, and language. Oddly enough, the same disorders that affect kids in terms of communication, also begin to affect our aging population as they lose their hearing, begin to have vision problems, have strokes and difficulty speaking, so that a lot of what we do with kids, in fact, does impact the entire population. I wanted to just touch on a couple of areas that we've done a lot of work in. First of all, we were highly involved in development of technology that allows screening of newborns for hearing loss, and this occurs at about 95 percent of all newborns across the United States at the present time. Beyond that, we're one of the largest centers in the country doing hearing aid research and figuring out ways in which little babies that have never heard before are able to use hearing aids to develop speech and language. It's a real challenge as compared to perhaps an adult that has heard in the past. And for those kids who can't profit from hearing aids, cochlear implant research is being undertaken at our institution. All of this has been partially supported by the tobacco settlement money. But one of the really exciting areas is genetics. About half of all childhood hearing loss that's permanent in nature, right now, is genetic in origin. And so we begin to study all the genes that cause these disorders. But one of the most devastating disorders is called Usher Syndrome. It's characterized by a congenital hearing loss of varying degrees followed by the gradual onset of retinitis pigmentosa so

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that the child or the individual is blind and deaf by early in the twenties. And this disorder is beginning to be elucidated by our institution, which has the largest series of Usher Syndrome patients in the world, and actually was the host recently to an international conference on Usher Syndrome. The beauty of these disorders as you study them is that as you learn more about how the eye and the ear work that has application to huge areas of research. We were able to recruit, using biomedical research development money, a talented researcher from Harvard who's looking at angiogenesis, that is the development of blood vessels. This applies to disorders in the retina of the eye involving both diabetes and macular degeneration. We also were able to recruit from Duke a retinal specialist that's looking at the ways in which the retina deteriorates with various types of disorders. Most recently we've recruited a young man named Richard Tempero who's an M.D. Ph.D., and this is very exciting because I think this is an important use of these funds. We're always worried about the drain of brain power out in Nebraska as the kids get trained and go elsewhere. This young man has an M.D. Ph.D. that he acquired at the university medical center here, went off and spent five years at the University of Washington in his residency in otolaryngology, which is ear, nose, and throat, and he has now come back to us utilizing this money to attract him to begin his research career back in his home state, and I think that's a very important function of these funds is to get our brain power back once we send them away for additional training so that, in fact, they do help the citizens of Nebraska along with the remainder of the country. We always talk about the leveraging of this money and usually it's leveraged about nine to one in terms of the grant dollars that come in to match it, but I wanted to give you an example of additional leveraging, and that is that as you become known as a research center across the United States, you'll begin to attract patients from all over the place. And this is almost like convening a convention periodically. I just ran our computer the other day to see where our patients have come from. We thus far have seen almost a quarter of a million patients and they've come from 4,100 cities across the United States. These people know about what's going on in the area of research and hearing and vision and things that we're involved in and they bring their kids here. So this impacts the economy of the state as well as they come in here and spend their dollars to stay here and support the various aspects of the businesses of the state. I think this is very important funding. I would urge your passage of this bill. Thank you. I'll answer questions. [LB275]

SENATOR HEIDEMANN: Thank you for your testimony. Is there questions? Seeing none. [LB275]

PATRICK BROOKHOUSER: Thank you very much. [LB275]

SENATOR HEIDEMANN: Thank you. Any other testimony in the proponent capacity? [LB275]

FRED SALZINGER: (Exhibit 25) Thank you, Senator Heidemann and members of the

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committee. My name is Fred Salzinger, S-a-l-z-i-n-g-e-r. I'm associate vice president for health sciences at Creighton. I want to echo what my colleagues have said and I want to just make a couple comments. One, when we approached you in 2001 for these funds we made commitments of what we would do with the money. And not only Creighton, but all four of us together have honored those commitments. We've increased amount of researchers in Nebraska. We brought in significant amounts of new money. And we've used this money wisely to advance the health of Nebraskans. At Creighton, we've used this a lot to recruit people to the state that otherwise we would have been unable to attract. We have two recruits that are coming in July. One is a Dr. Chen from the Mayo Clinic who does research in digestive disorders. Another is Karl Goodkin from the University of Miami who does research in AIDS in men over 50 and in African Americans. We've also honored the commitment we made to Senator Chambers in minority health and doing significant amount of effort in the north Omaha community in heart disease in African Americans and osteoporosis, and in public health sorts of issues towards weight loss, tobacco use. And we think that this has moved us ahead. Oh I forgot. I have an article that was in the Omaha World-Herald a couple weeks ago about one of our researchers, Joan Lappe, who is funded with these funds, who has significant work with Vitamin D. And Vitamin D, I don't know if many of you are aware of this, but probably 20 years ago, Bob Heaney, one of our researchers, drew the link between calcium and osteoporosis. And that's now as simple as an individual taking a Tums a day. And if you talk about low cost prevention, that's low cost prevention. Well, with these funds we've started looking at Vitamin D. And what Vitamin D, which costs \$7.50 for a couple hundred pills, so it's one a day and that can help prevent...and you can see from this stress fractures in women in the military. They're looking at stress fractures in men in the military. And as a by-product of this they found that the study group had a significantly lower risk of contracting cancer. And so we're expanding on that and we file some large NIH grants to study that further. I just also want to note that this program has received national notice. Nebraska is very unique in not only committing funds for ongoing biomedical research in the state, but also for using 100 percent of the tobacco settlement dollars for health related issues. To my knowledge it's the only state that has done that and kept that commitment to improve the health of its citizens. With that, I'd like to say thank you and be glad to answer any questions. [LB275]

SENATOR HEIDEMANN: Senator Kruse. [LB275]

SENATOR KRUSE: Mr. Chairman, I waived closing, but I'd be remiss if I didn't say thank you to those four institutions for all four of them showing here. And I'd just say to the committee members this is a remarkable moment. We have heard success stories that are not just Nebraska, not just national, but international. It is remarkable what you all have done and I thank you. [LB275]

SENATOR HEIDEMANN: Senator Engel. [LB275]

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SENATOR ENGEL: I was here in 2001 when this occurred and you did make a commitment and you have fulfilled it. And I want to thank you. [LB275]

FRED SALZINGER: You're welcome. [LB275]

SENATOR HEIDEMANN: Seeing no other questions, thank you for your testimony. Is there any other testimony in a proponent capacity? Seeing none, is there any testimony in the opponent capacity? Seeing none, is there any testimony in the neutral capacity? Seeing none and being that Senator Kruse waived closing, we will close the public hearing on LB275. And now we will open up the public hearing on Agency 51, the University of Nebraska. [LB275]

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Disposition of Bills:

LB105 - Held in committee.

LB109 - Held in committee.

LB275 - Held in committee.

LB438 - Held in committee.

LB483 - Held in committee.

Chairperson

Committee Clerk