

Transcript Prepared By the Clerk of the Legislature  
Transcriber's Office

Government, Military and Veterans Affairs Committee  
February 28, 2007

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[CASTILLO LB252 LB352 LB477 LB572 LR14]

The Committee on Government, Military and Veterans Affairs met at 1:30 p.m. on Wednesday, February 28, 2007, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on a gubernatorial appointment and LB352, LB477, LB572, LB252, and LR14. Senators present: Ray Aguilar, Chairperson; Mick Mines, Vice Chairperson; Greg Adams; Bill Avery; Mike Friend; Russ Karpisek; Rich Pahls; and Kent Rogert. Senators absent: None.

SENATOR AGUILAR: I'd like to welcome you to the Government, Military and Veterans Affairs Committee. My name is Ray Aguilar; I represent District 35 in Grand Island. On my far right is Senator Kent Rogert, representing Tekamah; next to him is Senator Mick Mines of Blair; and then there is Christy Abraham, our legal counsel; Sherry Shaffer, on my left, the committee clerk; Senator Greg Adams of Lincoln...no, I'm sorry, he's from not Lincoln; Greg Adams is from York, thank you; and Senator Bill Avery of Lincoln. I knew somebody was from there. This afternoon's agenda will be a Governor's appointment, followed by LB352, LB477, LB572, LB252, and LR14. The bills will be taken up in that order. Sign-in sheets at both entrances. Sign in only if you are going to testify, and put the sheet in the box on the table in front of me. If you're not going to testify but would like to be on the record either as a proponent or an opponent on a bill, there is another sheet you can fill out and place up there as well. Print your name and indicate who you are representing. Before testifying, please spell your name for the record. Introducers will make initial statements, followed by proponents, opponents, and neutral testimony. Closing remarks are reserved for the introducing senator only. Listen carefully to the testimony in front of you and try not to be repetitive. If you have a prepared statement or exhibit, give it to the pages and they will distribute it. We will need 12 copies. Turn off your cell phones and pagers, please. Our pages for today are Adam Morfeld of Sioux Falls, South Dakota; and Bri McLarty of San Antonio, Texas. We're now being joined by Senator Russ Karpisek of Wilber. Welcome, Senator.

SENATOR KARPISEK: Thank you.

SENATOR AGUILAR: Carlos, would you join us. First up, we have Carlos Castillo, director of the Department of Administrative Services. Carlos, would you start off by telling us a little bit about yourself and your position. [CASTILLO]

CARLOS CASTILLO: (Exhibit 1) Sure. Good afternoon, Senator Aguilar and members of the committee. My name is Carlos Castillo, C-a-s-t-i-l-l-o. I appreciate very much the opportunity to be here with you this afternoon to discuss my appointment. Although I know many of you, let me provide a little bit of information about my background. Prior to joining DAS, I spent eight years in public service, in management positions. Among my most recent responsibility was serving...among my recent responsibilities was serving as Douglas County Election Commissioner, the chief election officer for the

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states' most populace county. During my time as election commissioner, we implemented the Help America Vote Act, which established standards for administering elections and helped counties replace outdated voting systems. We also oversaw the shift from traditional printing of ballots to digital printing, resulting in savings of approximately \$100,000 in 2004. Under my watch, we reorganized the Elections Office, implemented a program to train employees for multiple duties within the office, and led efforts to create a more user-friendly voter accessible Election Commission web site. I know many of you from my time as the Governor's campaign manager. But my experience in public service goes far beyond the politics of a given day. I worked first in the office of a Nebraska Congressman. And as the director of the Governor's campaign, I managed a multimillion dollar budget, served as the campaigns primary spokesman, and helped build a statewide network of more than 1,500 volunteers that relied heavily on technology. While there are many differences between my prior leadership roles and the position as director of the Nebraska Department of Administrative Services, these diverse experiences have helped prepare me for the ever-changing nature and challenges I expect to face at DAS. I would first like to speak about the role of the department. DAS is responsible, as many of you know, for very important internal operations of state government. Among its more visible roles are accounting, budgeting, purchasing, and management of state resources, including the possessions and the good people who work for state government. The agency also deals daily with the public, including the handling of claims made against the state. This agency performs a diverse set of functions. In just two months with the department I've had the opportunity to observe the agency in action and would like to share several thoughts with you. First and foremost, the department enjoys a competent, dedicated staff with many years of valuable experience. They also perform a critical set of tasks in maintaining the day-to-day operations of government. Personnel buildings and transportation are just a few of our vital responsibilities. In this profession, one can only vouch for what he or she knows, and one thing I know is I look forward to the opportunity to earn the trust of Nebraskans. I was extraordinarily humbled when Governor Heineman appointed me to this post. I deeply appreciated the Governor's positive comments about my experiences and what the Governor sees as my strengths in pursuing this post. I'm pleased about the opportunity to speak with you today because it means that we can share our passion for moving Nebraska forward with prudent management and strategic thought. While it will take some time to fully explore the possibilities for management efficiencies and improvements at DAS, innovations are strong suits of the organizations in which I've always participated. And I believe that by working together we can find appropriate and responsive ways to meet the expectations of the Legislature, the Governor, and the citizens of the state of Nebraska. The mission of DAS is to maximize efficiencies through the interconnectedness of government agencies and actions. Part of my mission is to help find additional avenues for efficiency and additional opportunities for legitimate and cost-effective savings. One of the best ways to do that is to emphasize and implement the use of advanced technology, another is to analyze the way we perform our duties with an eye toward improvement. Thank you for allowing me the

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opportunity to be here today. And I'd be happy to answer any questions you might have.  
[CASTILLO]

SENATOR AGUILAR: Thank you, Carlos. You talked a little bit about the challenges ahead of you. What do you see as your biggest challenge? [CASTILLO]

CARLOS CASTILLO: I would say that, first and foremost, I want, this is obviously a very big department, 567 employees, there's a lot to learn. I spent the first eight weeks really getting to know people, really getting to know our operations. But I think the first goal of mine is to learn about those business units, to figure out ways that we can make those units more efficient, make sure that we're using innovation and technologies to do that. Those would be some of the big challenges, I think, that we face and some of my goals for my tenure. [CASTILLO]

SENATOR AGUILAR: Thank you. Further questions for Carlos? Senator Avery.  
[CASTILLO]

SENATOR AVERY: Mr. Castillo, right? [CASTILLO]

CARLOS CASTILLO: Yes. [CASTILLO]

SENATOR AVERY: Double A...double L is a Y. [CASTILLO]

CARLOS CASTILLO: You got it. [CASTILLO]

SENATOR AVERY: Okay. I've looked over your resume and I listened to your opening comments. You don't say anything about being the executive director of the Nebraska Republican Party. Is that an oversight? [CASTILLO]

CARLOS CASTILLO: No, I mean I didn't put it on my resume because I was there for about six weeks. During the campaign there was a transition. The Governor asked me to step in to kind of make things work on a day-to-day basis. And there was a transition. I was in the office maybe four times during that six or eight weeks. [CASTILLO]

SENATOR AVERY: But you did... [CASTILLO]

CARLOS CASTILLO: He made it very clear, my full-time responsibility was to run his campaign. [CASTILLO]

SENATOR AVERY: You do have a lot of campaign experience. And you were, for a time, PAC director for something called Nebraska PAC? [CASTILLO]

CARLOS CASTILLO: Um-hum. [CASTILLO]

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SENATOR AVERY: What is that? [CASTILLO]

CARLOS CASTILLO: That is the Political Action Committee for the Nebraska Chamber of Commerce. [CASTILLO]

SENATOR AVERY: Would you...oh, I see, too, that you were deputy director...campaign manager for Scott Moore's campaign for senate; campaign manager for Lee Terry; executive director of the Douglas County Republican Party. Would you characterize these as partisan positions? [CASTILLO]

CARLOS CASTILLO: I'd say most of them, yes. [CASTILLO]

SENATOR AVERY: I think it's curious that you don't mention your role with the Nebraska Republican Party. [CASTILLO]

CARLOS CASTILLO: Um-hum. [CASTILLO]

SENATOR AVERY: Because it seems to me that I remember around that time there was an awful lot of campaign activity of a rather disturbing nature, negative, misleading, sometimes outright false. A lot of money was spent against candidates that you and others in your party opposed, including me. [CASTILLO]

CARLOS CASTILLO: Well, I mean, I don't know about me. I mean, let me explain to you what my role was at the party. My role was to make sure that in the eight weeks that I was there, six to eight weeks that I was there to make sure that people showed up to work and I signed their payroll checks. My time was spent out of our Omaha office, the Governor's Office. The Governor made it very clear to everyone involved they needed to find an executive director, and they needed to find it fast. And if you remember, not long after that, there was another transition person, from Senator Hagel's Office, who came back from Washington to oversee them. My role was, quite frankly, caretaker. [CASTILLO]

SENATOR AVERY: You had no role to play in the campaign strategies that targeted some five or six people for legislative office? [CASTILLO]

CARLOS CASTILLO: My sole role was to run the Governor's campaign. Those functions are Republican Party functions and not mine, and the Governor made it very, very clear to me. [CASTILLO]

SENATOR AVERY: But you had an office next door, right? [CASTILLO]

CARLOS CASTILLO: Not my office, my office was in Omaha. [CASTILLO]

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SENATOR AVERY: The reason I'm asking these questions is that I see the role of director of DAS, and I think you implied the same, as an administrative function,... [CASTILLO]

CARLOS CASTILLO: Sure. [CASTILLO]

SENATOR AVERY: ...not a political one. [CASTILLO]

CARLOS CASTILLO: That's correct. [CASTILLO]

SENATOR AVERY: How can you assure me and maybe some others on this panel and in the larger body that you will not take a partisan perspective in your role as director of DAS? [CASTILLO]

CARLOS CASTILLO: Well, and I guess I'd ask for you to talk to maybe some of the people, if you're unsure, that have worked for me. I mean, when I was election commissioner my chief deputy was a democrat, who I...you know, very involved in the labor movement, did not know before I went to the election commission. Turned out to be a great friend of mine. We had a great working relationship. I think if you called him up on the phone and said, when Carlos was election commissioner, did he come in with a Republican point of view, or did he come in with a he wants to be the best election commissioner point of view? And I'm 100 percent confident he would tell you the latter. Anyone that knows me well I think would say that same thing. [CASTILLO]

SENATOR AVERY: I am particularly concerned that in your role as director of DAS that you would, in hiring and promotion decisions, look at merit over politics. I think it's extremely important in executive positions like this that people who are there, who have a heavy partisan past, as you do, that they put that partisan past behind them and not take that with them into the office, particularly when it comes to hiring and promotions, where merit ought to prevail and not partisanship. [CASTILLO]

CARLOS CASTILLO: Yeah, I agree with you 100 percent. And if you have any concerns about that, I hope over time those become alleviated. And, you know, the "proof is in the pudding." I mean, you'll see me in action. I hope to get to know you. I hope you get to know me and judge for yourself. I think that you'll find that that's the case. [CASTILLO]

SENATOR AVERY: So the absence of an item on your resume noting that you'd been executive director of the State Republican Party is total oversight, or just...you consider it incidental or... [CASTILLO]

CARLOS CASTILLO: Oh I wouldn't say...yeah, I consider it incidental. I mean, you know, I was there for six weeks. My roles were, like I said, caretaker, at best. Anybody

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who knows the Governor knows that his full focus was that campaign. And I was not interested in having two jobs, two full-time jobs, and the Governor demands full-time. And I was not interested in being put in a position where I would have two full-time jobs. That's why I made that transition awfully fast. [CASTILLO]

SENATOR AVERY: But you do list the PAC director of Nebraska PAC, which was January to June of the same year. It was a short time. [CASTILLO]

CARLOS CASTILLO: It was a cycle, it was a city council cycle for Omaha. So I started before the city council cycle, and ended after the city council cycle. I was hired to work city council races that cycle. And so it's a short period of time because of the compressed election schedule. [CASTILLO]

SENATOR AVERY: Mr. Chair, I have no more questions at this time. [CASTILLO]

SENATOR AGUILAR: Further questions? Senator Rogert. [CASTILLO]

SENATOR ROBERT: Mr. Castillo, thanks for coming down today. [CASTILLO]

CARLOS CASTILLO: Yeah, you bet, thanks for having me. [CASTILLO]

SENATOR ROBERT: You guys are a big, important group, agency. And I think you oversee 60 agencies or something, maybe even more. [CASTILLO]

CARLOS CASTILLO: Five hundred and sixty-seven people. [CASTILLO]

SENATOR ROBERT: Yeah, yeah. And I'm kind of looking, about two-thirds or better of the entire budget of the state goes through your office in one way or another. You talked a little bit in your statements about the mission of the department and how you deal with accounting, and budgeting, and building, and transportation. And you want to find the best ways to become real efficient on some of those. Do you have any further expansion on...thoughts on that? [CASTILLO]

CARLOS CASTILLO: No, not yet. I mean, I spent the last eight weeks, as you can imagine 600 people, trying to get to know as many folks as possible. They're diverse groups of people spread out all over the state. And so my first eight weeks has been all about learning and asking a lot, I think if you asked any of them, asking lots of questions. [CASTILLO]

SENATOR ROBERT: Sure, I understand that, absolutely. Looking at just your budget as an office for the year, you're looking at about a 10 percent increase in funds for '06-07, which is one the higher increases on the total agency list. Any thoughts on that? [CASTILLO]

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CARLOS CASTILLO: The Appropriations hearing I think that you'll hear us come in and outline those in detail and why we need to do some of those things. [CASTILLO]

SENATOR ROBERT: Okay. Do you have any more? I'm not on that committee, so I just wonder if you had... [CASTILLO]

CARLOS CASTILLO: You know, we're still in the process of putting all of that together. But I'd be a little bit hesitant to talk about it today. [CASTILLO]

SENATOR ROBERT: Okay. All right. Thank you. [CASTILLO]

SENATOR AGUILAR: Further questions? Senator Pahls. [CASTILLO]

SENATOR PAHLS: Yes, I'd just like to give just a little bit of credit to Carlos. Before I started running for office, this is several years ago, when he was the election commissioner, I went in there and asked questions, I was treated...he did not know what party I belonged to. I was given as much information as I needed, and I felt very comfortable there. And in this past year, I knew that the...he...you would do a role there. And I'd ask people, why is Carlos doing this? They'd say, he doesn't want to do this. And I was down at the Governor's campaign headquarters a number of times, and I saw him there. Just one of the questions that you were asking, just to let you know, I saw this man who was really working for the Governor at that time on his campaign, and I was down there on a regular basis. So just to alleviate some of the tone of some of the questioning here that my relationship has been very positive. Thank you. [CASTILLO]

CARLOS CASTILLO: Thank you. [CASTILLO]

SENATOR AGUILAR: Senator Friend. [CASTILLO]

SENATOR FRIEND: Thank you, Chairman Aguilar. Carlos, I think we've covered the determination that most of your resume includes tenure and opportunities, you know, that you worked through that were, you know, somewhat partisan in nature, politically partisan in nature. But would you say that the majority of...and I'm doing this for the record. [CASTILLO]

CARLOS CASTILLO: Sure. [CASTILLO]

SENATOR FRIEND: Would you say the majority of the stuff that you worked on required a modicum at least of some pretty intense organizational skills? [CASTILLO]

CARLOS CASTILLO: Absolutely. Most recently, yes. (Laugh) [CASTILLO]

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SENATOR FRIEND: Yeah. [CASTILLO]

CARLOS CASTILLO: The Governor's campaign at the beginning required a lot of organizational skills, as you can imagine. [CASTILLO]

SENATOR FRIEND: Do you think you could have gotten through, and I know what the answer is going to be, but like I said, I want it on the record. Do you think you could have gotten through a lot of that, and I'm not asking you to pat yourself on the back, without some competency and some professionalism associated with that? [CASTILLO]

CARLOS CASTILLO: No, there's no faking your way through that. [CASTILLO]

SENATOR FRIEND: Do you think you check, in any of those jobs that you had, do you think you check your ethics at the door sometimes? Have you ever felt like you've had to do that? [CASTILLO]

CARLOS CASTILLO: No, not me. And part of that goes to the folks that... [CASTILLO]

SENATOR FRIEND: Carlos, if you were working for one of those people and more or less they said, look, I don't care what has to happen here, I'm going to get elected, you do what you need to do, and wink, wink, nod, nod, ethics aside, you work for me and it's hardball time. What would you do in those situations? [CASTILLO]

CARLOS CASTILLO: Yeah, you know, I've never been put in that situation because I always pick folks who I think fit a certain standard. And I think if you go down the list, I mean, that's kind of evident, and the Governor being the most recent. So I mean that would be an easy decision for me, because I know who I am as a person, but I've never been put in that position, but I know what the answer would be. [CASTILLO]

SENATOR FRIEND: I've known you for probably five years and we share the same political party. I think that's out of sheer chance. You didn't know me from Adam, probably, before I ran for this office. But I can tell you, to me it doesn't matter what party you are. I think what you've accomplished is barely short of phenomenal. [CASTILLO]

CARLOS CASTILLO: Thank you. [CASTILLO]

SENATOR FRIEND: And those are my feelings. [CASTILLO]

CARLOS CASTILLO: I appreciate that very much. [CASTILLO]

SENATOR FRIEND: Thank you. [CASTILLO]

SENATOR AGUILAR: Thank you, Senator Friend. Further questions? Senator Avery.

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[CASTILLO]

SENATOR AVERY: I have a follow up. In light of other comments made, I was just counting from the summer of 1994, you were involved with the Omaha Zoological Society. [CASTILLO]

CARLOS CASTILLO: Um-hum. yep. [CASTILLO]

SENATOR AVERY: And that's the first of 11 major assignments since 1994. [CASTILLO]

CARLOS CASTILLO: Um-hum. [CASTILLO]

SENATOR AVERY: The other 10 are all political. [CASTILLO]

CARLOS CASTILLO: Um-hum. [CASTILLO]

SENATOR AVERY: Now, I'm not arguing your political party. [CASTILLO]

CARLOS CASTILLO: Sure. [CASTILLO]

SENATOR AVERY: What I'm suggesting here is that you are about to enter a position, you're already in the position as an interim, where you have to put party politics aside, all politics aside, essentially, and administer a department that is very large, with a very large budget, and do so fairly to all of the employees in your department, without regard for their party, without regard for their politics. And with a resume that is so heavily loaded in a partisan direction, I'd make the same argument if you were of the other party, but in one that is so heavily loaded in a partisan direction, I have questions about... [CASTILLO]

CARLOS CASTILLO: Sure. [CASTILLO]

SENATOR AVERY: ...whether or not you would in fact be nonpartisan in this position as director of DAS? [CASTILLO]

CARLOS CASTILLO: I would just point to, you know, my time as election commissioner. There is probably no other job where you have to check partisanship at the door. I mean that's probably one of the most important jobs, you're counting people's votes. There's a lot at stake, and it was never an issue for me. I appreciate the question. [CASTILLO]

SENATOR AVERY: Would you say that you never engaged in negative campaigning in all these campaigns you were involved in? [CASTILLO]

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CARLOS CASTILLO: I guess that would depend on how you would define that. Not that I...I mean, I can't think of... [CASTILLO]

SENATOR AVERY: Negative campaigning is where you take a little piece of information that might be true and you distort it. [CASTILLO]

CARLOS CASTILLO: No. I've never done that. [CASTILLO]

SENATOR AVERY: Never done that? [CASTILLO]

CARLOS CASTILLO: Never done that. I would not do that, and no one would ever come to me and ask me to do that because they know better. It's a very... [CASTILLO]

SENATOR AVERY: Even if it works? [CASTILLO]

CARLOS CASTILLO: It's a very bright line for me. I mean, it's...and I think it's evidenced, if you look at some of the people that I've worked for. I mean, I can't think of one...Governor's campaign didn't run one negative ad; Lee Terry's campaign, I've run two of those, haven't run...we never ran one negative ad that I can recall; Scott Moore's campaign for senate, we didn't have enough money to run ads, so it was never a problem there. (Laughter) I mean, I just can't think of any times when that has happened for me. [CASTILLO]

SENATOR AVERY: And you are assuring me now that you had no role to play, in the last election, where there were negative ads? And I don't mean TV ads so much as negative mailings. I mean there were vicious, untrue, half truths, misleading. [CASTILLO]

CARLOS CASTILLO: That's the role of the party, and frankly, that's why I did not want to be in that position. That's not who I am. And, Senator, if I wanted to be executive director of the Republican Party, I could be the executive director of the Republican Party. The Governor is in charge of the party, if I wanted that job, that job would have been mine. It's not a job that I want for that very reason. I don't want to... [CASTILLO]

SENATOR AVERY: So you picked this job? [CASTILLO]

CARLOS CASTILLO: No, no, no, no. I'm talking about...I mean the Governor... [CASTILLO]

SENATOR AVERY: You picked this job as DAS director? [CASTILLO]

CARLOS CASTILLO: No, the Governor asked me. But what I'm saying is that if I wanted to be the executive director, I could have done that. I had no interest in doing

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that because I didn't ever want to be in those positions because that's...I know that those kinds of positions require difficult decisions, and that's just not where I wanted to be. [CASTILLO]

SENATOR AVERY: But you do have a period of time when you were executive director of the Douglas County party. [CASTILLO]

CARLOS CASTILLO: Sure, which is, you know, in the scheme of things, you know, county parties, there's never a lot of money involved. I mean it's more about volunteers and dinners and shaking hands. I'm not sure we ever paid for any ads when I was at the county party. [CASTILLO]

SENATOR AVERY: Really? [CASTILLO]

CARLOS CASTILLO: Yeah, unfortunately. I mean that's just... [CASTILLO]

SENATOR AGUILAR: Senator Pahls. [CASTILLO]

SENATOR PAHLS: Yes. Earlier this year, I had a bill, and I know we're familiar, remember I tried to get it out of this committee, dealing with rewarding people who work for the state if they find some...if they can find some better ways of spending the money. I got a call from his office, Rich, you're sort of overstepping your line here; we happen to be of the same party, you're overstepping because that's not what DAS...they do not want to be involved with critiquing the University of Nebraska. So, you know, he was very honest with me. He said, hey, take a look at your bill and amend it, which we did. And then I get an e-mail back saying that they had corrected some of the supposedly I would call errors or misleading information, not intentionally, but the way it was on the web site. So I've seen somebody question me, you know, say, hey, why don't you take a look at this. So I don't see this issue that we're talking about. You know, and I did get the bill out. Thank you. [CASTILLO]

SENATOR AGUILAR: Thank you, Senator Pahls. Carlos, sometimes it's costly to be successful. (Laugh) And you need to consider that as a compliment. [CASTILLO]

CARLOS CASTILLO: Well, I appreciate that very much. [CASTILLO]

SENATOR AGUILAR: And thank you for your service. Any further questions? Seeing none, thank you. [CASTILLO]

CARLOS CASTILLO: Thank you. [CASTILLO]

SENATOR AGUILAR: Is there anyone else that would like to testify on Carlos's behalf? [CASTILLO]

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CARLOS CASTILLO: That's not what they're all here for? They're not all...(laughter).  
[CASTILLO]

SENATOR AGUILAR: Or against him? Thank you. That will close the hearing on that. We're now ready to open on LB352. Senator Langemeier, please. Could I see a show of hands, how many people are going to testify on LB352? I see one, two, three, four, five. Five. And before Senator Langemeier starts, I'd announce we've been joined by Senator Pahls from Omaha and Senator Friend from Omaha. Go ahead, Senator Langemeier. [CASTILLO LB352]

SENATOR LANGEMEIER: (Exhibit 1) Thank you, Chairman Aguilar. Members of the Banking, Commerce and Insurance Committee, I...oh, I take that back, this is Government. (Laughter) I sit right there, in Banking, so I'm used to being in there. This is my first time before your great committee today, Government, Military and Veterans Affairs. My name is Chris Langemeier, it's C-h-r-i-s, Langemeier is L-a-n-g-e-m-e-i-e-r. I do represent the 23rd Legislative District, Schuyler, Nebraska. I'm going to be brief on my opening. You saw there's a number of testifiers behind us. Over the years, shooting ranges have been established in many locations across Nebraska. They provide a significant benefit to many of sportsmen in our state, as well as valuable training to our law enforcement agencies and departments. The situation today is that as our state becomes more and more urbanized, many shooting facilities are being closed in by surrounding developments. This results in shooting ranges becoming subject to a growing number of complaints of nuisance of one kind or another, even though the shooting range may have been in place for many, many years and operated safely and reasonably. So LB352, and I have an amendment I'm going to pass out with that, allows shooting ranges, not protection in total, but consideration to the time they've been there as urban growth comes out and expands around them. And as part of being a good neighbor, which they want to do, the bill also adds in some guidelines that Game and Parks can determine what a true gun range is. It's not just I set up a target behind my house because I have a hill and I get to shoot into it, it provides some guidelines, it provides some shooting hours and some noise levels that are acceptable in the bill to allow for the proper and safe and long-term use of a gun range. And so with that, I'm going to conclude. If there are questions, I have a number of testifiers behind us, I'll come back at the end, if there are some things I need to go into more detail about.  
[LB352]

SENATOR MINES: Thank you, Senator. Are there questions by the committee?  
Senator Adams. [LB352]

SENATOR ADAMS: For now, just one, quick one, when you say these shooting ranges are being surrounded, is it predominantly residential, commercial? What are they being surrounded...what type of development? [LB352]

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SENATOR LANGEMEIER: Typically, residential growth. [LB352]

SENATOR ADAMS: Okay. [LB352]

SENATOR MINES: Other questions by the committee? Senator Karpisek. [LB352]

SENATOR KARPISEK: Thank you. Senator Langemeier, are we talking about shooting blue rocks? Is that included in this? [LB352]

SENATOR LANGEMEIER: Well, for an example, in a range setting. For example, the Izaak Walton League, here in Lincoln, has six trap huts where they do shoot blue rocks out of that, as well as a long rifle range, and a pistol range, all within that facility, and a very well organized facility. This wouldn't include if you wanted to shoot out across the cornstalks, even if you did it every Saturday for six months. [LB352]

SENATOR KARPISEK: Back in my area, we don't have so many shooting ranges, but we do have gun clubs where they shoot blue rock. Would that be... [LB352]

SENATOR LANGEMEIER: An open time range with permanent huts? [LB352]

SENATOR KARPISEK: Yes. [LB352]

SENATOR LANGEMEIER: They would ask Game and Parks to come out and verify that it is...fits within the guidelines of a safe and organized facility. [LB352]

SENATOR KARPISEK: Okay. Thank you. I just wanted to make sure that that would be... [LB352]

SENATOR LANGEMEIER: Then they would be completed. [LB352]

SENATOR KARPISEK: Okay. [LB352]

SENATOR LANGEMEIER: Now, if you just did it behind your house,... [LB352]

SENATOR KARPISEK: Right. [LB352]

SENATOR LANGEMEIER: ...that wouldn't...no. [LB352]

SENATOR KARPISEK: No, but an organized shooting facility. [LB352]

SENATOR LANGEMEIER: Correct, correct. [LB352]

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SENATOR KARPISEK: Thank you. [LB352]

SENATOR MINES: Other questions? I have one, Senator. Why is this not a local issue, as opposed to a state...creating this in state statute? Why aren't local municipalities allowed to decide? [LB352]

SENATOR LANGEMEIER: I think this gives some uniformity, statewide, to gun clubs. It also...I think the key element to making this a state issue is getting Game and Parks involved to determine what is a gun range and what are some of the shooting hours and the requirements out there that allows us to have...if you're a shooter at, per se, Lincoln or in the western end of the state, you're going to know what your rules are about your gun ranges. What...this allows us to give operating guidelines to gun ranges. [LB352]

SENATOR MINES: Okay, thank you. Senator Adams. [LB352]

SENATOR ADAMS: In light of what Senator Mines said, you'd still be required to comply with local zoning regulations? [LB352]

SENATOR LANGEMEIER: Right. The green copy says we have to comply under state and federal guidelines. The amendment requires local, that was left out, so that's in the amendment. [LB352]

SENATOR ADAMS: Okay, thank you. [LB352]

SENATOR MINES: Great. Thank you. Further questions? I don't see any. Will you be here for closing? [LB352]

SENATOR LANGEMEIER: I'm going to try; we'll see how long. [LB352]

SENATOR MINES: Thank you. Those in support of the bill, please come forward. Nice to see you this afternoon. [LB352]

RON JENSEN: Nice to see you, Senator. My name is Ron Jensen. I'm a registered lobbyist, appearing before you this afternoon on behalf of the National Rifle Association and in favor of LB352. The principle that the bill embodies is a kind of time honored one of first come, first served. A couple of years ago I was on my mountain bike, I was going to go for a ride in Wilderness Park. And when I got to Old Cheney Road and Burlington Northern right-of-way, which is a two-track right-of-way there, carries 40 to 50 trains a day, there was a train coming and I could have beat it. But I've always kind of liked trains, so I stopped and watched it go by. And after it had gone by the gentleman who lived in the house next to Old Cheney, that backed up to the right-of-way, was working in his side yard. And I would say his back fence was about as far from the rail as I am from the wall here. And he said, do you like trains? And I said, yeah, I've always kind of

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liked trains. He says, you ought to live here. (Laughter) When that happens, and as an erstwhile pilot, you know, when people buy a house at the end of the runway, and then complain about the aircraft noise, or the trains, or whatever, I always think, did you not notice that when you moved in? You know, you didn't see the railroad tracks. I think they did, but I think they fall in love with a piece of property or many times in this case a three acre ranchette outside of town and they kind of put that in the back of their minds until they discover guns make noise, and they even shoot them at night sometimes. And then you've got a problem. This bill would establish standards as to what is and is not a shooting range. So, as Senator Langemeier says, we're not talking about a guy with a target in the backyard. It would establish a perimeter of 750 feet around the range that would bar residential development within that area. It would establish other safeguards to protect the public. But within that frame of reference, it would say the range gets to exist there. Wes Sheets is here, who's the president of our chapter of the Izaak Walton League here, he'll tell you that in the sixties the chapter went way, way out of town and bought land and built a marvelous facility. And that becomes and more and more crowded, that area of the county as time goes by. The folks who contributed and pledged money to that, the folks who contributed their own labor did that thinking they were building a facility that they could enjoy in their lifetime, and that generations coming after them would also be able to enjoy. I don't talk much about what's fair, because it's so much in the eye of the beholder. But it does seem unfair then for the community to come to them and say, you can't do this anymore. And that's what this bill entails. It's been discussed as a principle in this Legislature before with regard to farming operations as our communities grow out. And we want development, we need development, but we need to be careful that we don't do it on the backs of certain undertakings. And that's the principle of the bill. If there are questions, I'd be happy to try to answer them. [LB352]

SENATOR MINES: Thank you, Ron. Questions for Mr. Jensen? Senator Karpisek. [LB352]

SENATOR KARPISEK: Thank you, Senator Mines. Ron, what would be wrong if you would say, you can build there, but you have to sign something to say we understand and we're not going to complain? [LB352]

RON JENSEN: I think that would probably be workable. But I believe that by establishing a zone of protection around, and there are some escape hatches in that, Senator. You solve that problem. You don't...it's like signing a release on a carnival ride, if it falls apart you can still sue. I mean, so it's not an ironclad protection, not that there are any. But I really believe that the concept encompassed in the bill is a lot more...is better. [LB352]

SENATOR KARPISEK: I think it's a great bill, because we've had that problem. And I'm just wondering, though, if somebody says, I don't really care; I have this land there, I like

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to shoot, I don't mind at all, just kind of living on a golf course, you might have golf balls hit your windows. But anyway, if I don't mind, it's my land, and I sign, yeah I'm not going to complain, I don't know. [LB352]

RON JENSEN: Sure. Well, I expect it's worth considering, Senator, as an alternative. I have to tell you my personal opinion is that the provisions in the bill, and I'd ask you to examine them, are more workable and would do a better job than that. That's my opinion. [LB352]

SENATOR KARPISEK: And I probably agree. [LB352]

RON JENSEN: Okay. (Laugh) [LB352]

SENATOR KARPISEK: I'm just asking what you think, or how we can do that? I just don't want somebody to say, gosh, I have that land, I always wanted to build there, and now I can't, even if I don't mind. Then when they're not there or sell their house, then we get into more problems again. But anyway, thank you, Ron. [LB352]

RON JENSEN: Thank you, Senator. [LB352]

SENATOR MINES: Other questions? Senator Avery. [LB352]

SENATOR AVERY: Ron, I'm a little bit interested in this 750 feet. Is that really enough to ensure safety? I mean if you get a heavily residential area around that 750 feet, that's what, two and a half football fields. [LB352]

RON JENSEN: Well, certainly a rifle will shoot further than two and a half football fields. [LB352]

SENATOR AVERY: Yeah. [LB352]

RON JENSEN: But the standards that the Game Commission will develop, and the only rifle range I'm familiar with, Senator, I belong to the Lincoln Gun Club and to the Ike's, the Izaak Walton facility. That's the only rifle range in Lancaster County. And I know the club, we've got berms at the end...on the... [LB352]

SENATOR AVERY: I've actually shot at that range, so I know. [LB352]

RON JENSEN: Okay, you know that. And do everything possible to ensure that every slug stays on that property, because we know that's our part of the deal, okay. So I, you know, without trying to suppose what the Game Commission might do so far as the safety standards are concerned, I don't think that the 750 feet was thought out to be outside of the range of a firearm, but rather noise, nuisance, that kind of thing. [LB352]

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SENATOR AVERY: But the safety features are elsewhere in the law? [LB352]

RON JENSEN: There is...there are provisions in the bill for what amounts to an override of that, if there's some sort of danger, immediate jeopardy, that type. I only read this one once, Senator. But it does exist. [LB352]

SENATOR AVERY: Okay, thank you. [LB352]

SENATOR MINES: Any other questions? I don't see any. Thanks, Ron, nice job. [LB352]

RON JENSEN: Thank you, Mr. Chairman. [LB352]

SENATOR MINES: Next testifier, please. And I forgot to ask Ron; he did it anyway. Please spell your name for the record. And for those of you unfamiliar with the process, you'll see us get up and leave. We are...others are introducing bills. Senator Aguilar had a meeting. So it's no disrespect intended, but we do have other things going on this time of year. Thank you. Welcome. [LB352]

BILL SCHULTZ: (Exhibits 2-6) Good afternoon, Senator Mines. Members of the Government, Military Affairs Committee and other participants, my name is Bill Schultz, spelled B-i-l-l S-c-h-u-l-t-z. I'm from District 12 in Omaha, Nebraska. I represent 800-plus members of the Eastern Nebraska Gun Club and the Nebraska Marksmanship Association. The Nebraska Marksmanship Association is a statewide sportsman association affiliated with the NRA. I am pleased to rise in support of LB352. LB352 provides excellent guideline criteria for all Nebraska shooting ranges via the NRA Range Source Book, of which this is a copy right here. I didn't make copies for everybody out there because, as you can tell, it's quite thick. LB352 is basically a zoning bill. In Nebraska today there are many shooting ranges, both firearms and archery ranges that are being victims of urban encroachment. We need to protect our shooting ranges within the state of Nebraska. Currently, there are only four states in the United States which do not have shooting range protection. They are Washington State, Delaware, Hawaii, and Nebraska. We need to make Nebraska the 47th state implementing shooting range protection. Our 800-plus members of the Eastern Nebraska Gun Club and the Marksmanship Association collectively support LB352. We feel it is good legislation and we urge this committee to move LB352 onto General File and support its passage into law. I do have some handouts. I'm not going to go through each one of these. I'm just giving them out to you guys as information. You can read them at your leisure. The first document on top that you'll be getting is basically a question and answer fact sheet, it's about three pages long. There are all sorts of questions on there that you may have come up with, or may wish to ask, and the answers are already written on the document so that you know what the proper

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explanation is for the question. The second handout is basically about decibels. I don't know how many people know a lot about decibels, or what they are and how they are defined and everything like that. It's just there for information only. You can go through it. If you have any questions on it, you can always ask me. And the last section is basically a handout on safety statistics that are current...they're not necessarily current for 2007, but the report is current for 2007, information, I believe, is 2004-2005. But anyway, if you want to take a look at those documents, and I'm available for any questions that you may have. [LB352]

SENATOR MINES: We will. Thank you very much. Questions from the committee? I don't see any, Bill. Thank you for your...oh, I'm sorry. Senator Avery. [LB352]

BILL SCHULTZ: I did have one other comment, first. I have 40 other e-mails that I received from other people who are not at this hearing, who wanted to voice their opinion. [LB352]

SENATOR MINES: We will receive those and place them on file. Thank you very much. [LB352]

BILL SCHULTZ: Okay. And the letter from the Eastern Nebraska Gun Club Board of Directors. [LB352]

SENATOR MINES: Thank you. Thank you. Senator Avery. [LB352]

SENATOR AVERY: Thank you, Mr. Vice Chair. And thank you for this information. I especially like the frequently asked question format. I wish we'd get more of that. Now, for a less serious question. Would you like to explain this formula here with the logarithms in it for us? (Laugh) [LB352]

BILL SCHULTZ: No. But like I said, I put it on there for your information. I do not understand a lot of those logarithms. [LB352]

SENATOR AVERY: It explains the power amplitude differences in decibels. [LB352]

BILL SCHULTZ: Yes. Will I explain it? [LB352]

SENATOR AVERY: Yeah, you ready? (Laugh) [LB352]

BILL SCHULTZ: Well, you can go for it. (Laughter) [LB352]

SENATOR AVERY: All right, I'm kidding. Okay. [LB352]

SENATOR MINES: Thank you. Any other questions? Thank you. Bill, nice job. [LB352]

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BILL SCHULTZ: Yeah, thank you. [LB352]

SENATOR MINES: Next testifier in support. [LB352]

BILL SCHULTZ: One other comment? [LB352]

SENATOR MINES: Yes, sir. [LB352]

BILL SCHULTZ: This will be in Senator Langemeier's Office, if you wish to review it. [LB352]

SENATOR MINES: Thank you, thank you. Good afternoon. [LB352]

GENE KATHOL: (Exhibit 7) Good afternoon, Senator Mines, members of the Government, Military and Veterans Affairs Committee and other participants. I have...my name is Gene Kathol, that's spelled G-e-n-e K-a-t-h-o-l, and I live in District 4, in Omaha. And I have a one-page dissertation on my comments here for each of you. [LB352]

SENATOR MINES: Okay. The page will distribute those. [LB352]

GENE KATHOL: I'm pleased to rise in support of LB352 and urge your support for the Nebraska Shooting Range Protection Act. I'm a Nebraska native. I'm a veteran, and since September...actually, November of 1974, I've been a hunter safety instructor volunteer for the Game and Parks Commission here in Nebraska. And during that 30 years or so I've helped to train some 2,000 young Nebraskans in safe gun handling and safe hunting and so forth. This type of training has had a dramatic effect on safety related gun and hunting accidents in our state and throughout the nation. In fact, in 2006 we, for the first time in many, many years we've registered zero fatalities from hunting accidents. This is really a testament to the Legislature who, back in 1976, made it mandatory for anybody 12 years of age or older and also to the Game and Parks Commission and the hundreds of volunteer instructors like myself, as well as the thousands of people who went through the program. Part of this training usually includes live firing, at least for myself and other instructors I work with. And we do this at private gun ranges. Other instructors also utilize other shooting ranges throughout the state, even though there's not a whole lot of them. In addition to hunter education classes, I've also taught safe gun handling and shooting practices for the Nebraska Women in the Outdoors Program at my gun club. And each year also my range opens its doors, if you will, to the public for hunter siting, for siting in hunter's rifles. And basically what we do with that is we spot unsafe equipment, we teach safe gun-handling practices and so forth, and we also help these individuals to make clean kills so they are not out there wounding animals. In addition to these activities which benefit the general

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public, this is not an elitist group, but we do open our ranges and so forth and our programs, and we have regular shooting events and a number of different shooting disciplines. You might remember that a former state Senator, Gary Anderson, as a matter of fact, got a lot of experience in shooting at our club, and he was probably one of the most decorated Olympic Gold champions in the world. And was a former Nebraska state Senator. My club has been around for 44 years. It was established in 1962. And it's near Louisville, Nebraska, it's the Eastern Nebraska Gun Club. But unless the Unicameral passes LB352, it and the few other shooting ranges that are in the state could be in danger of being driven out by a business, basically, by developers or others encroaching on the range. And many of you know that establishing a range is not easy. Just ask the city of Omaha in trying to establish a shooting range for the Police Department; it took maybe a decade or more to try to find a place, and they've had lots of lawsuits and so on and so forth. The Game and Parks Commission has worked for decades in fighting this problem trying to find a place to build a gun range. So you know, 40 years ago you went way out in the country and plopped one down, it was pretty easy. But it's getting tougher. So once you're established, if they're encroached upon, it's very difficult...they can't just pick up stakes and move some place. And the unwritten grandfather laws really don't work. So what I'd like to do is impress upon you that shooting ranges really are important tools for public safety throughout our state and urge your support for this legislation. [LB352]

SENATOR MINES: Thank you, Gene. [LB352]

GENE KATHOL: Thank you very much. I'll answer any questions, if you have any. [LB352]

SENATOR MINES: Questions for Mr. Kathol? Gene, I don't see any. Thank you very much, nice job. [LB352]

GENE KATHOL: Thank you. [LB352]

SENATOR MINES: Next testifier in support. Good afternoon. [LB352]

WES SHEETS: (Exhibit 8) Good afternoon, Senator Mines. Members of the committee, Senator Mines, my name is Wes Sheets, that's spelled W-e-s S-h-e-e-t-s. I live here in Lincoln, Nebraska, represented in District 26. Most of what I would have to say has already been said. But I would identify for you that I'm currently representing the Nebraska Division of the Izaak Walton League and the Nebraska Council and Sportsmen's Clubs here in the state. The Izaak Walton League, you may know, is a national organization, created in 1922. Our Lincoln Chapter was formed in 1924, so we've been around for quite a few years. Basically, Izaak Walton Chapter's are made up of hunters and fishermen, people that like to shoot and hunt and those sorts of activities. We have 19 chapters here in Nebraska, scattered from Imperial up through Wayne,

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Nebraska, so it's pretty much unilateral across our state. Most of these chapters engage in shooting, sport shooting activities, and most have some form of a shooting range. The other organization I mentioned, the Nebraska Council of Sportsmen's Clubs, representing over 100 clubs and several thousand members of clubs that are small size, to larger size, all believe that LB352 is very important to the future of some of our fun activities. And if I might, I have a handout to pass around. [LB352]

SENATOR MINES: They'll come and get it. Yeah, thanks, Wes. [LB352]

WES SHEETS: So with that in mind, I think we're all talking about the purpose of being here is that we're concerned with urbanization. Urbanization is good. I live in the city and I appreciate having the opportunity to be here. However, urbanization around an established shooting range is nothing short of causing problems. We'd like to thank Senator Langemeier for bringing this legislation. We believe that it's important in the future of creating good neighborhood relationships with our neighbors. It's our belief that parties that would settle in proximity to existing shooting ranges should acknowledge the fact that there were preexisting conditions that were there. That being said, it's certainly our belief that we have a responsibility to be good neighbors. And we want to have a methodology to do that. The guidelines that are proposed in LB352, we think, would go a long ways to settling disputes before they became important enough to take into a court of law. So we believe these are really valuable assets that should be established in our state law. Section 5 of the bill really is the key and nuts and bolts for our situation with the Lincoln Chapter here in Lincoln, Nebraska. We think that providing a methodology to be good neighbors whereby if issues became of issue, they could be mitigated and solve the answer, solve the problems before they are resorted to some court. We think that we can provide the relief to those landowners that may become parties next to our shooting ranges by working things out, creating mitigation that would take care of many of the nuisance situations. Now, specifically, I'm currently the chairman and president of the board of the Lincoln Izaak Walton League here in Nebraska. We have in fact 600 members, most of which belong because they enjoy shooting sports. We are constantly working our best endeavors to improve the safety of our facility. And to Senator Avery's question earlier, I think that this bill does not relieve any shooter from the responsibility of taking care and careful aim of where he releases a projectile. This merely serves to identify and put the onus on both sides of the fence, a way to eliminate nuisance problems. I think it should be every shooter's responsibility to be responsible for that bullet. Our chapter does do a number of things, though, to improve and work on that safety aspect with bullet containment. We have lots of berms, impact areas, and we meet with our neighbors on an occasional and regular basis to find out if they have concerns. Naturally, the Izaak Walton League is concerned, because our location now is within the three mile zoning district of the city of Lincoln. That places a very definite future that there will be residences show up on our perimeter. We believe this is a good move, and we would urge the committee to support LB352 and move it on to General File. And certainly I'd be open to any questions, if I

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might be able to help. [LB352]

SENATOR MINES: Thank you, Mr. Sheets. Questions? Senator Pahls. [LB352]

SENATOR PAHLS: Yes. Wes, I have a question. How large, I've not been at the club here in Lincoln, how large? [LB352]

WES SHEETS: Our specific property totals 137 acres, or nearly a quarter of a section. It's about a fourth of a section, you know, a quarter of a mile on each side. On that facility we do have a trap range set up with six traps. We also have some handgun and 100 yard rifle range, and a longer rifle range. [LB352]

SENATOR PAHLS: Okay, thank you. [LB352]

SENATOR MINES: Other questions for Mr. Sheets? I don't see any. Thank you, Wes. [LB352]

WES SHEETS: Thanks for allowing me. [LB352]

SENATOR MINES: Any other proponents for the bill? Nice to have you here. [LB352]

JEFF RAWLINSON: Good afternoon, senators. My name is Jeff Rawlinson, J-e-f-f R-a-w-l-i-n-s-o-n, and I'm the assistant division administrator for Information Education with the Nebraska Game and Parks Commission. As we read through this bill and as we saw the many positives that could come out of this legislation, one thing seemed to stand out a little bit above the others, and that is this legislation seems to have the opportunity or the potential to provide for enhanced safety at the gun clubs and shooting ranges across the state of Nebraska, even far greater than where we're at today. If we can all agree that conservation, fish and wildlife management is a very positive in Nebraska, we certainly have to agree that gun clubs and shooting ranges, which do make up the bulk of ranges that hunters in Nebraska participate at, are also a valuable resource in the state of Nebraska, unfortunately, few and far between, but they are a very valuable resource. So legislation that not only enhances the safety at those areas, those shooting ranges and gun clubs, by providing a set of standards or assisting with the development of a set of standards, something that these clubs can adhere to and strive for is very positive. I think if you look across Nebraska and see the positive aspect of shooting ranges that we have here in this state that have developed into some of the greatest events in the nation, look at our high school trap shoot, largest youth trap shoot in the nation, I believe, for high school trap shoot. Many shooters come out of the state of Nebraska. Law enforcement, of course, use these facilities and certainly hunters who help us extend the arm of conservation across the state, they have to have access to facilities like this--safe, good facilities to practice and what not. So to keep it short, this type of legislation has many positive aspects, and we appreciate the consideration.

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Thank you. [LB352]

SENATOR MINES: Thank you, Jeff. Questions? Jeff, I have one. You are here on behalf of the department? [LB352]

JEFF RAWLINSON: Correct, correct. [LB352]

SENATOR MINES: That's the department's position is in support? [LB352]

JEFF RAWLINSON: Correct. [LB352]

SENATOR MINES: Okay, just wanted to make sure. Thank you. I don't think there are any questions. Thank you for your testimony. [LB352]

JEFF RAWLINSON: Thank you. [LB352]

SENATOR MINES: Anyone else wishing to speak in support of LB352? Those in opposition? Anyone in...oh, I'm sorry, we have an opponent. While you're coming up, I'll turn the chair back to Senator Aguilar. [LB352]

SENATOR AGUILAR: Thank you, Senator Mines. [LB352]

KENT HELM: I do have a handout. [LB352]

SENATOR MINES: The page will get it. Just come on up and sit down. [LB352]

SENATOR AGUILAR: Welcome. [LB352]

KENT HELM: (Exhibit 9) Thank you. Chairman Aguilar and members of the committee, my name is Kent Helm, K-e-n-t H-e-l-m, and I'm basically here to testify on behalf of myself and some other neighbors in our little neighborhood. The handout that's coming around is a map that shows the...the red X shows the location of the trap shoot facilities. And then there's labels, a series of numbers there that shows where residences and Fort Hartsuff State Historical Park, in northern Valley County is located, as well as a restaurant. And as you can see from this handout, there are five residences, the fort and the Country Neighbor Restaurant, all within a half mile of this facility. And I am somewhat sympathetic to the people, these long established ranges where people build in around them and then gripe about the noise, I mean I understand that. But in this case the most recent addition to our community is the trap shoot facility. All the residences, and the fort, and the restaurant predate the trap shoot facility. And if we would have had zoning in Valley County a year or two earlier, I think we could have prevented this. But it was built. It's been a nightmare to deal with, live with. Senator Mines, very early in this hearing you mentioned...you questioned Senator Langemeier

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about whether this is a local issue or needs to be a state issue. And in my opinion, I think it is a local issue. And I think we have ordinances, we have zoning, and I think communities, neighborhoods, counties can deal with these issues and determine their own...have self-determination in that manner. I do not think we need a law. And you know, you're probably going to protect some facilities, long-term ones. But you know when you pass a law, you blanket them all, you protect all the facilities. And I mean this is one that does not deserve protection. These people buy blue rock by the truckload. And they shoot day, after day, especially in the nice weather. And as you can see, my residence is approximately a third of a mile. And Senator Avery, when you questioned the 750 foot range, you know, we're probably 2,000 feet or so away from this. And on a calm day or when there's a little bit of a southeast breeze it literally jolts you. It's not like you can stand there and hear it, I mean it is God awful. And we have tried to talk to these people, tried to encourage them initially to move it elsewhere, and basically the attitude has been we're going to shoot, and you can shut up and act like you like it. And this is what we live with. The fort, before this facility was installed, used to have numerous community activities, weddings, family reunions, all sorts of things, and basically none of that anymore because you can't plan a family reunion two months in advance and show up there. Again referring to the map, where they stand and shoot is one-quarter of a mile away from the Fort Hartsuff parking lot. And I mean they shoot right straight towards the fort. And I am not saying this is a safety issue, it's not. I mean there is no safety issue, but the noise is just incredible. And obviously you would not want to have a wedding in the middle of World War III. And you know, thousands upon thousands of rounds shot in this facility. And I guess for those...this hearing, we should have been a little bit more aware of what the schedule was. And several neighbors would have been here to testify in opposition, as well as myself. We just didn't realize it until last night that the hearing was going to be today. So several of them said, well you know, speak for us. The last time we came down, when Senator Tyson had a similar bill in front of the Judiciary Committee several years ago, there were four or five of us came down and testified in opposition. And they would have been here today, if it would have been possible for them to be here. So we just feel, again, that we have a local issue here. We have zoning ordinances. And we feel that the existing system is adequate and that this...we do not need another level of bureaucracy for protection for these kinds of things. So that's all I have. Any questions? [LB352]

SENATOR AGUILAR: I have one real quickly. Commenting on the existing facility, is there an earthen berm around it, to muffle the noise? [LB352]

KENT HELM: Nothing, absolutely nothing. [LB352]

SENATOR AGUILAR: Have you had any discussion with them to try to do something like that? [LB352]

KENT HELM: They've been pretty unreceptive to anything. They planted one row of

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cedar trees a few years back, and did nothing to water them, and about two-thirds of them are dead. But, no, there has been no berm. [LB352]

SENATOR AGUILAR: I know there are options that can help muffle that noise level. [LB352]

KENT HELM: Yeah, and I think a berm would help. I also think that the expense of building a berm, it would be cheaper to just move the facility. I mean we are...you know, some of these gentlemen that testified earlier, they're in an urban area and they don't have any options. But there are numerous wide open spaces. In fact, in rural Valley County you probably couldn't have put this facility in a worse spot and impacted more residences and had a more negative impact on a neighborhood than what...the gentleman...one of the two who put the facility in, he lives another mile on up the road. He could have put it over by his house, but he chose not to. [LB352]

SENATOR AGUILAR: In response to your comment about the cost, I mean cheaper to move it elsewhere, in Grand Island we had one and they created a berm area by digging a lake, and they're going to utilize that lake for dog trials and stuff at the same place. [LB352]

KENT HELM: Um-hum, I see. Well, this is a cornfield. I mean they no longer harvest corn where all blue rock...where the pieces land. But I would think maybe they could dig and make a big enough berm, but I would think it would almost be...considering it...the cornfield that surrounds it is a gravity irrigated cornfield. [LB352]

SENATOR AGUILAR: Yeah. People need to be considerate of their neighbors, there's no question about that. [LB352]

KENT HELM: Yeah. Okay. [LB352]

SENATOR AGUILAR: Senator Avery. [LB352]

SENATOR AVERY: One question. You said this is the latest addition to your area. [LB352]

KENT HELM: Yes. [LB352]

SENATOR AVERY: Did there...was there a public process whereby, a hearing? [LB352]

KENT HELM: No, we had no zoning, no. [LB352]

SENATOR AVERY: No zoning regulation? [LB352]

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KENT HELM: There was no hearing, no nothing when this was put...Valley County did not have zoning at the time this was constructed. [LB352]

SENATOR AVERY: Okay. [LB352]

KENT HELM: We saw some activity there, to be honest with you. The gentleman who put it in, he...all of the surrounding area, 200, 250 acres is normally corn ground, and I assumed he was putting up a bin. There was a grade there, and you could see a little electrical trenching, and I thought well, he's going to put a dryer bin up. And the thing was pretty well done. And one day I looked and said, that don't look like it's going to be a dryer bin. And sure enough, he decided we needed a trap shooting facility. [LB352]

SENATOR AVERY: Thank you. [LB352]

SENATOR AGUILAR: Further questions? Seeing none, thank...Senator Adams, I'm sorry. [LB352]

SENATOR ADAMS: Mr. Chair, just very quickly. Out of curiosity, the residences that you've identified on this map,... [LB352]

KENT HELM: Yes. [LB352]

SENATOR ADAMS: ...are those active farms, or are they acreages? [LB352]

KENT HELM: Residence, my residence, we own a farm, do some farming and rent out a farm to my stepson. The two residences that are identified there immediately adjacent to the fort are employees that work there at the fort. And then the other two residences, number 6 and 7, there on the edge, that are just barely off the edge of the map, are farm families. [LB352]

SENATOR ADAMS: Okay, thank you. [LB352]

SENATOR AGUILAR: Senator Pahls. [LB352]

SENATOR PAHLS: I have a question. You said that the...and I have been to that fort. You're saying right now that the pageantry or whatever goes on there are decreased because of this? [LB352]

KENT HELM: I don't know about specific Game and Parks pageantry, when they have their living history things there, I can't say that that has been impacted. What I think has been impacted was just generally, you know, there just numerous weddings, family reunions, those kinds of activities used to be held at the fort. It's a beautiful setting, as you know, if you've been there. And that...you can look over there, I mean our house,

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we just look right over on the parade ground. It's a third of a mile away. And you...they're just all summer long, you know, if there's two, three cars in the parking lot all day long, that's about it. [LB352]

SENATOR PAHLS: Okay. [LB352]

KENT HELM: The activity at the fort, the kind of community things that used to take place there, I wouldn't say they've stopped all together, but they've been significantly diminished. [LB352]

SENATOR PAHLS: Okay. Have you talked to the Game and Parks about this? [LB352]

KENT HELM: I did. Initially, when they first built it and the gentleman I talked to, they had...the thing that kind of triggered this, they were just sporadically shooting in the first year. Then we got to Labor Day weekend, and they shot all day long, from dawn to dusk, for three days. And by the end of that we were just about banging our heads on the wall. And so I drove to Lincoln and went to the headquarters. And the gentleman that I visited with, and I do not recall his name, had been visiting the fort over the weekend. And he said, God, I couldn't believe how bad that was; he said, I fully understand what you're saying. He said, I'll also tell you, you're going to...it will be an uphill deal of getting the Game and Parks to stand up against a trap shoot facility. He said, I wish those people would have asked us and located, you know, maybe we could have persuaded them to locate it elsewhere. But he said, now that it's there, I don't think you'll ever get Game and Parks to fight it. We were hoping they would join us in the fight and just ask them to relocate it. But we received no satisfaction along those lines. [LB352]

SENATOR PAHLS: Okay, thank you. [LB352]

SENATOR AGUILAR: Further questions? Senator Karpisek. [LB352]

SENATOR KARPISEK: Thank you, Chairman Aguilar. I feel your pain. But would this bill really affect your situation? [LB352]

KENT HELM: Well, not specifically. But I guess we just...you know, I looked at that and said, if we would have had zoning a little better, and this could have been handled locally, we wouldn't be having this problem. And I guess, you know, to now take this situation and these people and say, we're going to give you another level of protection, is just incomprehensible to me. I don't think they deserve this level of protection. [LB352]

SENATOR KARPISEK: I guess it would just be protection that no one could build within 750 feet,... [LB352]

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KENT HELM: That's not going to happen, sure, right. [LB352]

SENATOR KARPISEK: ...which obviously you wouldn't think they'd want to do anyway. [LB352]

KENT HELM: Right. But that's...you know, I guess just to create another law and another level of bureaucracy that in essence protects these...a facility such as this, we feel very strongly against. [LB352]

SENATOR KARPISEK: Okay, thank you. [LB352]

KENT HELM: Um-hum. Anybody else? Thank you for your time. [LB352]

SENATOR AGUILAR: Thank you for coming today, appreciate it. Any more opponents? Any neutral testimony? Seeing none, Senator Langemeier, to close. [LB352]

SENATOR LANGEMEIER: (Exhibit 10) Thank you, Chairman Aguilar. And I'd like to thank Mr. Helm for taking his time to come down from Valley County. We appreciate the testimony on both sides of this issue. I'm also going to pass out another...this is kind of a breakdown. I don't know why I didn't do it first, but it's a breakdown, section-by-section, of the bill. I think the key points to this bill is this isn't out to trump your county zoning, your city zoning for a new facility. They're still going to have to meet the guidelines in which the county sets up. And it's unfortunate that his example had to happen. And I would hope with that facility that when Game and Parks goes around to make these facilities meeting this act that's in this bill that maybe they won't qualify, and we can help them with some relief in that manner. But I think it's crucial to talk about we're not out to trump, we're out to give the people that are there, once they've been there, example, the Izaak Walton League, here in Lincoln, the opportunity to remain good citizens and a viable participant in the county and city where they're located. With that, I'd conclude. If there are any questions... [LB352]

SENATOR AGUILAR: Senator Langemeier, you might have talked about this while I was gone, but enlighten me if you will. Is there any kind of permitting process and public hearing process that goes through before someone should open one of these facilities? [LB352]

SENATOR LANGEMEIER: As far as...I don't believe so on a new facility. This would require that the facility be built to standards, to be inspected by Game and Parks. So a new facility...this would cover them in the requirements to be qualified under this act. And so it doesn't help them get preferential treatment to put one here or there, but it would to get classified. [LB352]

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SENATOR AGUILAR: Do you know if the Game and Parks process would include a public hearing? [LB352]

SENATOR LANGEMEIER: I do not know, but I'm sure I can find that out. [LB352]

SENATOR AGUILAR: I'd appreciate it if you'd check that out. [LB352]

SENATOR LANGEMEIER: And if that's something that could...maybe you would want to put part of it. Although this bill really doesn't address new facilities, the goal is to protect those that are out there in... [LB352]

SENATOR AGUILAR: I guess, I'm just thinking ahead. And if somebody wanted to open one, they don't do so, you know, without the neighbors having some say so on it. [LB352]

SENATOR LANGEMEIER: That might be a well additional entity that when, first of all, to get approved to put in this type of facility, typically, you got to go through your county zoning and your local zoning ordinances. And those require an open...a hearing process. [LB352]

SENATOR AGUILAR: Sure, sure. [LB352]

SENATOR LANGEMEIER: But actually for the Game and Parks to come in and actually certify that it's a qualified gun range, that probably does not have one. [LB352]

SENATOR AGUILAR: Okay. [LB352]

SENATOR LANGEMEIER: But you would have one at the county level, or the city level with zoning. [LB352]

SENATOR AGUILAR: Right. [LB352]

SENATOR LANGEMEIER: And unfortunately, Valley County wasn't zoned. [LB352]

SENATOR AGUILAR: Right, thank you. Senator Adams. [LB352]

SENATOR ADAMS: I think the answer...I think you've already given me the answer. But to verify, so we don't know where Valley County is at in terms of zoning and when or if it ever will impose zoning. If they did, this would be grandfathered in, correct? [LB352]

SENATOR LANGEMEIER: I am...I haven't gone and researched this. But I'm almost positive Valley County is zoned today. [LB352]

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KENT HELM: Senator Adams, if I could (inaudible). Is that permissible? [LB352]

SENATOR AGUILAR: No. [LB352]

SENATOR LANGEMEIER: I'm pretty sure, because right now my understanding is only Butler and Platte are the only two counties in the state of Nebraska that aren't currently zoned. That was probably put in before they adopted zoning. And I don't know when they adopted zoning. [LB352]

SENATOR ADAMS: But as a further extension of that, if they are grandfathered in, and they would be allowed to be a nonconforming use, they would still have to comply with noise regulations and that, that the Game and Parks would put together, if this bill were to successfully pass? [LB352]

SENATOR LANGEMEIER: If that facility that was talked about would like to fall under this protection, they're going to have to go to Game and Parks and get approved, yes. [LB352]

SENATOR ADAMS: Okay, thank you. [LB352]

SENATOR LANGEMEIER: Otherwise they fall under grandfathered in and your zoning as you do today, unless something comes in and they rezone the whole area or something. [LB352]

SENATOR AGUILAR: Further questions? Seeing none. And that closes the hearing on LB352. Ready to open on LB477. Welcome, Senator Wightman. [LB352 LB477]

SENATOR WIGHTMAN: Thank you. [LB477]

SENATOR AGUILAR: Whenever you're ready, Senator. [LB477]

SENATOR WIGHTMAN: (Exhibits 1-5) Okay. Chairman Aguilar, members of the Government Committee, my name is John Wightman, spelled W-i-g-h-t-m-a-n. I represent the 36th Legislative District. I've introduced LB477 as a small but important first step to limit and hopefully, ultimately reduce a portion of the total cost of public employees health plans paid by the taxpayer. Specifically, LB477 gradually reduces the percentage of public employee health insurance paid by the state from the current requirement of 79 percent to 75 percent by 2011; so it's kind of a baby step in that direction. It would also seek to reduce the amount of state aid to political subdivisions that contribute to employee health benefit plans of an amount greater than that provided for state employees, unless the political subdivisions also reduce the portion of insurance premium that is taxpayer funded. Members, as you know, I sit on the Appropriations Committee here. Most of you may know that, probably heard it in floor

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debate. When I saw the cost of health insurance coverage we pay to our state employees, for the first time the point was made, why the states are concerned about the rising cost of healthcare, and particularly healthcare insurance for employees. Just for my own purposes, I compiled a short list of costs, which is number one on the handout that was handed to you, called a budget breakdown. And you'll see that if we spend what we're proposing to spend on personnel and aid to K-12 education in the form of TEEOSA alone, and when I talk about personnel, I'm also talking about fringe benefits, we are already above the Governor's recommended increase of 3.8 percent. In other words, we have no leeway, if we're going to stay within 3.8, probably even if we were to stay at 4.2 percent. That was based upon a 2 percent increase of state employees that was in the Governor's proposed budget. Actually, the increase by the time it reached the Appropriations Committee was 2.5 percent. And the special master's report, and I think each of you got a copy of that, was more like 4.0 percent. So if he used the same figures that he used when he proposed the state budget, it probably would be at very close to 4.5 percent today. But at any rate, that just gets me to the point on the health insurance. We cannot sustain the growth in spending on healthcare, and particularly health insurance for public employees, and be able to fund in any meaningful way other state goals. Nebraska is not alone. All 50 states, according to the National Council of State Legislatures, in February 2007 offered their employees health insurance coverage. I'm sure that doesn't come as any surprise. Yet in the past four years these state benefit plans attracted more attention from policymakers because of one rapidly rising commercial premiums impacting state budgets, to state fiscal pressures, leading to more proposals to increase the employee's share of cost. Copayments and deductibles are on the rise in many places, separate from established premiums. And I think included in your handout packet, handout number 2 shows some comparison of those states, and you might want to turn to those. I'm not sure what form we have those in. But there is one...I'll turn this over, and it's a long kind of vertical listing that lists Nebraska, I think, probably yours is highlighted. It shows Nebraska at that time, which was based upon the 2005 average fringe benefits, which is mostly health insurance, that we were funding \$21,723 of fringe benefits. That would be primarily...could be Social Security, but primarily would be health insurance and state pensions, teachers pensions, or whatever it would be, including all public employees. While we were maybe not among the high states at \$33,738 for base salary, we add another \$21,000 onto that, so virtually 40 percent, between 35 and 40, would have been fringe benefits. And we rank among the highest, if you see there. Utah, or example, and I don't know where they're coming from, but they had \$24,000 compared to our \$21,000; Michigan had \$24,000. But most of the states are lower, and some substantially lower. Kansas, for example, if you're looking at that, shows only \$5,331 being paid on fringe benefits. It was among the lowest. Even Hawaii, which we would expect to be, I would think, a fairly high cost state, had \$7,219. So if you look at that as a package, we were providing a tremendous amount of benefits. But all I'm saying is if we don't get this under control, there is no way of funding any new programs in state government or at the political subdivisions that we help fund. Often our health insurance

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plans for public employees are so generous, and I would say in most instances that spouses in the private sector, sometimes with a much higher income than the public employee, will be covered under the spouses plan because the benefits are better. The bulk of which cost has already been picked up by the taxpayer, and will continue to be picked up by the taxpayer, and I submit in greater amounts as we continue. Because as the state and the public funded plans become more generous in comparison to corporate plans, the spouse is not going to take the corporate plan, they're going to stay under the employee spouses plan. And so not only are we picking up the normal inflation in insurance, but we're also picking up additional personnel that aren't even public employees in the family. I submit that government cannot continue to pick up the tab for health coverage as the private sector continues to cut back on the health insurance coverage for its employees. We're either going to have to scale back, or there's no way we can get a handle on the budget. While the state is under constant pressure to increase their support of K-12 education and other local subdivisions, and we hear it all the time on the legislative floor, the governing boards of these entities have done little to address the cost to the taxpayers of runaway inflation with health insurance benefits. When many political subdivisions provide almost first dollar coverage, and I'll tell you that a lot of the political subdivisions, and particularly school districts, provide much better coverage than the state of Nebraska, there is no encouragement of personal responsibility for healthcare. Since we continue to fund these entities in the form of state aid, TEEOSA, or whatever, it is only through legislation such as LB477 that we can put any pressure on local governing boards to address this issue. And to explain a little more about what LB477 does, it not only addresses the state issue and provides some very minimal steps as far as scaling back the cost to the employee, but it lets us put some pressure on local entities to see that they don't fund theirs at a substantially higher rate than we are if we're continuing to fund those entities. So I've included a number of handouts, some of which you've looked at, some of which I've called your attention to. I'd like to draw your attention especially to a federal study marked 3, conducted in the mid-1970's, conducted over a five year period with 5,800 participants, by the Rand Corporation, to study the impact of cost-sharing on demand, and ultimately on whether increased costs are impact of health. One of the other parts of my information that has been handed to you, it just so happens that when this bill came down, I received a letter from a University of Nebraska employee who took great exception to the fact that her costs would be increased. So we had an exchange of letters, because I didn't respond to her letter immediately. And so in the Lexington Clipper, which is our hometown newspaper, she wrote a letter to the editor, and I responded to it. And I think it is a good starting point for any debate on this issue. Just to give you some idea what one employee in public health...or one employee's health insurance policy costs the taxpayer of a school district, for example, the average cost in Lexington would be \$12,000 to \$13,000 per employee. Now just to give you an illustration of what taxes that would take to fund that employees health insurance in Lexington, now you wouldn't have them in Lincoln or Omaha, but we have a lot of \$60,000 homes. I'm sure Senator Adams could probably point to some \$60,000

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homes in the city of York, probably even Senator Aguilar could find some in the city of Grand Island. If you took one entire block of those homes, ten homes, it would take all of the taxes generated from ten \$60,000 homes to fund one \$13,000 or \$12,000 health insurance policy for one employee. If you want to look at it, and some of us are in the farming areas, if you were to look and take all of the taxes on three quarter sections of irrigated land in our area, a quarter section would sell for approximately \$300,000, if you took all the taxes from three quarter sections of land, and you must remember that farm land is taxed at only 75 percent of its actual value, and as a practical matter closer to 70, it would take all of the taxes from three quarter sections of land to fund one employee's health insurance program. Now, the big problem with this is it's not going up at the rate of 2, or 3, or 4 percent, it's going up at the rate of 7 to 10 percent per year. Actually, over the last ten years I think it has exceeded double...10 percent per year. If that continues to go up, it leaves no room for any other state programs for funding anything. I can almost tell you that if it continues, any appropriations bill is going to be dead on arrival before the Appropriations Committee because we have already exceeded what the taxpayer would like to have us limit our growth to, which is the rate of inflation plus the population growth. And you can figure that's about 3.5 to 3.8 percent, total in a normal year. We've already used up more than that by the time we have covered employees health insurance. By the time we cover salaries and TEEOSA, which would be the only other area that would greatly exceed that, but at 10 percent. The Appropriations Committee, this year, and the Governor's 3.8 percent builds in a 7 percent increase on public...Nebraska employees health insurance, and 10 percent for the following year in this biennial. So you can begin to see just how this impacts it. And the purpose of this letter is that it provides you, and I think you got this in your packet, my response to Kelli Smith's letter in which it illustrates how much a single employee's health insurance is costing. Now, I'm not thinking we can cut that back substantially, but I think we are funding agencies. And one of the things, and I'm sure in your own areas many of your school districts are funding school teachers health insurance with somewhere near first dollar coverage. Most of them were first dollar coverage, up until maybe a \$100 deductible. It seems to me that the public employees health insurance should more nearly mirror what ours would be if we went out and bought a policy for ourself. Somebody of modest or above modest income, what would he buy for himself? Well, I think in most instances it would be a minimum of \$1,000, it might be \$2,500 exclusion, and then some sort of a copay. But very few of these public employee policies do provide for any substantial deductible or copay. Again, there's a lot more information. I would invite you to study a little bit the comparison states. Because, generally speaking, Nebraska does provide extremely generous insurance benefits. Our costs...two things, kind of eye-openers to the Appropriations Committee. The Governor came in with a request to cover a deficit in health insurance that we...he's asking us to cover out of reserve funds, and I think that's for the last two years, and that's \$12 million alone. Now, we'll do it out of the reserve fund, it won't be the general appropriations, but that's \$12 million. If we were to cover that out of general appropriations, that \$12 million would amount to between three-tenths and four percent...four-tenths of a percent of the

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budget. So if we're talking 3.8, that alone would raise it to between 4.1 and 4.2 percent increase. The other thing that came up recently in the Appropriations Committee is one of the agencies had requested a new employee. I don't even remember how we enacted on it, we apparently allowed it, because they came back in and said, whoops, we forgot the health insurance, and they are elected to take family coverage, and it would be \$13,000, I think it was \$13,200 or something like that. But you can begin to see how it impacts the state budget. So with that, I'll try to answer whatever questions you have. [LB477]

SENATOR AGUILAR: Senator Pahls. [LB477]

SENATOR PAHLS: Yeah, I have a...just...since you brought teachers up, and I understand, health prices, I agree, are way out of line. Where...I'm looking at the benefits in salary as a total package, when they figure that up. Because it seems like we're getting into negotiations here. Where do the educators and the teachers of Nebraska stand in comparison with the other states? [LB477]

SENATOR WIGHTMAN: Well, I think they are about 38th. But I think that...and again, I don't think that there are any meaningful studies that show this. And I don't have one in front of me, but I think that Nebraska is funding the health insurance and some of the benefits at a quite a bit higher rate... [LB477]

SENATOR PAHLS: But I'm talking about their total package, salarywise and all that. And maybe they're separated out, I don't know. [LB477]

SENATOR WIGHTMAN: Most communities, most school districts have separated those and negotiations only being on the salary itself. Now Lexington, I can speak for it, two years ago, I think, did start to negotiate them as a package. But, of course, they started at the level they were at that time. [LB477]

SENATOR PAHLS: But I'm assuming Nebraska teachers are not some of the highest paid employees or teachers in the nation. [LB477]

SENATOR WIGHTMAN: I think that's a fair statement. [LB477]

SENATOR PAHLS: Yeah. So I see that their salary and their benefits does not place them as the top 10, or 15, or 20, 25 of the states. I mean, I think they're at the lower end, salarywise. And I'm assuming their benefits are part of that package. [LB477]

SENATOR WIGHTMAN: We are at the lower end, the last I knew we were like maybe 38 or 41. [LB477]

SENATOR PAHLS: Yeah, we're at the lower end. Okay. [LB477]

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SENATOR WIGHTMAN: I think we're in the lower half. [LB477]

SENATOR PAHLS: So I don't see...so it seems to me that if you take away more of that from them, you're even putting them in more harm. I mean, because that's one of the benefits for being in that profession. [LB477]

SENATOR WIGHTMAN: Senator Pahls, I think that if you look at those compensation packages, you'll find that we aren't looking at the total when we have the comparison states. We are only looking at salaries in most instances. And you would have to add the benefits on. And if our benefits were, and they are in some instances I think as much as \$3,000 or \$4,000 higher. If you added that on... [LB477]

SENATOR PAHLS: They would move them up. Okay. [LB477]

SENATOR WIGHTMAN: ...they may go up substantially in the compilation of states. [LB477]

SENATOR PAHLS: Okay. And I will look at that. Okay, you mentioned Lexington, so I'm going to focus in on that. In Lexington, how much did you say the costs per individual is? You threw a figure out. [LB477]

SENATOR WIGHTMAN: I think the average cost per employee is around \$12,000. [LB477]

SENATOR PAHLS: Okay, as a teacher. Okay, now where do most of those teachers, if they're going to go to the doctor or hospital, where do they go? [LB477]

SENATOR WIGHTMAN: I suppose most of them go to Lexington, a few to Kearney. [LB477]

SENATOR PAHLS: So they're plowing that money right back into the community. It's not like they're taking this money and running to another city, unless they need a specialty. So a lot of that money is actually being plowed back into that community as I see it. And maybe the answer is, and I'm being a little bit curt on this one, maybe the answer is to put a lid on the hospitals, put a lid on the doctors. Maybe that's the answer. Okay, let's hold down the costs of health insurance, but not the teacher who's getting that dollar from that tax from that help. It's going to the community, to the hospitals, to the doctors, to the dermatologists, and in some cases to attorneys. I'm just having fun there. [LB477]

SENATOR WIGHTMAN: Well, we hope a little bit of it would be, Senator. [LB477]

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SENATOR PAHLS: No, but see what I'm saying is that's not just money they're just literally just sticking in their pocket. That's the only question I have. It's going back into that community. [LB477]

SENATOR WIGHTMAN: I'm approaching this, Senator, from the standpoint of the taxpayer. [LB477]

SENATOR PAHLS: Yeah, and I understand that. But I'm saying it's not...well, that taxpayer is actually getting some help, because that's economic development for that community, because their salaries for the most part, because not too many of them are just unbelievably, you know, filthy rich. They live...they plow their stuff right back into that community, to that grocery store, to that gas station. You know, so that's the only question I have. [LB477]

SENATOR WIGHTMAN: I'm approaching it again, primarily, from the standpoint of the Appropriations Committee and the taxpayer. And the taxpayer is demanding that we put a lid... [LB477]

(RECORDER MALFUNCTION--SOME RECORDING LOST) [LB477]

SENATOR PAHLS: ...is the person who is really...they are reaping benefits, I understand. But that money still from...I've always viewed that money as going back into the community as redeveloping, providing jobs. It's not like they're just walking away, taking this money to the bank. That's the only question I have. And I know we do have to get on, but I'm suggesting that we put a lid on the doctors fees, hospital fees, pharmaceutical companies. That would be a...that would even be a better way, because then nobody would have to pay additional. [LB477]

SENATOR WIGHTMAN: Do you believe that will help us meet budget restraints in the next year or two? [LB477]

SENATOR PAHLS: Probably not, but I'm just saying this is a complicated...and I don't see too many, even state employees. Because I hired a new person this year, and she actually is paying more...she became a state employee here, works for me at the Capitol. Her...it's just amazing what she has to lay out, and she came from another area. She's actually laying out more money. But that's another... [LB477]

SENATOR AGUILAR: Senator Friend. [LB477]

SENATOR FRIEND: Thank you, Chairman Aguilar. I'm going to move the discussion from socialized medicine over to (laughter) a little bit in... [LB477]

SENATOR PAHLS: A banker would do that. (Laughter) [LB477]

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SENATOR FRIEND: ...into a provision of the bill. Senator Wightman, I was wondering if you could shed a little bit of light on it. On page 5 of the green copy, on Section...excuse me, subsection (4) of what would be, for the audiences sake, Section 84-1611, subsection (4) is existing language. And we're adding new language underneath it in Section 2. If any provision of this section varies from the terms of a labor contract, the terms of the labor contract shall prevail for the employees covered by the labor contract. Now, I don't always believe every fiscal note I read. And I normally love bills like this. But this is a little bit troubling, and I'm kind of wondering why that language is still in there, because anything that can be done here can be trumped by a Governor and the union. What I'm saying is, it looks like to me, Senator, that this purview or this area of law or this decision-making is almost an executive branch obligation. [LB477]

SENATOR WIGHTMAN: Well, we have a statute in Nebraska that provides that the state fund 79 percent of either individual coverage or family coverage and that the employee fund 21 percent. That's in existence. We probably can't change that in the middle of a contract, a negotiated contract, which may mean that the effect of this legislation, as far as state employees, would not take effect for two years, because we are right now... [LB477]

SENATOR FRIEND: Or, Senator, maybe never, maybe never. Because Section 84-1611, subsection (4) provides that if any provision of this, and I'll just read it in for the record again and for the audience, any provision of this section varies from the terms of a labor contract, the terms of the labor contract shall prevail for the employees covered by the labor contract. Then more or less what we're saying is the Governor and the union...it's an executive branch obligation, they're the ones making the decision as to what that's going to be. So it trumps any statute that we have. And well-intended legislation. I guess I'm just wondering, Senator, why wouldn't we...if we all liked the idea here, why would you scratch that language out of there? Or does it... [LB477]

SENATOR WIGHTMAN: Because I think, normally, these contracts are two-year contracts. And I think once they're entered into, they will trump state law. If the state law changes, then that becomes the state law under which a new contract would be negotiated. So... [LB477]

SENATOR FRIEND: Yeah. Okay. But I'm just having trouble getting my hands around the idea that what we're doing is laying a statute out that's trying to more or less be a sharp stick in a Governor's back. Because that's more or less all it is. If a Governor wants to sit down with a labor union every two years, and change the...I won't...we can talk off line about this. But I'm just saying it just seems rather curious to me that we're creating law to mandate something that can't be mandated. [LB477]

SENATOR WIGHTMAN: Well, I think we can't mandate it during the term of the

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contract. In other words, if we have negotiated a two-year contract, for two years we can't probably change that. And we're recognizing that in this legislation. But beyond the two years,... [LB477]

SENATOR FRIEND: Okay. I got you. So what you're saying is the Governor has no option, you can't go any lower than 21 percent. [LB477]

SENATOR WIGHTMAN: He can't, but only as long as that particular labor contract is in effect. I think when he negotiates the next time with whatever union that is, then at that point the state law governs what he negotiates. And what the negotiating unit for the employees would negotiate that. [LB477]

SENATOR FRIEND: Yeah, I see your point. Well, it just was curious to me. Thanks. [LB477]

SENATOR AGUILAR: Senator Adams [LB477]

SENATOR ADAMS: Senator Wightman, not really a question, but a couple of comments. One of them, when I left teaching a few weeks ago and went into the private sector, I know exactly what you're talking about, having to go out and buy insurance. And it's substantially different, as is my attitude about it. However, having spent 20 years in municipal government, negotiating with city employees, I can tell you that the section on political subdivisions, it's my feeling that as long as the lids are in place what you're asking for on the schools, and municipalities, and counties is naturally happening. That is deductibles are going to have to change. I really believe that when school boards and city councils negotiate with their employees the dollars aren't there to continue to pay healthcare at the rate that they are, and salaries, and do all of the other things. And I sensed it was beginning to happen where I was negotiating on the management end with city employees. I guess what I'm saying, I sense with those lids in place and given the escalation in healthcare costs, those kinds of things that you're advocating for those other political subdivisions may already be happening. [LB477]

SENATOR WIGHTMAN: And I would agree with you that they may be happening, but I think they're happening fairly slowly and that we may be able to speed up the process some. For example, I'm going to use Lexington as an example, we probably get a bigger percentage of our budget from state aid because of our high minority population and the high transitory population. I can't tell you a percentage, but I think it's tremendous. I think we are the seventh highest district in the state of Nebraska, regardless of population. You know, we might be the 16 or 18 largest school district in the state of Nebraska, but we're 6 or 7. Omaha, Bellevue, and perhaps Grand Island, but there are only a very few districts...and Lincoln, obviously, that are higher than we are. Well, the state is picking up an awful lot of that. But it seems to me that at the state level we have some obligation to try to limit the growth of that if we're going to continue

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to help fund it, which we're doing. [LB477]

SENATOR AGUILAR: Further questions? Senator Avery. [LB477]

SENATOR AVERY: Senator Wightman, I think you've identified a real problem. And you and I have had a number of conversations about this over the past several weeks. I doubt, however, that you have a lot of people lined up behind you to support this. [LB477]

SENATOR WIGHTMAN: I think that's probably a fair statement. There may be some opposed. [LB477]

SENATOR AVERY: My question is, is your real objective here to start a conversation about this so that we can start now talking about it in this body, in this committee and with our colleagues so that we're not caught by an absolute calamity down the road? [LB477]

SENATOR WIGHTMAN: That's partially it. And actually, up until a few days ago, when we were studying more and looking more in Appropriations Committee at what we can fund and what we can't fund, I would have said that I would have been extremely satisfied just with an interim study committee. Which I would still like to have. But I am considering that the step I am asking you to take, to drop from 71 to 79, or 79 to 75 as far as the state's share of that funding, and we are going to be in the middle of a lot of the negotiated contracts, as Senator Friend discussed a few minutes ago. We're going to be in the middle. So many of these things we are not going to have any impact on at all for a year or two following the passage of this legislation. Now, probably there will be some contracts that maybe it could affect within a year. But they're going to be...the state, for example, is just in the middle. And we know theirs is going to be for two years. So the state is not going to change for the next two years. It's not going to impact them at all. Now it may step in, because we have a phase-in on dropping the 79 to 75. It might step in after two years at 77, rather than the 79 percent or 78 that it would normally be the first year, because we're two years into the phase-in. But if we don't do something now, we're putting it off a year. And, as I say, I think this is just a baby step really, just one small step that's not going to impact anything very much in the first year, and it may not impact...it may impact almost nobody the first year, because almost everybody may be in the middle of a negotiated contract. But if we don't start now, we could be looking at this two years from now, trying to do exactly the same thing. So you're right, much of it is to create some dialogue and some study. But I really think at this point that it would make sense to pass some form of legislation. It may need some change from the committee and some suggested amendment. But for one year, to change it from 79 to 78, would not do very much, and it probably would impact a small share of the total state employees and employees of public entities, because most of them will be in the middle of a two-year negotiated contract, somewhere in the middle of

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that. [LB477]

SENATOR AGUILAR: Further questions? Seeing none, thank you. [LB477]

SENATOR WIGHTMAN: Thank you. [LB477]

SENATOR AGUILAR: Could I see a show of hands, how many want to testify on this issue? I see eight, so I would ask you to be as brief as possible. Please don't repeat testimony you heard ahead of you. First one. Somebody needs to start this. I'm sorry, proponents, of course, as I said at the beginning of the...first proponent, please. There are none? (Laughter) May I see the first opponent. We had one of these the other day. Welcome. [LB477]

MIKE MARVIN: (Exhibit 6) Thank you, Senator Aguilar. Chairman Aguilar, members of the committee, my name is Mike Marvin, M-i-k-e M-a-r-v-i-n. I'm the executive director of NAPE/AFSCME 61, the certified collective bargaining agent for state employees. Under the State Employees Collective Bargaining Act, we are charged with negotiating wages, hours, terms, and conditions of employment, included in that charge is the benefit package of state employees, including health insurance. For the past 20 years the state and its employees have met at the bargaining table to negotiate these items. We must by law be comparable with comparable regional states. Our current health insurance package including the split in cost in fact is in line with our area states and also with the national figures. LB477 does not address the problems of rising health insurance cost, it simply shifts more of the cost to the employees. As health insurance continues to rise, the states contribution will be right back where it was, it will continue to rise. We need to address the issue of cost containment not cost shifting. Employees have a stake in keeping health insurance costs down. In negotiations four years ago, NAPE made proposals at the table that saved the state \$7 million in health insurance costs. It should be noted that the state initially did not agree with these changes. The overall truth is rising health insurance costs are not individual state problems, but a national problem. Several years ago, there was an interim study on health cost, maybe it's time for another. NAPE would gladly participate in any effort to reduce health costs. NAPE remains committed to finding ways to contain costs, but strongly opposes simply shifting the cost. A large percentage of our workforce makes under \$20,000 a year, any increase in cost to these people would be devastating. NAPE strongly opposes LB477. [LB477]

SENATOR AGUILAR: Questions for Mr. Marvin? Senator Friend. [LB477]

SENATOR FRIEND: Thank you. Mr. Marvin, did Senator Wightman know that you...I mean, had you talked to him before? [LB477]

MIKE MARVIN: No, I haven't had a chance to talk to Senator Wightman. [LB477]

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SENATOR FRIEND: So he didn't...Senator Wightman didn't know that you were coming in opposition? He hadn't seen this letter? [LB477]

MIKE MARVIN: No, he had not. [LB477]

SENATOR FRIEND: Okay. [LB477]

SENATOR AGUILAR: Further questions? Senator Avery. [LB477]

SENATOR AVERY: Very quickly. Thank you, Mr. Chairman. Are you in the middle of a contract right now? [LB477]

MIKE MARVIN: We just negotiated a contract, Senator. It will go into effect, except for the wages, depending on what happens with the special master, the rest of it will go into effect on July 1, 2007; it is a two-year contract. [LB477]

SENATOR AVERY: What is the state contribution in that contract to the health premium? [LB477]

MIKE MARVIN: Seventy-nine percent, 21 for state employees. [LB477]

SENATOR AVERY: Okay. Thank you. [LB477]

SENATOR AGUILAR: Further questions? Senator Adams. [LB477]

SENATOR ADAMS: You talked about containing costs, and we all want to do that,... [LB477]

MIKE MARVIN: Sure. [LB477]

SENATOR ADAMS: ...and shifting cost. So if a deductible went from \$500 to \$1,000, would the employee be more likely to try to contain those costs, given that they've got an additional \$500 responsibility? [LB477]

MIKE MARVIN: Well, that's possible, I suppose. But I would still view it as simply a cost shift rather than a cost containment. What we'd like to do is find ways to hold the costs in, Senator (inaudible) supposed socialized medicine costs, as Senator Friend addressed, I think those are the areas that we need to look at--how we can stop the costs, what we can do. With the size of the state employees, are we spending our dollars wisely with having the different plans? Are there ways that we could look at to do that differently to, you know, the economies of scale? Are things being done right there? I think that's where we need to first look. [LB477]

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SENATOR ADAMS: Okay. [LB477]

SENATOR AGUILAR: Further questions? Seeing none, thank you. [LB477]

MIKE MARVIN: Thank you. [LB477]

SENATOR AGUILAR: Next opponent. Welcome. [LB477]

JOHN BONAIUTO: Senator Aguilar, members of the committee, John Bonaiuto, J-o-h-n B-o-n-a-i-u-t-o, executive director, Nebraska Association of School Boards. Senator Wightman and I had visited. I was hoping that I could come in and try to worm my way through neutral testimony, but I'm going to have to be an opponent in this respect. Our organization is one of the three partners in the Educators Health Alliance, the EHA, which holds the contract for Blue Cross Blue Shield that insures teachers, administrators, some community college, a staff across the state. And I can tell you from a board members perspective that looks at costs and utilization, we review all of these areas. And this is really kind of a unique situation, working together, the users and the people that are paying: the school boards and working with the staff to try to do the best we can to hold down the increases. But the healthcare field itself is, without a national initiative and some help, we're doing the best we possibly can. We've increased deductibles. More people are looking at \$1,000 deductibles, \$500 deductibles. So that first dollar coverage is a thing of the past. We hope to keep moving, but you can only do so much with deductibles. And so it's a hard problem to solve. As I sit here, I can tell you that probably no two school districts in the state do this the same way through their negotiated agreement. And so there are various ways that districts provide their total compensation package. But what I can tell you is we are talking more about total compensation. And the employees recognize if more money is being paid for health insurance, then less money is to be paid for salary. So I mean there are only so many dollars in the pot. And so I think those are discussions that are happening at the local level. What I worry about, and I know there will be other testifiers, and I won't take much more time, is that what we're doing is containing costs for the state. And I can appreciate the state wanting to contain costs, but with school boards living under budget growth caps and levy lids, I don't think we're going to pay any less to the employee. Whether we move the percentage of the health insurance, what is covered by state aid around, it's just going to come from the local property tax base. And that's...I think that's the trade-off is that I don't think we're really getting at the heart of the problem. We would be helping the state contain the costs that have to be worked with. But I think the discussion the Appropriations Committee is having is the same discussion that school boards have on a regular basis of--how do we make our budget work in dealing with state aid and our local resources? And I'll let other testifiers talk about the other elements of the negotiated agreement. With that, I'll conclude my testimony. [LB477]

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SENATOR AGUILAR: Questions for Mr. Bonaiuto? Seeing one, thank you. [LB477]

JOHN BONAIUTO: Thank you. [LB477]

SENATOR AGUILAR: Further opponents? Welcome. [LB477]

KEN BABCOCK: Thank you. I'm Ken Babcock, B-a-b-c-o-c-k. And I'm the supervisor, employee relations for Lincoln Public Schools, so I negotiate on behalf of the school district. And Senator Wightman and I have had the opportunity to talk about Lincoln Public Schools. And I agree that a split is good, that it's good that the employee has part of the cost so that he or she knows what the actual costs are. In our situation, as I said, we have nine employee groups. Currently, on an average, for the single we pay 78 percent, and on the family we pay 37 percent. So we're within the range, pretty close to the range. And because our groups are large enough, they can be in individual groups with the Educators Health Alliance. They basically get to choose their deductible, because we're going to pay the same amount, the same dollar amount. So we have a group that's on a \$550 deductible, but most are on a \$300 deductible. But we're not paying the full load. So if they choose a lower deductible, then they have more out-of-pocket costs out of their check on a monthly basis. And as Mr. Bonaiuto said, we do have the \$1,000 deductible available. We did not have any groups choose that this year. And as I said, I think the split is good; 25 percent might be a little heavy on the family side. And as I say, we're only paying 37 percent now. We're actually trying to increase our percentage on the family side in order to recruit teachers. I guess my greatest fear about this is the possible interaction with the Commission of Industrial Relations. When I do the comparability studies for Lincoln Public Schools, there's only two schools within the state of Nebraska that we can compare to, and that's Omaha and Millard, because they got to be from half the size to twice the size. So for the vast majority of our array, we're outside of Nebraska. And the vast majority of the schools pay 100 percent of the single. Now many of them pay more than that for the family, but from memory, I think all of them pay 100 percent of the single. So there's a possibility that if we were to go to the Commission of Industrial Relations, the commission could order Lincoln Public Schools to pay 100 percent of the single, and then the bill would cause Lincoln Public Schools to lose state aid, because we're over the 75 percent threshold. So if the bill goes forward, I would recommend that you put some sort of caveat in there that (1) either the commission can't do that to us; or (2) that if it does happen to us, that that's an exclusion under the law. So that's all I have. [LB477]

SENATOR AGUILAR: Questions? Senator Friend. [LB477]

SENATOR FRIEND: Thank you, Chairman Aguilar. Mr. Babcock, right? [LB477]

KEN BABCOCK: Yes. [LB477]

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SENATOR FRIEND: You had, based on your testimony, sounds like you did get a chance to talk to Senator Wightman, you know, in regard to this legislation a little bit? [LB477]

KEN BABCOCK: Yes, quite...well, just in its infancy, not since the bill has come out. [LB477]

SENATOR FRIEND: Yeah, yeah. I don't think he'd probably be surprised by you showing up here, though, that's the point. I wanted to...I guess, I personally wanted to thank you for that communication you had with him. I know Mr. Bonaiuto has been pretty good at this with me; he's opposed plenty of my bills in the past. And he's real good at that. I'm not chastising anybody. But I do think it helps senators in the communication process. So I think a thank you is in order. I would let Senator Wightman be the judge of that. But we appreciate your testimony. And, I guess, representatives don't like to be blind-sided either, and communication is always important. So I appreciate that. [LB477]

KEN BABCOCK: You're welcome. [LB477]

SENATOR AGUILAR: Senator Pahls. [LB477]

SENATOR PAHLS: Mr. Chairman, I have a question, because there's a little bit of confusion from the last person who testified. You said that your school system pays 100 percent of the single? [LB477]

KEN BABCOCK: No, we are...currently it varies group to group, because we negotiate separately. But currently the average is we pay 78 percent of the single. [LB477]

SENATOR PAHLS: Okay. And the average of the married? [LB477]

KEN BABCOCK: Thirty-seven percent of the family. [LB477]

SENATOR PAHLS: Okay. And do you use this as an incentive to draw teachers into your school system, or not? [LB477]

KEN BABCOCK: Currently, in the mix of things, that low figure on family is a disincentive. And that's why I'm saying we're trying to actually increase our contribution on the family side. [LB477]

SENATOR PAHLS: Okay. Did I hear the word 100 percent anywhere? [LB477]

KEN BABCOCK: Yes, in doing comparability studies, when I look at a comparable array, a vast majority of those schools we compare to pay 100 percent of a single. So

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my fear is if we would go to the commission, the commission would order us to pay 100 percent of the single, and put us in...possibly lose state aid, according to this bill. [LB477]

SENATOR PAHLS: Okay, thank you. [LB477]

SENATOR AGUILAR: Further questions? Seeing none, thank you. [LB477]

KEN BABCOCK: Thank you. [LB477]

SENATOR AGUILAR: Next opponent. Welcome. [LB477]

BRIAN MIKKELSEN: Senator Aguilar, members of the Government Committee, my name is Brian Mikkelsen, M-i-k-k-e-l-s-e-n. I'm testifying today on behalf of the 26,000 members of the Nebraska State Education Association. We'd share some of the comments of the previous testifiers. I'd focus on a couple of things. One, the cost of health insurance, or the percentage that the employer pays is a function of negotiations. And I think the LPS example is a good one, where they're only paying, I think, 34 percent of the family premium. But their starting salary may be...I think it's the highest, if not one of the highest in the states, whereas another district, another local association may choose to pay 100 percent of the family premium, whereas their local starting salary would be less. And so a lot of times that varies, based on the needs of that association, the needs of those members, and the needs of that community. Secondly, in terms of CIR, CIR looks at total compensation. So if you just reduce the cost of the insurance side that the district is paying, the commission is going to rule that you have to increase the salary side. So there's not necessarily a net sum gain in terms of reducing the health insurance side. But the final thing I want to focus on just quickly is this notion of first dollar coverage for teachers. And what dovetails with this nicely is Senator Adams comments about the lids. Since 1997 through 2006, we've seen a 3,400 percent increase in people moving to the \$250 deductible. We've seen 117,000 percent increase in people moving to what is now I think it's the \$550 deductible. We don't have first dollar coverage, we don't offer a first dollar coverage plan for education employees. In addition, what we've done is we've moved from a copay, as I remember in '97 copays were 5 bucks, straight across the board. We now have a copay system that is generic, it's four-tier. The highest tier, I believe, being, and one of the insurance people can help me with this, but I think it's 100 bucks in terms of a copay. And so I want to make sure you understand that employees are very concerned about controlling this cost as well, and have done, I think, a lot to make sure that those costs are contained so that they can continue to have quality health insurance, but not break the account, or break the taxpayers bank in terms of paying for these benefits. But I do want to make sure that you do understand that we do not have a policy right now that's a zero deductible policy, it does not exist. And the third thing we're seeing as a growing trend that's very concerning to us is that districts are paying less of a percentage of the premium. Very

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few of our members...not a few of our members, but I would say under the majority of our members are covered by agreements where the district pays 100 percent of the premium. It's just not the norm in terms of our membership being covered by those. Finally, I think our point again would be used in terms of salary dollars. Where you have teachers in Nebraska rank in the bottom ten in teacher salaries, by reducing what the amount that the district pays for insurance, it's just putting more pressure on that salary dollar issue. It's all the same pot. If I get...if I have to pay more for my health insurance, that means my salary dollars are less. So with those things in mind, I just want to make sure that we clear up the fact that we really are working hard to keep those costs in our insurance plan down, just for the reasons that I've mentioned. It impacts salary dollars, it impacts district resources, and that's a trend that we're working toward. [LB477]

SENATOR AGUILAR: Questions? Senator Adams. [LB477]

SENATOR ADAMS: Brian, do you know off the top of your head, this year, what the average base salary is in Nebraska? [LB477]

BRIAN MIKKELSEN: You know, I... [LB477]

SENATOR ADAMS: Starting teaching. [LB477]

BRIAN MIKKELSEN: I don't, but I'll get that to you. It ranges, right now, from the sheet I'm look at, from \$32,800 at the high in terms of base salary, to \$23,800. So that base salary ranges from, you know, around \$24,000 to \$32,000 in terms of starting salary. [LB477]

SENATOR ADAMS: Thank you. [LB477]

SENATOR AGUILAR: Further questions? Seeing none, thank you, Brian. [LB477]

BRIAN MIKKELSEN: Thanks. [LB477]

SENATOR AGUILAR: Next opponent. [LB477]

GARY KRUMLAND: (Exhibits 7 and 8) Senator Aguilar, members of the committee, my name is Gary Krumland, that's spelled G-a-r-y K-r-u-m-l-a-n-d, representing the League of Nebraska Municipalities, appearing in opposition to LB477. What's being handed out are two things. One is a letter from the city of Lincoln; they've asked me to submit that to the committee in opposition to the bill. The other is a copy of the statute regarding the CIR and comparability, which you've heard about. And just to emphasize that the underlined portions do show that when the CIR looks at wages, they don't just look at the salary, they do look at benefits, holidays, vacations, insurance. So even if insurance copays are reduced, they may end up requiring an increase in salaries or other sorts of

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things. So it may not be a problem...or it may not be a solution to the problem. Cities and villages across the state find that the health insurance is a major problem in finding funding. With the lid CIR they're feeling very squeezed. A lot of the cities have gone to self-funding, higher deductibles and those sorts of things to look at. It is a problem. But we're concerned that this would just add another requirement that will squeeze local elected officials further than they already are in trying to solve the problem. Be happy to answer any questions. [LB477]

SENATOR AGUILAR: Thank you, Gary. Questions? Seeing none, thank you. Next opponent. Don't be shy. [LB477]

BETH BAZYN FERRELL: Good afternoon, Chairman Aguilar, members of the committee. For the record, my name is Beth Bazyn B-a-z-y-n, Ferrell F-e-r-r-e-l-l. I'm assistant legal counsel for the Nebraska Association of County Officials. We have some of the same concerns that you've heard already today. I would just point out, too, that right now counties are across the board in what kind of health insurance they're providing for their employees and for the officials themselves. I know of one county that doesn't even provide health insurance for its elected officials, that's a decision that they have made based on their budgets, what the demands are locally, what's available to them financially. So this is something that we would need to really consider if it's even within a budget for a county to come up to a 75 or 79 percent when they're making a contribution that may be at that level right now. Be happy to try and answer any questions. [LB477]

SENATOR AGUILAR: Questions? Seeing none, thank you. [LB477]

JACK CHELOHA: Good afternoon, Mr. Chairman, members of the committee. My name is Jack Cheloha. The last name is spelled C-h-e-l-o-h-a. I'm the registered lobbyist for the city of Omaha. We'd like to testify in opposition to LB477. Not to repeat some of the things. Omaha is unique in the sense that we're self-insured. Health insurance costs have been a number one concern, you know, for the last, at least decade in terms of negotiations with our various unions. In the city of Omaha we have three unions, well, actually there's more than that. But there's a police union, there's a fire union, then there's various civilian unions. And administration has to negotiate with all of them and then ratify contracts by the city council eventually. And so this bill, in a sense would, you know, interfere with the contractual relationships that we have. You've already heard about CIR and comparability standards. So these are just some of the reasons why we would be opposed to it. In the mean time, you know, as a civilian I'm quasi management, if you will, because I work for the elected body. And so I'm...but we get basically the same benefits as the civilian unions. In fact, as they approved the civilian's contract for last year, it just went into effect, it became, if you will, so dramatic that a change in health insurance coverage took effect midyear because they were doing their part, or at least were trying to do our part to help offset some of the costs where there

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was an increase in premiums, you know it was threefold, there was premiums, deductible and the copay, if you will. So for those reasons we're opposed to it. Also, you know there's two home rule charter cities in the state that I'm aware of, Omaha and Lincoln. And so we like to leave it up to the elected officials in our town to keep costs down for the taxpayers, and to negotiate these things, which we have been mindful of, if you will. And finally, since the door has been opened for state aid and I have an audience, I'd like to talk about that just a little bit. Because if for some reason this bill gets legs and moves, there is a penalty if we don't meet these requirements. So cities, if you will, receive state aid from the state. And it started way back, back when we got rid of the personal property tax and started with, you know, sales tax and income tax. So the state said, gee, local government, you're going to lose your personal property tax, so we'll give you state aid. I just want to tell you, back in 2002, before the recession hit and we had all these fiscal crisis here, state aid to cities was roughly \$18 million, a little bit over that. Since then and as we went through budget years where cities were asked to help the state balance the books, we've been dropped down to about \$11.6 million in state aid. And that's never been brought back, if you will. I mean the cities aid hasn't been made whole. We've done that on a number of other aid to local governments, and we've done that to certain things in addition to that. We also lost \$3 million in what was called MERF money, (inaudible) infrastructure. So, I guess, one little last caveat is that if we're going to start with a bill that's going to have penalties given to us if we don't meet the statutory requirements, we'd like to at least be brought back to where we were before the recession started, otherwise it will really be a double whammy for cities. And that would be very tough, because we're trying to, you know, keep our taxes down for our taxpayers. So with that, I'll close and try to answer any questions you might have. [LB477]

SENATOR AGUILAR: Thank you, Jack. Questions for Mr. Cheloha? Seeing none,... [LB477]

JACK CHELOHA: Thank you. [LB477]

SENATOR AGUILAR: Next opponent. Any neutral testimony? Please come up. Welcome. [LB477]

DAVID LECHNER: (Exhibit 9) Thank you. Chairman Aguilar, senators, good afternoon. My name is David Lechner, spelled D-a-v-i-d L-e-c-h-n-e-r. I'm vice president for business and finance at the University of Nebraska. I'm here testifying in a neutral capacity on LB477. I understand the bill as drafted does not apply to the university, but wanted to be on the record, as any bill that impacts the provision of healthcare to employees is very important to us. As we strive to recruit and retain high quality faculty and staff and be competitive in the marketplace, this is the part of the compensation package that ranks second only to salary. Managing the healthcare business within the university now encompasses \$100 million of employee and employer payments from all

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funding sources, and has become extremely complex. I genuinely applaud Senator Wightman's efforts to control costs. This legislation seeks to accomplish this through shifting an increasing burden on the participants. His direction parallels tough decisions the university made over the past four to six years. We agree that in a fixed budget environment, where we cannot even keep up with salaries, the ability of an employer to continue to fund a fixed pallet of benefits, and thereby absorb ever-increasing levels of cost is simply not feasible. But there are alternatives to increasing percentages paid by all participants. At the university, in connection with our outside actuaries, Blue Cross Blue Shield and CareMark, our pharmacy benefit manager, we have enacted a series of cost management strategies which we challenge on an annual basis. For example, the ways that the university's plan is different from the state's is the following: we have a higher percentage of coinsurance, a once a year pharmacy deductible, higher copays, higher stop losses, higher out-of-pockets, special handling and biotech drugs. The common element in these plan changes was that each of these differences has moved costs out to the users that will not show up in a side-by-side comparison of plans or percentages paid by employees. Confirmation that comparisons of plans by using a single yardstick is also difficult shown by the following: the state's plan, and this is congruent with the numbers you've heard before, annual costs for 2005-2006 were \$12,500 per employee versus \$7,000 per employee at the University of Nebraska. This statistic is taken from a DAS benefits compilation dated September 19, 2006. Extrapolated, this \$5,500 per employee participant is about \$40 million annually of less cost in the university's plan. This too suggests that coverage differences must be considered in plan comparisons. If you looked at the percentage of costs a university employee pays it would be about 26 percent. But if you baked in a couple of the design changes that I alluded to above, where the costs were moved out to the users, the percentage becomes about 30 percent. This comparison would not be evident without detailed information about the plan and design elements. In closing, I understand the goal behind the legislation, having personally been there. At the same time, it's my hope that this information has been helpful to illustrate some of the coverages and complexities inherent in a side-by-side analysis of health insurance plans and costs. There are many issues to weigh in plan management, design, and comparisons, in addition to employer and employee sharing percentages. I thank you for your time. And would deal with any questions. [LB477]

SENATOR AGUILAR: Questions for Mr. Lechner? Seeing none, thank you. [LB477]

DAVID LECHNER: Thank you. [LB477]

SENATOR AGUILAR: Any more neutral testimony? Senator Wightman, would you care to close? [LB477]

SENATOR WIGHTMAN: Thank you, Mr. Chairman Aguilar, members of the committee. As I listened to the opponents testimony, I found that many of them probably weren't

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really strong opponents. And some of them were in a very neutral capacity. And I'd like to explain what I mean. Just want to comment on the associations. The school boards I think indicates...and I think his testimony was fairly neutral. Mr. Babcock, negotiator for the Lincoln Public Schools, I'd be happy if we could get the entire state and all the employees at the level he's talking about, which is at 78 percent for a single, 38 percent for family coverage. You know right now the state of Nebraska is paying 79 percent, whether it's individual coverage or family coverage. I agree with those who testified that said that the deductibles and the copays are probably equally important. But I think we have got to have a study, or we are going to be so strapped for funds in the state and our Appropriations Committee and the entire Legislature that we just don't have any maneuverability. You know at this point I think probably listening to all the testimony, LB477, as far as passage or probably even being reported out of committee may be premature. But if we don't address the issue now, when are we going to address it? You know we talk about the impact of the CIR. But this Legislature created the CIR. This Legislature has the power to make laws. They probably have the power to determine exactly what the CIR can consider in its determinations. It seems to me that the creator, which in this instance is us as the state Legislature, have some control over the creature, the creature being health insurance. It seems to me that we need to look at that, and we do need to have some sort of an interim study committee. I'd certainly like to be a part of an interim study committee. So I don't consider a lot of what was said here to be all that much in opposition, perhaps in opposition to the bill, but not in opposition to the concept. We've got to get our arms around where we are on public employee health insurance, or there will never be any new program in the state of Nebraska. We aren't going to have that option, because if the taxpayer and I think most of the new senators felt that probably the taxpayers, those that were in favor of Proposition 423 came fairly close. And if they hadn't had the argument that it was outside interests that started it, perhaps it would have passed. But I can almost assure you that about two consecutive years of 5 percent plus increases in the state budget is going to give them an awful lot of ammunition. And I think we've going to have difficulty being at 4.5 percent or below this year, we may well be higher than that by the time we factor in a 4 percent increase on compensation and a 7 to 10 percent, probably closer to 10 percent on health insurance. So if we don't study the issue, we're going to be back to the table and appropriations are going to be hard to come by as far as new appropriations for any new program. As I listened to the testimony in opposition, or as I say I think some of it was fairly neutral, I have received from the Fiscal Office how many state employees were funded under their health insurance policy last year, that was 14,474, I could be off two or three, I'm going from recollection. Now the university employees on what we're looking at, at the agency review, is 14,400 employees. Mr. Mikkelsen gave us a figure that they represent 26,000 teachers. You add that up, that's 55,174 employees. I think we would be fooling ourselves if we didn't think there were close to 15,000, probably way more than that at the city and county levels, that's 70,000. And just assuming, which I think you would find to be the case, that we are insuring probably 2.5 people on average, at least 2, for every state employee, partly

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because of the comparison between public funded policies and privately funded policies. You know, we could be looking at 140,000 to 200,000 people that are being insured at the expense of the taxpayer. And it just seems to me, even though I think at this point you would be premature in reporting out LB477, I think we have got to have a study committee. We probably ought to be talking to other Legislatures around our area, because that affects the comparability. And so I would ask you to seriously consider creating an interim study committee. Our office is going to continue to work on that. But I think it's going to be a major, major issue. And if that big a portion of our budget grows at 10 percent per year, cost containment is going to be impossible. Thank you. If you have any questions, I'll try to answer them. [LB477]

SENATOR AGUILAR: Senator Pahls. [LB477]

SENATOR PAHLS: Yes, Senator, some of my traumatic episode earlier was just to bring across the point that I figure this is part of negotiations. We do need to get a handle on it. And I read part of your (inaudible). I'm pleased, when you write in the Lexington newspaper, that there's a senator who wants to put a lid on their hospitals, and doctors in Lexington. That's not the truth, okay? [LB477]

SENATOR WIGHTMAN: I didn't say that in my letter. (Laughter) [LB477]

SENATOR PAHLS: No, no, I know. I said, if you write another update, don't say that you have one here. I'm just (inaudible) (laughter)... [LB477]

SENATOR WIGHTMAN: Oh, okay, I understand. I won't blame you, Senator Pahls. [LB477]

SENATOR PAHLS: That was just for a dramatic point. [LB477]

SENATOR AGUILAR: Further questions? Seeing none, thank you. [LB477]

SENATOR WIGHTMAN: Any other questions? Thank you. [LB477]

SENATOR AGUILAR: That closes the hearing. Senator Kruse, would you come up and tell us about LB572, please, briefly. [LB477 LB572]

SENATOR KRUSE: I would be pleased to do so, Mr. Chairman. Senator Aguilar and colleagues, my name is Lowen Kruse. The hard part of that is L-o-w-e-n, representing District 13. And this is fairly straightforward. I'm pleased to be able to bring you a bill that has no fiscal impact (laugh) for anybody, as far as I can tell. I'd call your attention to the bill. And my opening will simply be to focus on the new language, which is shown on page 2 of the green copy. And I'll read that. This is what would be added to our health insurance and the qualifications...state employees. Employees of library systems that

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receive 90 percent or more of their funding from the state shall be deemed state employees solely for purposes of this coverage. Such library system shall pay 100 percent of the employer portion of the premium. Employees shall pay 100 percent of the employee portion of the premium. We have six regional libraries in the state, and five of them...at one of them, by their own structure, has the director as a state employee. But the others have local boards, and so they set up a local structure for it. And therefore their employee, their director, and that's all we're talking about in each of these, there's only one full-time person. Their director is technically not a state employee, even though that's where the money comes from. Now they could rearrange themselves to become state employees. And we've talked about that kind of an option, but it seemed like this would be a satisfactory way of solving the dilemma that they have. I have presented this bill before, and at that time we had a situation in one of the major cities of our state where they had a very adequate person who wanted to be a librarian, but had to have health insurance. And being a small agency, you know, they were just going to have to go out and buy it on their own, not get advantage of a group coverage. So this would provide that option of group coverage. There would be sometimes an employee wouldn't be able to get it on their own because of a particular medical history. I emphasize that this...that there's no money exchanges hands between us and them. The requirement is that they be a library. And I've identified there are only five possibilities of that. That they be fulfilling the mission of the state. And these regional libraries are under the direction of our Library Commission. So that they're not out there free-lancing; they're not cowboys out there doing something that the state doesn't have interest in. We have interest in it, that's why we pay for their budget and allow them to...and help them get grants for federal matching funds. Now, when we did this before, about two years ago, there was always some vague reference about this might let somebody sneak in under the tent. And we said, well, like Pogo of old, who, name one? (Laugh) And I still hear that floating around. I think there's a letter floating around. My legal guru has been looking for a copy of it. I don't know if you met Mr. Rainey, generally known as "Lefty". But always the question, well, supposing there was somebody came forward that wanted to get in under this, some other agency that could qualify? Well, they would have to come with their own bill, please. This is very specific. And we've not been able to find anybody who qualifies, it's just very unusual. But it says, library system, and that's 90 percent funded. So we think the bases are cover. And that little vague thing again with nobody identified, and we in our office, we went looking. We thought well maybe there is somebody out there that we're missing or that could come into that in some advertent way. Might make somebody interested in it out there. Well, this is very narrowly drawn. And I really can't imagine...it wouldn't apply from this legislation because, as I say, this is very specific. Might give somebody else an idea. Well, let them bring their idea. And if they have as hard a time getting through as we have, it will be a long time. I welcome questions on this. And there will be persons that can answer to specific local library operations, if you want that. [LB572]

SENATOR AGUILAR: Before we start the questions, how many are going to testify on

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this bill? I see three. Questions? I see one. Senator Mines. [LB572]

SENATOR MINES: Thank you, Mr. Chairman. Senator, we heard this in 2003 and 2005 in the Banking Committee. How is this different than the bills that were introduced then, or is it different? [LB572]

SENATOR KRUSE: It's not really different. It's a little more tightly drawn. It's guaranteed, it's library system and there's nothing generic about it. [LB572]

SENATOR MINES: Okay. Thank you. [LB572]

SENATOR AGUILAR: Further questions? Seeing none, thank you. [LB572]

SENATOR KRUSE: Thank you. And since our committee is having a hard time maintaining a quorum, the way that you entertain yourselves with Appropriations Committee today, I shall waive closing. [LB572]

SENATOR AGUILAR: (Exhibit 1) Thank you, Senator. Have the first proponent. While she's coming up, I'd read into the record a letter of support from the Nebraska Library Association. Welcome. [LB572]

BRENDA EALEY: (Exhibit 2) Thank you. I do have handouts. Good afternoon, Senator Aguilar and members of the committee. I'm Brenda Ealey. I'm the administrator for the Southeast Library System. My last name is spelled E-a-l-e-y. Sorry, first name Brenda, B-r-e-n-d-a. The Southeast Library System is one of the six regional library systems that works in southeast Nebraska. We serve a 15 county area here. We work with all types of libraries. We work with public, academic, special, institutional libraries, and our primary role is consulting and continuing education. We do some work with collaboration and networking. We also have materials, although we're not a library at our office that are available for professional use and borrowing. And I've listed some of those in my testimony. Along with my testimony, I've given you just a description of the systems. There are six of us and it shows how we're divided up throughout the state. It also talks a little bit about our vision and our goals for what we do. Another piece I've given you is the Southeast Library System annual report. The front page in particular I wanted to point to. We are set up as a nonprofit agency. And it lists there the members of our board. To me that's been the most crucial benefit in the way we're organized, because it gives us a direct line of communication to the people we're trying to serve in those communities. It also tells you the different types of libraries they represent. We also have a library, what we call user on our board, so we are in touch also with customers of libraries throughout the state. To me again that's a key reason why we're nonprofit and why we like it that way. We are funded primarily by the state. We could not operate without state funding, it's through the Nebraska Library Commission, our state library. I have included, along with my testimony, a breakdown of our insurance

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right now. What it shows there is what I pay as an individual, just as an example. And then it compares it to two other plans that are currently available through the state. This, as Senator Kruse said, it does not add additional cost. There is already a stipend that's paid to system employees for them to go out and get insurance, or retirement, or other benefits. So if we were allowed, as a part of this bill, to participate in the state health insurance plan, that would be picked up by funds within our budgets already. I should have put on my glasses. I did list the key points there of why we're supporting the bill. After sitting here this afternoon, I know it's a key point that recruitment and retention for folks is important. And when we're looking to hire and when we're looking to keep employees, what we are able to offer, particularly with health benefits, is crucial. We think that would be a drawing card. Number 2 is the same. We're not looking to escape responsibilities. I have a system board that does provide me with a stipend over and above my salary. It's just an option that would be there for individuals to participate in the state health insurance plan. The third point there is when you are part of a group plan, as opposed to being an individual that's gotten health insurance, you have more opportunities, your dollar goes farther. For example, I don't have preventative kinds of things included with my coverage now. Because you're part of a group, that money is able to maybe perhaps make more demands of insurance companies in providing better benefits. I think that's almost more key than anything else with this bill. The fourth point is if you should not have health insurance at all, your health insurance costs can often times be higher than somebody who does have health insurance. And to me again it's...this bill could save on the expense to the individual. The fifth point is we work as partners with Nebraska Library Commission. And we think the distribution of our services across the state, set up as they are regionally, does a very good job of that. We do a lot of the footwork, we're flexible, we're able to be fairly responsive. We have only two staff in each office. And I believe my understanding is that would be available for all the staff, different than what Senator Kruse did say. That would be an option for all 11 staff people, if this bill moved forward. I have put a description there of my particular situation, and it's not, I don't think, that out of line with what happens when you go out to seek insurance, and give an example of what I pay a month. It's around \$424 a month, and my deductible is \$1,500 a year, that helps keep the costs down. I don't think, and I'm not complaining because it means you're healthy, I don't think I've ever met that deductible in order not to pick up on some of the benefits of my health insurance. It is...you aren't always credited, particularly as an individual, I don't think, for healthy lifestyles. And sometimes age and other things work against you, and I've listed some of those in my testimony, too. This bill primarily would allow Nebraska Regional Library Systems the opportunity of providing health benefits to its employees as an option through the state health insurance plan. I think it's a better use, a better value of dollars spent. And it helps employees to obtain adequate health coverage. And I think that's a good thing. I'd be glad to try and answer some questions, if I can. [LB572]

SENATOR AGUILAR: Questions? Senator Mines. [LB572]

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SENATOR MINES: Thank you, Mr. Chairman. Brenda, I don't understand the stipend part of this. Can you help me through that? Is that in addition to your regular pay? [LB572]

BRENDA EALEY: Right. [LB572]

SENATOR MINES: And the stipend is intended to do what? [LB572]

BRENDA EALEY: I get a salary, and then on top of that salary I get a stipend that's intended, and it's around \$9,000, to go out and get my own insurance because since we're just two employees it's difficult for us to come up with a group plan. And since each system is set up as independent, nonprofits, we can't join a group that way either. [LB572]

SENATOR MINES: Okay. So \$9,000, you can buy very good coverage for \$9,000. [LB572]

BRENDA EALEY: You can, but that also covers anything I want to put in for retirement, investments, things like that, or dental. So it doesn't... [LB572]

SENATOR MINES: Okay. [LB572]

BRENDA EALEY: I mean, I appreciate it very much, but it doesn't go all that far when you add those things in. [LB572]

SENATOR MINES: Okay. Thank you. [LB572]

BRENDA EALEY: You're welcome. [LB572]

SENATOR AGUILAR: Further questions? Seeing none, thank you. [LB572]

BRENDA EALEY: You're welcome. [LB572]

SENATOR AGUILAR: That was a lot of information. It's going to be very difficult for somebody not to repeat that. [LB572]

BRENDA EALEY: I was a reference librarian, and that's part of the reason why you got all that. [LB572]

SENATOR AGUILAR: Welcome. [LB572]

BECKY BAKER: (Exhibit 3) Thank you. My name is Becky Baker, B-e-c-k-y B-a-k-e-r. Thank you for your time this afternoon. I'm the director of the Seward Memorial Library

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and I'd like to just comment briefly on how the library system helps local libraries just a bit. So what I've done in my testimony is give you a snapshot of a four week time period. In the last two weeks we've had the need to call the system office with a tricky cataloguing question, we've attended a summer reading program workshop that the system sponsored, Monday night Brenda was gracious enough to come to our library and spend two and a half hours with a focus group discussing our web page. So the activities that we depend on the system for vary greatly. Next week I will attend a regional meeting of library directors, where we get together and talk about issues that we all face; that's organized by the system. And two weeks from now, I'll be in Albuquerque, thanks to a grant that the systems put together for a bus that will travel across the state to get us there, free of charge. So again, we depend on them a great deal for a wide variety of consultation services, continuing education services, and with their ability to come to us, instead of us coming to them. It's very helpful, especially for the small library in our part of the state. Secondly, I wanted to speak as a current board member of the Southeast Library System and past president. I believe, off and on, over the years since I've been director at the Seward Library that I've been a board member under four different system administrators. Every time we search for a new employee, benefits are a key factor in what we can offer. And I know in the past we've had...we've offered the position to individuals who have turned it down because the package was not sufficient for what their needs were. This would...with the retirements that the library profession faces in the next ten years or so, recruitment is going to be very difficult as it is. The more we can do to make the position attractive, the more chance we'll have to keep qualified individuals in these positions. [LB572]

SENATOR AGUILAR: Any questions? Seeing none, thank you. [LB572]

BECKY BAKER: Thank you. [LB572]

SENATOR AGUILAR: Next testifier. Welcome. [LB572]

ROD WAGNER: (Exhibit 4) Senator Aguilar, members of the committee, I am Rod Wagner. Wagner is spelled W-a-g-n-e-r. I'm director of the Nebraska Library Commission and I'm here this afternoon to represent the Library Commission and to ask for your support in advancement of LB572. Brenda Ealey and Becky Baker, preceding me, covered the main points. Concerning the factors surrounding this bill, I'd like to add a couple others. The Library Commission is the state library agency by statute charged with statewide promotion, development and coordination of library services. We have for many years, dating back into the early 1980's, worked with the regional library systems in partnership. They provide valuable services and benefits on behalf of the state of Nebraska to the multi-county areas that they serve. I'd like to add that the few people involved that would be affected by this legislation are outstanding in the work they do. They are among the finest professionals in the state of Nebraska and across the state, and in fact across the country. We value their collaborative relationship with us in the

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State Library Commission. And they are recognized equally by the people they work with, and in the hundreds of libraries in colleges and universities, public libraries, and schools across the state. They have struggled, we have struggled over the years to address the issue and the need that people have for health insurance. Because they are small offices they don't have a lot of people, it's very difficult for them to arrange for those kinds of benefits are part of their compensation. This arrangement, using monies that they receive from their budgets, would help them to obtain insurance as part of their compensation package. They are not seeking additional funds for that purpose. They are seeking the ability to participate in the insurance program because, at least in part, their source of funding is the state funds and federal funds that they receive through the Library Commission as part of their annual contracts. With that, I will stop and be pleased to respond to any questions you may have. [LB572]

SENATOR AGUILAR: Questions? Seeing none, thank you. [LB572]

ROD WAGNER: Thank you. [LB572]

SENATOR AGUILAR: (Exhibit 5) Any other proponents? Are there any opponents? Neutral testimony? I would read into the record a letter of neutral position from the Department of Administrative Services. And that will close the hearing on LB572. Senator Avery, would you please come up and tell us about LB252, briefly. [LB572 LB252]

SENATOR AVERY: I heard that briefly. [LB252]

SENATOR AGUILAR: You were supposed to. (Laughter) [LB252]

SENATOR AVERY: Thank you, Mr. Chair. My name is Bill Avery, spelled A-v-e-r-y. I represent District 28, here in Lincoln. Actually, this is brief. It is noncontroversial, for a change. And it won't cost money. LB252 (laugh) will amend current law to enable the Nebraska Board of Examiners for land surveyors to require applicants for examination to pay examination fees to the National Council of Examiners for Engineering and Surveying, which provides the exam and grades the exam. For the past two years, the costs of exam have exceeded the fees that the board is permitted to charge, requiring the board to pick up the difference. LB252 will try to remedy this unnecessary burden on the board. Under the current law, the board has been able to bring in about...under current law, last year, the board brought in \$4,600 in nonrefundable fees for the exam and for registration. They paid out, however, \$5,150. So there is a difference there that is costing the board. Under the provisions of LB252, the board would be able to establish a nonrefundable application fee direct to those that are approved for examination to pay to a third party for the exam. That third party is named in the bill, and then collect a licensing fee from those individuals who pass the exam. This would net the board about \$2,300. So this is a way of generating income that will cover their costs,

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rather than costing more money than we're taking in. The changes in current law proposed in this bill will create a more equitable fee structure for surveyor testing and licensing. I urge you to advance the bill to General File. Thank you for your attention. I can try to answer any questions you might have, but there are people who will follow me with more detailed knowledge of the issues involved in this legislation. Thank you.  
[LB252]

SENATOR AGUILAR: Any questions for the nonexpert? Seeing none, you're off the hook. [LB252]

SENATOR AVERY: Thanks. [LB252]

SENATOR AGUILAR: First proponent. Welcome. [LB252]

STEVEN COBB: Afternoon, Senator, committee members. My name is Steven Cobb, S-t-e-v-e-n C-o-b-b. I am secretary of the Board of Examiners for Land Surveyors and here on their behalf. Senator, you...that's pretty much it in a nutshell. I'm here to answer any specific questions you might have regarding this particular change in our statute.  
[LB252]

SENATOR AGUILAR: Do we have any questions? I don't think we do. Pretty clear cut.  
[LB252]

STEVEN COBB: Okay, thank you very much. [LB252]

SENATOR AGUILAR: Thank you. Any other testimony, proponent? [LB252]

JIM HAWKS: My name is Jim Hawks, H-a-w-k-s, and I'm the vice chairman of the Board of Examiners for Land Surveyors. And I appreciate Mr. Chairman and the committee giving us this opportunity to come in front of you and really do some housekeeping for the Board of Examiners for Land Surveyors. What this does is actually allow us to create a much simpler process, a much easier process for the candidates who are trying to get licensed in the state of Nebraska. It also falls into line with what the engineers and architects are doing. And if you remember correctly, here several years ago they went through a process and changed a lot of their rules pertaining to licensure and how that was paid for. I think it's important to know that really what we're doing here is we are not asking, as a board, for any additional funds from the applicants. What we are simply doing is creating a process where it makes it easier for them to submit an application, have that application approved, then they'll be dealing with the National Council of Engineering Examiners, or examiners for engineering and surveying, and that's where they will be paying their fees for the actual exam. Then the other component of the application part will be if they are successful with that, they will come back and pay the board a licensing fee, which for a professional license would end up

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costing them the same amount of money to the board. So I would also encourage you to advance this bill. As a member of the Board of Examiners, I'll keep it short this afternoon. But again, it's really kind of a housekeeping method for us which allows us to update the statute and make a much simpler process and more effective process for those wishing to become licensed. [LB252]

SENATOR AGUILAR: Questions? Seeing none, I think we got it. [LB252]

JIM HAWKS: Thank you. [LB252]

SENATOR AGUILAR: Thank you. Welcome. [LB252]

LaVERN SCHROEDER: Good afternoon, Mr. Chairman and members of the committee. I'm LaVern Schroeder. That's spelled L-a-V-e-r-n, Schroeder is S-c-h-r-o-e-d-e-r, and I'm president of the Professional Surveyor's Association of Nebraska. We represent 175 surveyors out of 194. And this was brought up at our general assembly meeting in January of this year, and there was no one there to speak...no one was opposed to it, everyone was in favor of it. If you have any questions, I'll try to answer them at this time. [LB252]

SENATOR AGUILAR: See none. [LB252]

LaVERN SCHROEDER: Thank you. [LB252]

SENATOR AGUILAR: Thank you for coming today. [LB252]

LaVERN SCHROEDER: You're welcome. [LB252]

SENATOR AGUILAR: Any more testifiers? Pro, con, neutral? Senator Avery waives closing. That closes the hearing on LB252. Senator Engel, would you bring us up your LR14. Please tell us about it, briefly. [LB252 LR14]

SENATOR ENGEL: Good afternoon, Senator Aguilar. Members of the Government, Military and Veterans Committee, very friendly committee, I am Pat Engel. That's spelled E-n-g-e-l, state senator, representing the 17th District in northeast Nebraska. I come before you today to introduce LR14. The intent of this resolution is to inform the Nebraska congressional delegation, as well as the United States Trade Representatives in its high-paid economic and cultural office in Kansas City that the Nebraska Legislature supports the negotiation of the Taiwan-United States Free Trade Agreement. The United States is currently Taiwan's second largest source of imports, and Taiwan is the eighth largest trading partner of the United States. Taiwan ranks as the fifth largest overseas market for U.S. agriculture products and the exchange between the U.S. and Taiwan, in 2005, exceeded \$56 billion. To illustrate the

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importance to Nebraska of a trade agreement with Taiwan, Nebraska exported more than \$25 million in 2005, according to information compiled by the Nebraska Department of Agriculture. These exports included meat, animal feeds, oil, seeds, cereals, prepared meats, sweeteners, animal products, and cocoa. A streamlined foreign investment procedure developed under a Taiwan-United States Free Trade Agreement would lead to economic and commercial benefits for both countries, creating new business opportunities, and new jobs. A free trade agreement would eliminate terrorists at nontariff barriers. It would clarify the rules of origin and customs procedures to provide clear guidelines for the eligibility of goods. Investment restrictions would be loosened to create new joint venture opportunities for the U.S. and Taiwan, and barriers to trade would be lowered to allow U.S. exporters of services greater access to Taiwan's market. The United States International Trade Commission and Institute for International Economics have done studies showing that if a Taiwan-United States Free Trade Agreement were in place that U.S. exports to Taiwan would increase by 16 percent, or approximately \$3.4 billion annually. The United States concluded a free trade agreement with Singapore in 2004, and has begun negotiations with Thailand, Malaysia, and South Korea. And since Taiwan is one of the U.S. top ten trading partners, I believe we should encourage our federal representatives to begin negotiations of a free trade agreement with Taiwan. Earlier this year, I had the pleasure to meet with Jack Chen; he's the director general of the Taipei Economic and Cultural Office in Kansas City, and his colleague, Henry Pfan (phonetic), the division director. They have encouraged the state of Nebraska to pass this resolution to show our support for trade with Taiwan. I encourage you to advance LR14 from committee so the Legislature can discuss this issue as I believe that having a free trade agreement in place between the United States and Taiwan would be mutually beneficial for both countries and the state of Nebraska. With that, I'd be glad to answer any questions you might have. [LR14]

SENATOR AGUILAR: Questions for Senator Engel? Senator Avery. [LR14]

SENATOR AVERY: Very quickly. Thank you, Mr. Chair. I spent 34 years of my life in this field of free trade. I think this is an excellent idea. And I'm glad that you brought it forward. I just want to know, if we do decide to advance this, which I think we will, would you mind if we add some language in there about including agriculture in the free trade negotiation? It's a very difficult area to negotiate, but we did it with NAFTA, and it's going to be a huge asset to Nebraska. [LR14]

SENATOR ENGEL: Well, I think we are trading agriculture with them now. So if you think that would be part of it, I... [LR14]

SENATOR AVERY: But to free it up, put it under the discipline of free trade means that they could not have quotas and other nontariff barriers, they couldn't also have tariffs on our products going, agriculture products going to Taiwan. And we would, of course,

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have to do the same thing for their products coming here. [LR14]

SENATOR ENGEL: I, personally, don't see anything wrong with it. I'm not really an expert in that field, but I think you are. So therefore,... [LR14]

SENATOR AVERY: (Laugh) Well, it's a real sticking point with Japan, because Japan will not allow one single grain of foreign rice into their country, not one single grain. [LR14]

SENATOR ENGEL: Is that right? [LR14]

SENATOR AVERY: Not even for a trade show. And we have a competitive advantage in the export of rice, and it's a real impediment to U.S. agriculture. But if we could add some language that would say, with the insistence that agriculture be included, that would be okay with you? [LR14]

SENATOR ENGEL: I don't have any, personally, I don't have any problem with it. [LR14]

SENATOR AVERY: It is a hugely difficult thing to negotiate, though. [LR14]

SENATOR ENGEL: And currently, several other states have passed this resolution. They sent it into the Congress. Of course, the ultimate decision isn't in Congress. But following me will be the expert in Taiwan and that area, is Allen Beermann, who has traveled there many, many times and is well acquainted in Taiwan as he is in Nebraska. [LR14]

SENATOR AGUILAR: Further questions? Seeing none... [LR14]

SENATOR ENGEL: Any other questions? [LR14]

SENATOR AGUILAR: No. [LR14]

SENATOR ENGEL: Okay. Thank you very much for your indulgence. I will waive closing, but I do want to wait and listen to Mr. Beermann. [LR14]

SENATOR AGUILAR: I would, too. [LR14]

ALLEN BEERMANN: Mr. Chairman, Senator Aguilar, members of the committee, I'm Allen Beermann. I'm appearing here on my personal behalf today. And the spelling is A-I-I-e-n B-e-e-r-m-a-n-n. Before I begin my testimony, I don't know if anybody in this committee has ever before seen our sister state agreement with the Republic of China, Taiwan, so I brought two copies for you to look at, in case you'd never seen one, and

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what a sister state agreement looks like. So we have the original and the duplicate original to pass around for you to look at. And I suspect...they're in two languages: English and Chinese. And Senator Mines can read the Chinese part, if you have questions on that side. It was my good fortune, while I held a previous office in this state for many years, to put together and help lead 18 trade missions for governors, various governors over the years, to among other places Taiwan and Republic of China. They have been a very good trade partner of Nebraska. They have been, in most years so far as I know, they have been almost...they have paid in cash and they have had many...I think they had 16 grain procurement missions to Nebraska, which they purchased Nebraska grains. In fact they built a new port in Taiwan, and I was there for the opening of the port, and the first ship load of grain to that port was from Nebraska. So they have been very good partners of ours, cash partners, and have many interests in our state as a result of the sister state agreement that we have signed. So I would just urge that you advance the resolution and then, if it passes, that it be sent on to Congress to urge our congressional delegation, as 28 other states have, to adopt a fair and free trade agreement. [LR14]

SENATOR AGUILAR: Thank you, Mr. Beermann. Questions? [LR14]

ALLEN BEERMANN: I do agree with Senator Avery, the minute you get into the agricultural side of it, it becomes much tougher. But it certainly wouldn't hurt to ask, and more beneficial to us. [LR14]

SENATOR AGUILAR: Thank you. [LR14]

ALLEN BEERMANN: And I'm sorry that I have to take the exhibits, but those have to be filed. [LR14]

SENATOR PAHLS: Noticed you said that when they were in your hands, Senator Mines. [LR14]

SENATOR MINES: I can read it, I can't speak any. [LR14]

ALLEN BEERMANN: Thank you for your courtesy. [LR14]

SENATOR AGUILAR: Welcome. [LR14]

LORAN SCHMIT: Good afternoon, Senator Aguilar. Members of the Government Committee. My name is Loran Schmit. And I appear here today in support of LR14. I always feel intimidated when I follow the Ambassador Plenary Potentiator Beermann to the scene. I don't know what Plenary Potentiator means, but I read it somewhere sometime, and I sounded important, and it certainly fits Mr. Beermann, because he has been around the world many times on behalf of the state, and he is certainly a good

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ambassador for us. He's been a leader in this area for many, many years. And I admire him and respect him for the work he's done. And if there's anyone who has been a goodwill ambassador for the state of Nebraska, Allen has done that. I agree with Senator Avery, I think that we ought to try to emphasize the agriculture sector of it. The Nebraska Wheat Board, for many years, opened up a new market over there for wheat from Nebraska. They participated in the construction and operation of a banking school in Taiwan. And for many years there were annual delegations back and forth between Taiwan and the United States by the Nebraska Wheat Board. I believe that other Nebraska boards, corn and perhaps soybeans, traveled over there also. But the Nebraska Wheat Board really broke the ground over there and has been very, very successful in promoting trade. They are a very good friend of ours. They have demonstrated that for many years...many times over the years. And they have developed many friendships in this country. Anything that this committee can do to improve that situation would be fine. I believe the adoption of this resolution and advancement to the Congress would be helpful. And I would suggest...I've made several trips over there, in fact I've made many trips over there. And the Nebraska Legislature might want to follow up with a contract with the folks in the office in Kansas City and let them know of your interest. I'm sure they would appreciate being contacted by you. Certainly a trip to Taiwan would be of value to the members of this committee. So with that, I'd just like to say again it's been very informative for me to travel there. And if we had more friends like Taiwan, we would be much better (inaudible) in this country. One more thing, I do not think it's a negative factor towards the People's Republic for us to have a free trade agreement with Taiwan. The facts of life are that we engaged in trade with the People's Republic also, but it would certainly be, I think, to our advantage to participate with Taiwanese people. Thank you very much. I'll answer any questions. [LR14]

SENATOR AGUILAR: Thank you. Any questions? Seeing none, thank you. [LR14]

LORAN SCHMIT: Thank you. [LR14]

SENATOR AGUILAR: Any more testifiers? Proponents? Opponents? Neutral? Would you like to close? [LR14]

SENATOR ENGEL: I'll waive closing. Thank you. [LR14]

SENATOR AGUILAR: Senator Engel waives closing. That closes the hearing on LR14 and the hearings for today. [LR14]

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Disposition of Bills:

LB252 - Advanced to General File.

LB352 - Advanced to General File, as amended.

LB477 - Indefinitely postponed.

LB572 - Held in committee.

LR14 - Reported to the Legislature for further consideration.

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Chairperson

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Committee Clerk