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Appropriations Committee
November 06, 2009

[AGENCY 56 AGENCY 18]

The Committee on Appropriations met at 9:15 a.m. on Friday, November 8, 2009, in Room 1524 of the State Capitol, Lincoln, Nebraska for the purpose of conducting a public hearing on agencies. Senators present: Lavon Heidemann, Chairperson; John Harms, Vice Chairperson; Tony Fulton; Tom Hansen; Heath Mello; Danielle Conrad; John Nelson; Jeremy Nordquist; and John Wightman. Senators absent: None. []

SENATOR HEIDEMANN: Welcome to Appropriations Committee. We're going to go ahead and get started. We're running just a little bit late already. I think we're going to start with we'll just have self introductions here of the Appropriations Committee, starting over on our right. []

SENATOR NORDQUIST: Senator Jeremy Nordquist from District 7 in downtown and south Omaha. []

SENATOR HANSEN: Tom Hansen, District 42, Lincoln County. []

SENATOR HEIDEMANN: Then we have Senator Conrad who should be joining us just briefly. I was just having a conversation with her out in the hall. She's not too far away. She will be joining us. Senator Wightman will be joining us a little bit later on. They are running Reference Committee right now. They're actually...session is going on as we speak, up on top. They are on bill introduction so they have Reference Committee. He'll be a little bit later. He's the Chairman of Exec Board also. This is Jeanne Glenn, a Fiscal Analyst. My name is Lavon Heidemann, District 1, Chairman of the Appropriations Committee. []

SENATOR HARMS: John Harms, representing the 48th District, Scottsbluff, Nebraska.
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SENATOR HEIDEMANN: Then we have Senator Nelson who is actually Vice Chair of Exec Committee. He's also in Referencing. And then we have... []

SENATOR FULTON: Tony Fulton, District 29, south Lincoln. []

SENATOR MELLO: Heath Mello, District 5, south Omaha and Bellevue. []

SENATOR HEIDEMANN: Our committee clerk's name is Anne Fargen. The page for the day is around someplace. Her name is Courtney, I believe. If you need something, with copies or anything, or hand things out. As you come up here if you have something you want to hand to the committee, give it to Courtney and she'll help us out. At this time I would like to remind you, if you have cell phones please shut them off. We try to remind you of that. It's a little bit disruptive if they actually go off, so if you have one, please shut them off. Also I'll remind you that testifier sheets are on the table or near the back doors. We ask that you would please fill them out completely and put them in the box on the table when you testify. You do not have to fill this form out if you aren't publicly testifying. At the beginning of the testimony, for transcribers--and this is very important. If you don't do it, we're going to remind you to do it. You need to state and spell your name, and this is for the transcribers that follow. Nontestifier sheets are near the back doors. If you do not want to testify but would like to record your support or opposition, you only need to fill this out if you will not be publicly testifying. If you have printed materials to distribute, please give them to the page at the beginning of the testimony. And this I believe is Courtney; this would be her. We need 12 copies. We ask that you please keep your testimony concise and on topic. And now we're going to go into something that we normally go into during public hearings, but this is special session. We are hearing over 70 bills in three or four days' time span. We do this during regular session over a month, a month and a half. It's very compressed. Because of that, we are doing things we normally don't do. We have the light system. There are other committees that do that; we normally don't do that in Appropriations. But we will be running with the light system today. Due to the number of hearings and the time

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constraint, it's necessary during the special sessions. For bills, the principal introducer and the agencies and the principal agency representative will be given up to 10 minutes. All testifiers will be given 3-5 minutes, depending on how many people plan to testify. I will call the agency into hearing. The principal will come up. I'm going to take a show of hands. If there's 5, 6, or 7 people that want to testify, we will cut it down to 2-3 minutes. If there's only a couple we will probably let them have 3-5 minutes, depending on how many are there. We do ask that you try to stay on topic. You're going to have your chance to put out what you think is important for us to hear. At that time we start to question and it's starts to drag on. We actually have to run about every 15 minutes we've got to get an agency through to make sure that this works. We have to be out of here...it's supposed to set at noon. We probably could run a little bit longer but actually then start hearings again at 1:30. We can't bump into this afternoon's hearings. So it's a very tight, compressed time schedule we're trying to meet here. Your help would be appreciated. I believe that's everything that I have. Correct? With that, we are going to start the public hearing on Agency 56, the Wheat Board. []

DAN HUGHES: (Exhibit 1) Dan Hughes, H-u-g-h-e-s. [AGENCY 56]

SENATOR HEIDEMANN: Welcome. [AGENCY 56]

DAN HUGHES: Thank you. Chairman Heidemann and members of the committee, on behalf of the Nebraska Wheat Board I would like to thank you for the opportunity to share our position on the Governor's budget recommendations. My name is Dan Hughes. I am a wheat, corn, and millet producer from Venango, Nebraska, and I am currently serving as chairman. Upon seeing the Governor's recommendation and how the Wheat Board and other commodities would be affected by that proposal, I was disappointed that specific cash-funded noncode agencies would have their funds taken to support a General Fund shortfall. These programs are self-imposed checkoff to develop new markets and new uses, conduct research, and promote individual commodities. AS a citizen of this state, I understand a budgetary shortfall affects each

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of us and we all need to do our part to share in the burden to make up for the shortfall. However, seizing checkoff funds from producers is not the answer. Agricultural producers already pay income tax, property tax, and sales tax. To take our checkoff dollars would place an unfair burden on our producers. Wheat checkoff dollars are leveraged with federal funds where we can generate nearly \$3 for every \$1 invested to assist producers in creating new markets and educating our customers to the benefits of U.S. wheat. If the proposed \$321,792 is taken from the Wheat Board, it could have an impact of over \$933,000 in foreign market development. Nearly one-third of the Nebraska Wheat Board budget is used for research. This research is conducted by the University of Nebraska. The Nebraska Wheat Board currently has 15 contracts with the university, totaling over \$370,000. This research is vital to the development of new and improved varieties, diseases management, and nutrient utilization. It takes 10 years to develop a new variety. Public varieties were seeded on nearly 75 percent of the wheat acres planted in Nebraska this year. Giving up even one year of these programs would be devastating. The Nebraska Wheat Resources Act was created in 1955 to protect and foster the health, prosperity, and general welfare of its people by protecting and stabilizing the wheat industry and the economies of the areas producing wheat. I believe that our checkoff dollars are more effectively spent for marketing, conducting research, and providing educational activities, and are more beneficial to the state by educating our customers and consumers. In turn, their purchase of our agricultural commodities will generate more general tax receipts. On behalf of the Nebraska Wheat Board and the 8,000 wheat farmers we represent, we ask that you keep our program intact. It does our producers no good to divert our revenues and curtail out expenditures. We have far too many challenges and conversely too many opportunities to expand the Nebraska ag economy, which in turn fuels the state economy. I would be happy to answer any questions you may have and yield any remaining time to others who wish to speak on behalf of the commodity boards. Thank you. [AGENCY 56]

SENATOR HEIDEMANN: Thank you for coming in today. I know it's your concern. I think quite a few people on this committee know it's your concern and, trust me, over

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the last several days we've heard from quite a few people across the state of Nebraska that also have the same concern. Are there any questions? Senator Mello. [AGENCY 56]

SENATOR MELLO: Thank you for your testimony, Mr. Hughes. I have one question. According to the job vacancy report issued to the Legislature by the Department of Administrative Services that answers directly to the Governor, this report says that the Wheat Board has one vacant position that equates to \$34,000. Is that accurate? [AGENCY 56]

DAN HUGHES: I would like to refer to our agency director on that matter, if I could please. [AGENCY 56]

SENATOR HEIDEMANN: If you want to come up, you could. You could actually pull a chair up right there. We could have a joint thing here, but you have to state and spell your name. [AGENCY 56]

ROYCE SCHANEMAN: My name is Royce Schaneman, R-o-y-c-e S-c-h-a-n-e-m-a-n, executive director for the Wheat Board. Currently, we do not have an open position. We have 2.75 FTEs. [AGENCY 56]

SENATOR MELLO: Okay. Thank you. [AGENCY 56]

SENATOR HEIDEMANN: Senator Conrad. [AGENCY 56]

SENATOR CONRAD: Thank you. Thank you both for being here, and please let your membership know that their calls and e-mails are being heard, to our offices, and they've all been very well done. I just had a quick process question. Did you or any members of your staff have a heads-up or any consultation with the Governor's Office prior to seeing this proposal in his overall budget package? [AGENCY 56]

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ROYCE SCHANEMAN: No, we did not. [AGENCY 56]

SENATOR CONRAD: So it was quite a surprise for you folks, considering there's really no precedent in terms of utilizing these funds to generally balance the General Fund budget otherwise? [AGENCY 56]

ROYCE SCHANEMAN: That is correct. [AGENCY 56]

SENATOR CONRAD: Thank you. [AGENCY 56]

SENATOR HEIDEMANN: Are there any other questions? If not, thank you. If you were going to testify, if you can stay up if you want, okay. Thank you. [AGENCY 56]

DAN HUGHES: Thank you. [AGENCY 56]

SENATOR HEIDEMANN: Is there anyone else wishing to testify? I had the feeling. (Laugh) Welcome. [AGENCY 56]

KEITH OLSEN: (Exhibit 2) Thank you, Senator. Good morning, Senator Heidemann and members of the Appropriations Committee. I am Keith Olsen, K-e-i-t-h- O-l-s-e-n. I am a farmer. I live in Grant but my farm is out by Venango, and we just heard Dan Hughes from Venango. We are neighbors and good friends. I am representing Nebraska Farm Bureau today. And it has already been well-spoken why the Wheat Board is opposed to the taking of funds from the Wheat Board to the General Fund. We are offering this testimony not only on behalf of the Wheat Board, but of all the commodity boards that have been suggested that funds be taken from. Our main objection is that we have had a long running policy that commodity checkoff funds should be used only for the purposes they're intended for, which is market promotion, education, and research. And it is wrong to take farmers' money that is dedicated for a certain purpose and use it for

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General Fund purposes in the state of Nebraska. We encourage that this be stopped, that it does not happen, and to make sure that our commodity boards are able to use their funds for the purposes intended. And I think Mr. Hughes spoke well about how money from Nebraska leverages money from the federal government and from other states to promote our products clear across the world. It is well-spoken that research dollars come from the commodity boards and the research dollars are extremely important to the University of Nebraska. And to take this money away from the commodity boards has a tremendous effect, not only on the producers but it has an effect on the university. It has an effect on the ability to market our commodities throughout the world. With that, I would be glad to answer any questions. [AGENCY 56]

SENATOR HEIDEMANN: Are there any questions of Keith? Senator Mello. [AGENCY 56]

SENATOR MELLO: Thank you, Mr. Chairman. Thank you, Mr. Olsen, for testifying today. I just briefly look at your testimony and want to point out one thing real quick. It is the Farm Bureau's perspective that if, and I'm quoting you here, "The proposal is inconsistent with the Governor's claim to prevent any tax increases when, in fact, taking check-off monies creates a new tax on farmers." [AGENCY 56]

KEITH OLSEN: Farmers, we're hearing that time and time again, is that the Governor is saying no new taxes. But if he uses a new source--and we consider checkoff funds to be a new source--of funding for the state budget, that is, in essence, a new tax placed upon the producers of Nebraska. [AGENCY 56]

SENATOR MELLO: Thank you. [AGENCY 56]

SENATOR HEIDEMANN: (Exhibit 11) Are there any other questions? Seeing none, thank you. Is anyone else wishing to testify on Agency 56? Seeing none, we will close up the public hearing on Agency 56 and open up the public hearing on Agency 18, the

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Department of Agriculture. We have received a letter from Director Greg Ibach at the Department of Agriculture that they will not be in today. We will read this letter into the public hearing. Anyone else wishing to testify, though, is more than welcome to come up and testify at this time on Agency 18, the Department of Agriculture. Is there anyone...let's have a show of hands of people that want to...? One, two, three, four. Okay. Thank you. You can come up at this time. [AGENCY 56]

LARRY SITZMAN: Good morning, Senators. [AGENCY 18]

SENATOR HEIDEMANN: Welcome. [AGENCY 18]

LARRY SITZMAN: My name is Larry Sitzman, L-a-r-r-y S-i-t-z-m-a-n. I am in front of you today as a taxpayer and citizen of the state of Nebraska, and I am officially on vacation from my duties. I'd like to talk a little bit about the Department of Agriculture and the cash funds. I served as the director of that department for 8 years, from 1991 to 1999. That department is very frugal. That department, while I was director, turned back funds to the General Fund every year. I challenge you to look at the records. In 1991, we had 181 employees. When I left office we had 166. Today they're down into the 150's, and common sense tells me that if you take these cash funds, they will further reduce employees over there. Now, why are these cash funds in the Department of Agriculture? It's because previous legislators were approached by the citizens or interests of the state to look at regulations, promotions, and etcetera, that were need in the agriculture industry. Your former colleagues passed bills and legislation directing regulation in that department, and they were sent to the department with A bills or appropriation bills on how they could fund those specific programs. That is how the cash funds were developed. Those cash funds are recommended by voluntary producer interests, much like the checkoff boards, of how much the fee should be, how the fee should be set, and how they should be regulated, putting savings in and eventually dropping down, and then new recommendations come in to build them back up. Now let's take, for instance, if you take these, the Bureau of Animal Industries. I'm sure most

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of you have heard, this summer, of the work that the department has done with brucellosis in the state of Nebraska. So if funds are taken from BAI, I could imagine that in the future, when an outbreak like this happens, they would not be able to respond. We could lose our state credibility or certification for tuberculosis control. You've all heard of H1N1. Not if, but when, H1N1 gets a swine farm in this state, who's going to be able to respond if you take the cash funds from BAI, and they don't have inspectors to go out and test, certify, verify, and institute movement control? What happens if we have a major foreign animal outbreak in this state and we cannot have the people or funds to respond to it? I'll tell you what will happen. We will lose state certification. Our packers will be in dire trouble and we will lose foreign markets. Now I've heard a lot of talk in the past few weeks about no new taxes and not raiding the reserve. Just like my friend from Farm Bureau just said, you take these funds that have been developed and paid specifically in fees by individuals for these respective cash funds, you're taking new taxes out of them and putting them into the General Fund. You are also creating those people that are paying them to have to pay more immediately to get things in there to continue the work. You're not touching reserves, I'm told. Well, what in the world would you call raiding a cash reserve in a department, if that isn't touching reserves? I guess that's all I have to say, but I do want to one more time say how frugal the Department of Agriculture is, what a challenge it is to administrate it when you take funds like this, and what a good job they do for livestock producers in this state. Thank you. [AGENCY 18]

SENATOR HEIDEMANN: Appreciate your coming in today and letting us know a little bit of background information there that probably a lot of people didn't know, and so we appreciate that. Are there any questions? Seeing none, thank you. [AGENCY 18]

LARRY SITZMAN: Thank you. [AGENCY 18]

SENATOR HEIDEMANN: (Exhibit 18) At this time I want to note for public record that the Nebraska Winery and Grape Growers Association sent us a letter in opposition to taking \$9,000 from the agricultural agency's Winery and Grape Products Promotional

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Fund. Welcome. [AGENCY 18]

MICHAEL KELSEY: My name is Michael Kelsey. That's M-i-c-h-a-e-l K-e-l-s-e-y. I am the executive vice president of the Nebraska Cattlemen and here representing our membership to discuss a little bit about the Department of Agriculture. Let me begin by saying we appreciate very much the relationship that we have with the department. And we've had communication with him, ongoing, about these types of issues, not only in light of the special session, but certainly as we've worked through the tuberculosis situation that we've had earlier this year, as well as others. The concern that our membership has is, and I want to only address specifically the cash funds within the department. I understand that there are other agencywide cuts, if you will, in terms of 2.5 percent, 5 percent, and I don't want to necessarily address those today unless questions would do so. But certainly the cash funds. The thought if you will that our membership has is similar to what Mr. Sitzman has already offered to you. Those programs were designed, if you will, by producers for producers, and specifically in light of third-party verification. At times we can all understand that we need third party to verify, to register, do those types of activities that promote fairness, promote transparency, those types of things, whether it be markets or trade or any of those subjects. Most of, if you will, in terms of our concern, these cash funds do that. They're paid for by those who participate in those activities. So they're special funds set aside to fund that particular transaction. So it's our philosophy, if you will, that those funds are generated for that specific purpose and they should be used for that specific purpose, and if they're used otherwise then that's a violation of the integrity of the establishment of that program. So we would respectfully request that in light of the extreme heavy lifting that you have to do this special session, you just give consideration to that philosophy of why those funds were established and maintain the integrity of what they were designed for. I'd be happy to answer any questions. [AGENCY 18]

SENATOR HEIDEMANN: Thanks for coming in today. Are there any questions?

Senator Wightman. [AGENCY 18]

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SENATOR WIGHTMAN: I came in late so I'm not sure whether you've already answered this, but does the state law say that they shall be used only for the purpose of the promotion? [AGENCY 18]

MICHAEL KELSEY: Well, and we're not talking about the checkoff, Senator Wightman, if I understand correctly. But for these cash funds it's our understanding that when they were established the law does prohibit them to be transferred unless of course you have a special offering like what we're seeing today. So that's why it is our understanding that this is before you, is you have to have a special session or a special consideration to do that. In other words, you just couldn't do that in everyday activity if one fund came up short, and so forth. Do that answer your question, Senator? [AGENCY 18]

SENATOR WIGHTMAN: Yes. [AGENCY 18]

MICHAEL KELSEY: Okay. [AGENCY 18]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you. We'll note that the Reference Committee must be over. Senator Wightman, from Lexington, has joined us, and Senator Nelson from Omaha has also joined us. Anyone else wishing to testify on the Department of Agriculture, come on up. [AGENCY 18]

TOM KOHMETSCHER: (Exhibit 3) I have some handouts here. Good morning, Senator Heidemann and all the Appropriations Committee members. My name is Tom Kohmetscher. That's spelled K-o-h-m-e-t-s-c-h-e-r. I'm with Kugler Company of McCook. And as a board member of the Nebraska Agri-Business Association, I appear before you in opposition of several cash fund reductions in programs at the Nebraska Department of Agriculture. The association represents fertilizer, agricultural chemical and seed for cooperative and independent retail suppliers in the state of Nebraska. WE also represent the manufacturers of those products, as well as soil testing laboratories

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and the application industry here in Nebraska, that's the equipment industry. Our members provide seed, fertilizer, agricultural chemicals to Nebraska farmers and producers. We appear in opposition to cash fund transfer from industry-funded inspection programs relating to our products. Governors in many states have used the approach of utilizing cash funds specifically geared toward industry promotion, marketing, and inspection programs in order to balance budgets and prevent tax increases. In many states, this has caused the cash fund fees to increase, which is definitely a tax increase. In this case, it will result in a direct tax increase on agriculture and farmers in Nebraska. The proposed transfers are as follows, as outlined in the budget: Fertilizer and Soil Conditioner Fund, \$75,000 to be taken immediately; Buffer Strip Fund, \$150,000 to be taken immediately, and \$28,002 in 2011; the Weed Book Funds, \$19,999 in 2010, and \$19,997 in 2011; the Pesticide Cash Fund, \$18,000 in 2010, and \$36,002 in 2011; Seed Administrative Fund, \$20,001 in 2010, and \$20,001 in 2011; and the Weights and Measures Division, \$20,017 in 2010, and \$19,997 in 2011. The Fertilizer and Soil Conditioner Fund is paid by the retailers at a rate of 10 cents a ton on all fertilizers and soil conditioners sold in Nebraska. The fund is used by the Department of Agriculture to administer and enforce an inspection program providing farmers and retailers an assurance of fertilizer quality. For example, if a farmer is purchasing a blend of 10-34-0 fertilizer, the fund provides for inspectors who regularly take samples at retail storage locations to assure that the blend is accurate. The fund has grown low enough over the years that moving funds out of the program will result in a tax increase on fertilizer, most likely in this upcoming year, or the loss of inspectors and thus diminishing the integrity of the program as well as losing protection for the quality of fertilizer sold in Nebraska. The sale of fertilizers and soil conditioners in Nebraska has remained fairly static, as there is no growth in acres of farming, and with newer technology the use of fertilizer does not increase or keep up with the cost of living or inflation, as the fees are based on tonnage. Likewise, the fees moved from the Buffer Strip Program and the Pesticide Fund are fees paid by the pesticide industry. The funds are utilized by the department to provide buffer strips in farm fields to prevent runoff into lakes, streams, and other water sources, and prevent pollution. The funds are also used

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by the department to inspect those who sell and apply pesticides in Nebraska. Again, these fees will need to be increased. Weights and Measures fees, which relate to all measuring devices in Nebraska, are paid by industry to provide integrity of grain scales, fertilizer meters, grocery store scales, and other devices. Fees paid for seed licensing provide for quality and integrity in seeds sold in Nebraska. Over the next two years, these cash fund depletions are a total of \$447,026, relating to agricultural programs and inspection programs administered by the Department of Agriculture and paid for by the industries which are regulated by them. There are several other programs, such as Noxious Weeds, Commercial Feed, Poultry and Eggs Marketing, Agricultural Products Marketing, Pure Food, Potato Development, and the Wine and Grape Producers Promotional Fund--which you mentioned that letter earlier, Senator--which are also being tapped. We believe that agricultural programs are being hit hard, and within a year many of our fees or taxes will have to be increased to keep the integrity of these programs. We realize there is a precedent of capping tapping cash funds which have balances at this time. However, some of these balances are no different than the state cash reserve. Should there be a change in federal farm programs or drought, the sale of fertilizers will diminish and thus reduce the fertilizer cash fund. We do not believe that the cash funds for these important agricultural purposes should be swept into the General Fund, as it appears punitive for those programs that have been frugal to keep a balance for a drop in the sale of certain products, such as fertilizer or seed. I guess we urge you to consider restoring the Department of Agriculture cash funds. And with that, I say thank you for allowing me to testify today, and if you have any questions I'd try to answer then. [AGENCY 18]

SENATOR HEIDEMANN: I appreciate you coming in. There's a lot of good information in here that we needed to hear. Senator Hansen. [AGENCY 18]

SENATOR HANSEN: Thank you. Thank you for coming in this morning. I know you don't represent the Department of Ag, but the Weights and Measures reduction--\$20,000 in 2010, and \$19,000 in 2011--would that be a reduction in one

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Weights and Measures personnel? I think I met him at a Casey's in North Platte, testing the amount of ethanol in gasoline. But he lives outside of the area that he's working, and about to retire. I don't know if that's... [AGENCY 18]

TOM KOHMETSCHER: It's possible. That fund, I believe, that covers that, and like as I mentioned earlier, the guys that are testing for fertilizer, it could be one of those individuals also. I'm not sure exactly...I don't believe...I can't answer that question fully, to be honest with you. [AGENCY 18]

SENATOR HANSEN: Okay. Thank you. [AGENCY 18]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 18]

SENATOR MELLO: Thank you, Mr....is it Kohmetscher? [AGENCY 18]

TOM KOHMETSCHER: Yes, sir. Perfect. Thank you. [AGENCY 18]

SENATOR MELLO: I just didn't want to mispronounce it. I just want to clarify a component of your testimony. You state on behalf of the Nebraska Agri-Business Association that if we do in fact take cash funds, and we support the Governor's proposal to take these cash funds and it raises your fees... [AGENCY 18]

TOM KOHMETSCHER: Correct. [AGENCY 18]

SENATOR MELLO: ...that you would consider that to be a tax increase then? [AGENCY 18]

TOM KOHMETSCHER: Yes, I would. [AGENCY 18]

SENATOR MELLO: Okay. Thank you. [AGENCY 18]

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SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for coming in. [AGENCY 18]

TOM KOHMETSCHER: Thank you, Senators. [AGENCY 18]

SENATOR HEIDEMANN: Once again, I just want to remind you we are running under the light system. We try to accommodate, as best as possible. You see the green light on, you're good to go; you see the yellow light on, I believe it lasts a minute, one minute. Then you'll see the red light come on. We will try to accommodate as best as possible, but if you could wrap it up as soon as possible. If you do have written testimony, this was very good from the last testifier, and we can take a lot from this. It's in our hands. Time constraints are going to not allow this to do us continually. If you have a rather lengthy testimony, if you could kind of summarize a little bit, it would be good. Any other person wishing to testify on Agency 18? [AGENCY 18]

JOHN BLACK: Good morning, Senators. Thank you, Mr. Chairman and the rest on the committee. My name is John Black, J-o-h-n B-l-a-c-k. I live in Omaha. I work for Henningsen Foods in Omaha and David City, Nebraska, and also a sitting member on the Nebraska poultry industries. Let me start by saying, "Go Big Red." With that done, as has been eloquently spoken before me, we are in total disagreement with pulling cash reserves out of our department. It's been said time and time again, so in the hope of expediting time I'm not going to repeat that. I'm just going to state from our department what our feeling are. We have three key points I want to try and get across. As some of you may or may not know, the turkey industry in Nebraska over the last 18 months has ceased to exist. The plant in Gibbon has closed. Roughly, 80 percent of the turkey growers who offer checkoff dollars to our department have went out of production. Therefore, we have lost some...well, I'm not sure...not half, but, oh, 30 percent of our revenue streams because of the lack of the turkey production in the state right now. With that being said, we've had budget hearings or adjustments with our

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budget two times in the last year. We have reduced our staff by one because of the lack of the turkey production. We no longer have a specialist in regards of promotions. We have trimmed our budget accordingly. We are holding in our cash reserves, trying to hold them as frugally as possible, because what remaining dollars are coming in for the turkeys are limited and we don't know what their future holds. What little money is coming in right now could be depleted within the next six months, just depending on what happens with their livelihood. Also a key part of this is the checkoff that we give is voluntary, and I don't want this to sound like it's blackmail, but there's two producers other than the turkeys in the state that offer checkoffs, and that's with the large egg-laying operations in Nebraska. One is ourselves, Henningsen Foods, and the other one is Michael Foods in Wakefield, Nebraska. I can't speak on Michael Foods' behalf, but on the behalf of Henningsen Foods, our belief this is a voluntary checkoff, 3 cents per case. We've given roughly \$30,000 last year, annually. It is our belief that if this money is pulled out of checkoff dollars in our reserves that goes toward promotion of our industry research, education. A lot of education goes into high schools and elementaries. It is our belief if this money is pulled out, we can ask for that money back in a refund within 60 days, and it's our position that if this money is going to help the government's bottom dollar, why are we giving that to them when it can help our bottom dollar? So with that being said, I would open it up to any questions that you might have of me right now. [AGENCY 18]

SENATOR HEIDEMANN: Are there any questions? Seeing none, a prediction for tomorrow? [AGENCY 18]

JOHN BLACK: Go Big Red. [AGENCY 18]

SENATOR HEIDEMANN: (Laughter) Thank you. [AGENCY 18]

JOHN BLACK: You're welcome. Have a nice day, Senator. [AGENCY 18]

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SENATOR CONRAD: Thank you. [AGENCY 18]

SENATOR HEIDEMANN: Is there anyone else wishing to testify on Agency 18? Seeing none, we will close up the public hearing on Agency 18 and open up the public hearing on Agency 29, the Department of Natural Resources. [AGENCY 18]

BRIAN DUNNIGAN: (Exhibit 4) Good morning Chairman Heidemann. [AGENCY 29]

SENATOR HEIDEMANN: Good morning. [AGENCY 29]

BRIAN DUNNIGAN: Members of the committee and staff, my name is Brian Dunningan, B-r-i-a-n D-u-n-n-i-g-a-n, and I serve as the director of the Department of Natural Resources. I want to first emphasize that the department supports the revised budget recommended by Governor Heineman. I recognize that proposed reductions will have major impacts on the department operations, as well as on natural resources districts and individuals who benefit from aid programs we administer. At the same time I understand and agree the current economic circumstances necessitate prioritization of resources, work, and shared sacrifice. Through refocusing resources and delaying studies and other actions, we will be able to meet our highest priority responsibilities with the proposed funding. Budget concerns communicated earlier this year by the Governor led us to defer certain actions and scale back plans in anticipation of possible budget reductions. Thus far, the department has committed very little of the reappropriated operating program funds other than those directly related to ongoing initiatives, and have adjusted the department's plans to account for postponement of hiring for most new and vacant positions. I will limit my comments today to my assessment of the implications that these budget reductions will have on the department's operation and aid programs over the remainder of the biennium. The Governor's request includes reductions in both reappropriated funds and fiscal year appropriations for the department's operating program, Program 334. Regarding fiscal year appropriations, our highest priority activities for this biennium continue to be

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statewide water resources management and the administration of interstate water compacts and decrees. My department has been working to assure that staff resources are properly aligned with our priorities, and to restructure the department's organization to clarify this scope and our responsibilities. I believe the department can continue to address the highest priority demands with existing staff over the short term. I want to stress, however, that the planned staff levels are still critical to the department's ability to achieve its goals. The Governor also recommended cash fun transfers from the department cash fund. These are not expected to affect my operations. The department manages or administers two funds within its operating program, and administers six other programs, all of which are aid funds. The Water Resources Cash Fund is funded primarily through transfers of \$2.7 million per year from the General Fund. Starting this fiscal year and continuing for the next two years, \$2 million per year has been designated as the state's contribution to the Platte River Recovery Implementation Program. The plans are to retain the reappropriated balance from FY2009 and amounts not designated to PRRIP to build a contingency reserve to help deal with water compact and decree issues that may arise in the future. Although appropriation reductions and related cash fund transfers proposed by the Governor will slow growth of the reserve, we do not anticipate any near term implications. The Water Contingency Cash Fund was funded by a one-time transfer of \$9 million from the Cash Reserve Fund. The purpose of the fund was to extend loans to natural resources districts in the Republican River Basin to pay commitments made for their water supply leases from several irrigation districts in 2007. This action was completed and the fund now exists as a repository for NRD repayments. The department has no plans for expenditures from this fund. On this basis, the proposed reappropriation reduction will not impact department activities. The remaining six programs comprise aid programs or funds that support the conservation, protection, and development of the state's natural resources. In accordance with fund rules and regulations, appropriations or cash balances in these funds are allocated, granted, or paid to NRDs on an annual or semiannual basis. Based on our estimations of commitment statuses, using historical spending patterns, we do not anticipate the proposed reductions to cash-funded programs and ancillary cash

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funds within other programs will have significant implications for beneficiaries of these funds. However, for programs that rely on General Fund appropriations, the proposed reductions in biennial appropriations and reappropriations means those projects may take longer to complete, extending the time frame for full reimbursement of expected project funding. In addition, portions of allocations and obligations made based on this year's and prior years' appropriations will have to be withdrawn. I'd be glad to answer any questions the committee may have. [AGENCY 29]

SENATOR HEIDEMANN: Thanks for coming in today. Are there any questions?
Senator Mello [AGENCY 29]

SENATOR MELLO: Thank you, Mr. Chairman. Thank you, Director Dunnigan. According to the job vacancy report that was issued to the Legislature by the Department of Administrative Services that answers directly to the Governor, it states that you have nine current vacant job positions to the amount of \$501,000. Is that accurate? [AGENCY 29]

BRIAN DUNNIGAN: That is not accurate. Currently, we have six vacant job positions. [AGENCY 29]

SENATOR MELLO: Thank you. [AGENCY 29]

SENATOR HEIDEMANN: Senator Hansen. [AGENCY 29]

SENATOR HANSEN: Thank you. Director Dunnigan, it's good to see you this morning. [AGENCY 29]

BRIAN DUNNIGAN: Nice seeing you, Senator. [AGENCY 29]

SENATOR HANSEN: On the first page, you say your department supports the budget

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recommendation. On the second page, you say that the highest priority in the biennium is to continue the state water resources management, statewide. Do you have enough budget to take over the duties of the NRDs in the state of Nebraska? Could you run the NRDs, do what they do, similar to the state of Kansas where they have no NRDs? It's all run out of Topeka. [AGENCY 29]

BRIAN DUNNIGAN: We currently have resources to do what we're statutorily required to do. [AGENCY 29]

SENATOR HANSEN: Okay. We'll leave it at that then. (Laughter) Thank you. [AGENCY 29]

SENATOR HEIDEMANN: Well put. Are there any other questions? Seeing none, thank you. [AGENCY 29]

BRIAN DUNNIGAN: Thank you. [AGENCY 29]

SENATOR HEIDEMANN: (Exhibit 13) A show of hands of anybody else that wants to testify on Agency 29? There is no one else wishing to testify on Agency 29? Okay, at that time then we will close up the public hearing on Agency 29 and open up the public hearing on Agency 39, the Brand Committee. I will note at this time that we do have a note from some Brand Committee members that we will read into the public record. Welcome. [AGENCY 29]

CHARLIE HAMILTON: Thank you, Chairman Heidemann and members of the Appropriations Committee. My name is Charlie Hamilton, C-h-a-r-l-i-e H-a-m-i-l-t-o-n. I'm a rancher from Gordon, Nebraska, and I'm a member of the Nebraska Cattlemen and serve as the vice chair of the Brand and Property Rights Committee. I'm here today representing the association to testify on discussions regarding the Nebraska Brand Commission. I'd like to address the Governor's proposal to transfer \$334,227 of

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inspection fees collected from the cattlemen to the General Fund. These funds are held in reserve by the Brand Commission to be used to emergency purposes only, as is a common practice by other agencies. If they are used for the General Fund, the Brand Commission would not be positioned for possible emergencies. The funds have been established entirely from fees collected from inspections conducted by the Brand Commission personnel. None of these dollars have ever come out of the General Fund. And given that the commission has lost revenue due to the reduced cattle numbers and the downturn in the economy, the commission has operated at a deficit in the last 8 out of 10 years. At present year, the revenue is approximately \$74,000 below expenses. And for your further information, it's my understanding the Brand Commission Board voluntarily forfeited this year their 2.9 percent cost of living increase last year for the benefit of the commission's general budget. The discussions you face regarding the state's budget are difficult and have possible long-term implications. I too face these decisions on a daily basis at home. My business revenue this year was down to about 20 percent. Cutting expenses and looking at making more efficient decisions in my operation are the only option. I am the fourth generation on the ranch and my decision regarding range management and environmental stewardship can and likely will impact my son, my grandsons, and for generations to come. In conclusion, I strongly request the commission not transfer these producer fees to the general budget, and allow the Brand Commission to continue their tradition of excellence. And I thank you for the opportunity to provide testimony, and I would be happy to respond to any questions.

[AGENCY 39]

SENATOR HEIDEMANN: Thank you for coming in today, Charlie. Senator Hansen.

[AGENCY 39]

SENATOR HANSEN: Thank you, Mr. Hamilton, for being here. Can you explain...we're going to talk about a lot of commodity checkoffs, and we've already started that process this morning. Do the brand fees add anything to promotion, research, and education to the beef industry? You sat on a board that did that, so can you differentiate... [AGENCY

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39]

CHARLIE HAMILTON: I did sit on the board that did that, but... [AGENCY 39]

SENATOR HANSEN: Can you differentiate between the two? [AGENCY 39]

CHARLIE HAMILTON: To my knowledge... [AGENCY 39]

SENATOR HANSEN: This is not a checkoff. [AGENCY 39]

CHARLIE HAMILTON: Correct. This is not a checkoff. It's a...and I, to my knowledge, they don't. But, you know, I'd have to refer you to... [AGENCY 39]

SENATOR HANSEN: What board would? [AGENCY 39]

CHARLIE HAMILTON: Excuse me? [AGENCY 39]

SENATOR HANSEN: What board would? [AGENCY 39]

CHARLIE HAMILTON: Would go to research and education? The beef checkoff board. [AGENCY 39]

SENATOR HANSEN: Okay. Thank you. [AGENCY 39]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 39]

SENATOR MELLO: Thank you for your testimony. Thank you, Mr. Chairman. According to the job vacancy report that was issued to the Legislature by the Department of Administrative Services, who answers directly to the Governor, it states that the Nebraska Brand Committee has nine vacant positions, to the amount of \$288,000. Is

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that accurate? [AGENCY 39]

CHARLIE HAMILTON: You just went way out of my league. I'm a rancher out there. I'd had to refer you to Director Stanec, who is going to testify next I believe, so. [AGENCY 39]

SENATOR MELLO: Okay. I'll ask that question then. Thank you. [AGENCY 39]

CHARLIE HAMILTON: Okay. Thank you. [AGENCY 39]

SENATOR HEIDEMANN: That was a good response also. Are there any other questions? Seeing none, thank you. [AGENCY 39]

CHARLIE HAMILTON: Thank you. [AGENCY 39]

SENATOR HEIDEMANN: Is there anyone else wishing to testify? Or how many people do we have wanting to testify on this agency? Just one more. Okay, thank you. Welcome. [AGENCY 39]

STEVEN STANEC: (Exhibit 5) Good morning, Chairman Heidemann and members of the Appropriations Committee. My name is Steven Stanec. First name, S-t-e-v-e-n, last name is spelled S-t-a-n-e-c. I'm the executive director of the Nebraska Brand Committee. I'm going to try to be brief today. It is my hope that the information was sent electronically yesterday from our office, and I'm hoping that you did receive that information. I'll try not to follow word-for-word my testimony, as we try to get through this so you can move on to other testimony. My reason for being here today is try to dispel any misinformation and educate relative to the activities of the Nebraska Brand Committee. In 1941, the cattle industry pursued successful legislation to have the Nebraska Brand Committee created whose primary purpose was to protect Nebraska brand and livestock owners from the theft of livestock through established brand

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recording, brand inspection, and livestock theft investigation. The Brand Committee is a noncode, self-supporting agency that in its 68 years of existence has never received any general tax fund money. It relies solely on the fee assessments for the services it provides to operate, which is directly related to cattle numbers inside the boundaries of the brand inspection area. I'm going to allude a little bit to an analysis of the Brand Inspection and Theft Prevention Fund that was formed in 1991 relative to LR127, which will merely echo the need for cash on hand for our agency due to fluctuations in revenues. The reason being, it's directly related to the fluctuations and activity in the cattle market. I have included in the information to you, total cattle inspection numbers by years, reported. And they can vary greatly from one year to the next. During fiscal year 2003-04, the numbers decreased from the year prior by 400,000 head. And during fiscal year '96-97, they increased 224,590 head. There's a drastic fluctuation from year to year, and it's related to cattle movements and sales. This illustrates the need for a cash fund reserve, especially when the agency has reached its maximum inspection fee, which is authorized by state law as 85 percent of the revenues derived from that per-head inspection fee. So if you take 800,000 times 75 cents a head, you can easily see that's somewhere in the neighborhood of \$300,000 in a year. Also in the enclosed profit and loss statement by month, I provided to you, you can see that there's a great disparity too. The months of June, July, and August, cattle are not moving. They are in pastures. Sale barns are no having sales, things of that nature. So you can see that by that report that there's a vast change merely from month to month, where in some months we could have a \$100,000 loss due to revenues, and in other months we could have a \$75,000 to \$100,000 gain due to increases. Because the Nebraska Brand Inspection and Theft Prevention Fund sustains the operations of the Brand Committee, a cash reserve is required to meet those needs during the months of greatest cash outflow and in the event of revenue downturns. And that is also echoed in that analysis which was performed in 1991. The Brand Committee has throughout its history felt that the cattle industry provides the support for the agency and the services it provides by paying the fees to keep it viably. As such, the committee has lowered the brand inspection fee four times since 1941. The last fee was lowered in January 1998, when

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the fee was lowered from 60 cents per head to 55 cents per head. That fee remained at that level for five years, returning basically \$1.25 million back to the industry because it was not needed because of the high cattle numbers. There was another recommendation made in that analysis that the committee create a minimum and maximum fund reserve policy, which we currently do have, and that policy is that when the cash balance reaches a low of 20 percent of the annual budget on hand, the committee looks at raising brand inspection fees and other related fees. And if the cash balance exceeds 45 percent of the annual budget, then it considers lowering the fee as it did in 1998 and years prior. A recommendation that was made back then, a good round number was 25 percent being an adequate number relative to cash on hand for those reasons mentioned. Currently, the percentage of cash on hand is about 9.6 or 10 percent of its annual budget, which would merely sustain the committee for about two months if there was a complete downturn in inspection numbers. Any cash on hand that would be above and beyond the necessities of the Brand Committee certainly are returned to the industry, and rightfully so. Although the base appropriation figure is \$4,456,362, as you can see by the additional report in there, the receipts for last year were \$3,992,000. Keep in mind that the \$4,456,000 is only the authority to spend those monies if they were available. However the Brand Committee did sustain a \$74,000 loss last year. Reason being, our numbers have consistently declined since 2006 and our cost of doing business has doubled in most cases over the past ten years. Health insurance costs, workers' comp premiums, accounting and other system-related costs, travel expenditures for mileage reimbursed, which costs the committee about \$550,000 annually at the current rate. Our brand inspectors travel approximately 1 million miles a year to perform that service. Over the years, the committee has taken cost-cutting measures. About ten years ago we had 123 overall employees. Today we have 107. This last year, in July, our committee meeting in June, they moved not to give the 2.9 percent cost of living raise to our employees. We have also cut two full-time employee positions because the committee was trying to be proactive, seeing that there was going to be a downturn in the numbers and the economy. And it would appear now that possibly, being with these funds taken away, it seems like that was probably a move

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that was detrimental, looking at the dollars involved, than if the committee would have given those pay increases. Currently, our brand inspection fee is assessed at the maximum--75 cents per head. I think our agency is doing an outstanding job in keeping those assessments down. As you look at the state of Wyoming assesses \$1.50 per head, and South Dakota is currently at 80 cents a head. So our committee does whatever it can to keep the cost of doing business down to keep that per-head inspection fee low. Ultimately, the cattle industry acts as the committee's oversight, if you will. They are directly involved in all our meetings. They are the ones that provide the funding for the services that they expect us to give to them, and those monies that are generated, they are expected to be used for that and to protect their interests in preventing lost or stolen livestock through the committee's programs. On behalf of the Brand Committee, at this time I would ask that you would review the materials and the information that were presented in the electronic transmission of those, and come to the right conclusion and allow us to do our job and have the funding to do so, and not allow this transfer of funds from the Brand Inspection and Theft Prevention Fund. Thank you. I'd be happy to answer any questions of me. [AGENCY 39]

SENATOR HEIDEMANN: Thanks for coming in today. Senator Nelson. [AGENCY 39]

SENATOR NELSON: Thank you for coming in. We have here a two-page letter from the Brand Committee. Is that the electronic transmission that you are talking about?
[AGENCY 39]

STEVEN STANEC: No. That would be the letter that was sent by the board chairman.
[AGENCY 39]

SENATOR NELSON: All right. [AGENCY 39]

STEVEN STANEC: The electronic transmission was my testimony as well as related documents. [AGENCY 39]

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SENATOR NELSON: That's been sent to us. I don't have a copy of that. Does anyone else? [AGENCY 39]

SENATOR HEIDEMANN: We have copies. [AGENCY 39]

SENATOR NELSON: Okay. All right. Sorry. Just to clarify something here, you have a 9.62 percent cash reserve right now, but your minimum is supposed to be 20 percent. That's your policy. [AGENCY 39]

STEVEN STANEC: That's our policy. Yes. [AGENCY 39]

SENATOR NELSON: But you've fallen below that because of conditions. [AGENCY 39]

STEVEN STANEC: Right. Yes, we have. [AGENCY 39]

SENATOR NELSON: And where does the bulk, then, of your income come from? [AGENCY 39]

STEVEN STANEC: The majority of it, 85-87 percent comes from the brand inspection fee, per-head inspection fee. [AGENCY 39]

SENATOR NELSON: And the cash reserve funds, where do those come from then? [AGENCY 39]

STEVEN STANEC: Our cash reserve fund is basically those fees anything above and beyond what we've paid. They are subject to investment by the statute that governs... [AGENCY 39]

SENATOR NELSON: Okay. All right. [AGENCY 39]

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STEVEN STANEC: Yeah. So that are invested. [AGENCY 39]

SENATOR NELSON: So it's all fees. [AGENCY 39]

STEVEN STANEC: All fees going to the Nebraska Brand and Theft Prevention Fund.
[AGENCY 39]

SENATOR NELSON: All right. Thank you very much. [AGENCY 39]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 39]

SENATOR MELLO: Thank you, Mr. Chairman, and thank you for your testimony. A follow-up question from the previous testifier. According to the job vacancy report that was issued to the Legislature by the Department of Administrative Services, who answers directly to the Governor, it states that the Brand Committee has nine vacant positions right now to the amount of \$288,000. Is that accurate? [AGENCY 39]

STEVEN STANEC: I will...in answering that, I will say that the Nebraska Brand Committee, by statute, is exempt from state personnel. By statute, the Brand Committee may hire employees and set salaries, etcetera. Where that figure may have come from is, over the years, we have cut back on the number of full-time employees that we felt were needed, by closing offices. As an example, the Brand Recording Office used to be in Lincoln. That was closed. We moved that personnel to our administrative office in Alliance and were able to cut back on employees by doing that. [AGENCY 39]

SENATOR MELLO: Are those employees then in your existing...are they still budgeted within the Brand Committee then, or you essentially eliminated them and then...?
[AGENCY 39]

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STEVEN STANEC: No. We've eliminated those. [AGENCY 39]

SENATOR MELLO: Eliminated those and they're just no longer there... [AGENCY 39]

STEVEN STANEC: Yes. Right. [AGENCY 39]

SENATOR MELLO: ...and we have misinformation in the report then. Is that kind of the... [AGENCY 39]

STEVEN STANEC: I would believe so, yes. We do not plan to fill nine positions. We are status quo at the moment. However, I may add to that, because the Brand Committee has the authority to hire and set salaries if our cattle numbers get to such an extent, back up to that 4 million head a year. We probably would have to hire more employees to handle that increased workload. [AGENCY 39]

SENATOR MELLO: Okay. Thank you so much. [AGENCY 39]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 39]

SENATOR WIGHTMAN: Thank you, Mr. Chairman. I believe you said in response to the previous question, perhaps from Senator Nelson, that 80-85 percent of your money came from brand inspections. That might not have been...where does the rest of it come from? [AGENCY 39]

STEVEN STANEC: Brand recording is the other major income. We have do have the avenues to charge for research and things of that nature. We also have a permitting system for cattle that are located on the brand inspection line, to go in and out of the area under a permit system, and there's a small fee associated with that permitting system. We also have a registered feedlot program that generates fees that would not be in that per-head brand inspection fee. It would be noted in the registered feedlot

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program. So those are the other avenues where those monies are generated.
[AGENCY 39]

SENATOR WIGHTMAN: One other question. You said that you weren't under the state's personnel policy. [AGENCY 39]

STEVEN STANEC: Right. [AGENCY 39]

SENATOR WIGHTMAN: Do you pay...out of the money that you collect, do you pay the health insurance and the expenses on employees, retirement as well? [AGENCY 39]

STEVEN STANEC: Yes. Right. Everything comes out of that Nebraska Brand Theft Fund, as far as retirement, salaries, benefits, etcetera. [AGENCY 39]

SENATOR WIGHTMAN: Thank you. [AGENCY 39]

SENATOR HEIDEMANN: Senator Hansen. [AGENCY 39]

SENATOR HANSEN: Thank you. Mr. Stanec, does \$550,000 that you spend every year, we only inspect cattle in the western two-thirds of the state. [AGENCY 39]

STEVEN STANEC: Correct. [AGENCY 39]

SENATOR HANSEN: Do you have authority to go outside that line? [AGENCY 39]

STEVEN STANEC: We have what is...as far as brand inspection? [AGENCY 39]

SENATOR HANSEN: Well, is the law just for that western two-thirds of the state?
[AGENCY 39]

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STEVEN STANEC: We have virtually four divisions within our agency. One of those is criminal investigations. We have staff that are commission law enforcement who perform theft investigations by statute. That duty and responsibility is theirs. They are a statewide authority. We do criminal investigations statewide. Our brand inspection fee is generally related to the western two-thirds of the state. There's two situations that that doesn't apply, and we have what are called open markets, which may be applied for by the existing market--one of those being Swift in Grand Island, which is a major packing plant, and a sale barn in Albion, Nebraska, which is outside the confinements of the brand inspection area but have requested that we perform brand inspections at that point for cattle that originate inside the brand inspection area, for convenience purposes. So those are the only situations where that brand inspection fee is collected anywhere outside the boundaries of the brand inspection area. Does that answer your question, Senator. [AGENCY 39]

SENATOR HANSEN: Yes, it does, and I just want to state that we, the ranchers in the western part of the state, anyway, willingly pay this checkoff. We're serious about cattle rustling. We're serious about when you...you know, you follow to the outstate too, the interstate items every once in awhile go beyond the state borders. And we're serious about cattle rustling and we're serious about the intent of people to commit fraud when they do sell cattle that don't belong to them. So thank you for coming today. [AGENCY 39]

STEVEN STANEC: Any other questions? [AGENCY 39]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thanks for coming in today. [AGENCY 39]

STEVEN STANEC: Thank you. [AGENCY 39]

SENATOR HEIDEMANN: (Exhibit 14) Is there anyone else wishing to testify on Agency

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39, the Brand Committee? Seeing none, we will close the public hearing on Agency 39 and open up the public hearing on Agency 52, the State Fair Board. They have sent a letter. It's a very short letter stating that the State Fair Board receives no general funds from the state, it will not be affected by the current budget, and as such, that they will not attend the budget hearing on November 6, which is today. They also state that the best wishes to you as you face the challenges related to the current state budget. So we appreciate that. Is there anybody else that wishes to testify on Agency 52, the State Fair Board? Seeing none, we will close the public hearing on Agency 52. This will go into the public record. And we will open up the public hearing on Agency 60, the Nebraska Ethanol Board. Welcome. [AGENCY 52]

TODD SNELLER: (Exhibits 6 and 7) Good morning. Mr. Chairman, members of the committee, my name is Todd Sneller, T-o-d-d S-n-e-l-l-e-r. I currently serve as administrator of Agency 60, the Nebraska Ethanol Board. If I might take just a few minutes to make sure that we all understand the funding mechanism here, because while we view it as a checkoff of sorts, it may not fit the definition that was talked about in terms of commodity checkoffs. In 1971, when the ethanol development program was established by the Nebraska Legislature, a mechanism was created so that off-road gasoline use that was taxed was eligible for a refund, and a small portion of that refund was kept to support the agency operations. That continues to be the mechanism today, with about 89 percent of that revenue coming from the gasoline purchased by ethanol plants to make ethanol suitable for motor fuel. They are eligible for the refund. The state retains a small portion of that. A small portion of that that's retained goes to the Nebraska Ethanol Board to fund our activities. A small part goes to the Department of Roads and a small part goes to the Department of Revenue. We're entirely cash-funded. The other 11 percent comes from off-road uses such as agricultural operations or off-road. So it's an entirely cash-funded agency and has been since 1971. I'd also like to point out that unfortunately when we met with you earlier this year we had predicted that a change in federal law that was included in the 2009 farm bill would change the amount of gasoline that was allowed for use to denature ethanol from an

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allowable limit of 5 percent by volume to 2 percent by volume. Because that volume of gasoline is the basis on which the revenue for the Ethanol Board is generated, we anticipated as much as a 60 percent reduction in agency cash funds coming in, in the next biennium. And we predicted that for you. And unfortunately, about a 50 percent reduction as come to pass. These are numbers that we get every month from the Nebraska Department of Revenue. They're available to us from the ethanol producers and the Nebraska Department of Revenue, and it clearly shows that after January 1, we started to see this decline. And it's now at a pace of about a 50 percent reduction on an annualized basis. We forecast that for you at the time, and in our discussions with you it was decided that we would see how that went, if indeed these predictions came to pass. And you gave us an opportunity to come back and talk to you in December, if indeed these came to pass. Because at the time it was decided by the committee to propose a \$200,000 cash transfers from the Ag Alcohol Fuel Tax Fund under LB315. And so it was our opportunity expressed at that time to come back, and if indeed these reductions came to pass, you might as a committee reconsider the action that had been taken. So before the budget crisis hit, we anticipated a significant reduction in revenues. We tried to take steps to respond to that. So we had planned in December to come back and ask you to reconsider the action that was taken this past year, by proposing a \$200,000 transfer of cash funds that would occur January 15, 2010, would have a profound impact on the agency budget. We believe that the Governor's recommendation, which also includes an additional \$214,000 cash transfer appears to be an oversight on the part of the Budget Office. We believe that they understand that. We believe that's understood, because it would come in addition to the \$200,000 that was proposed for transfer by this committee. In addition, the Governor's Office proposed what appears to be a flat 5 percent across-the-board transfer that amounts to about \$28,000 on an annualized basis. So if you add up the \$200,000 proposed by the committee and the \$214,000 that appears to be an oversight and the additional \$28,000 transfer that appears to be the 5 percent across-the-board, what's being proposed here is a transfer of more cash than exists or would be generated. And if you take a look at the sheet that shows the FY2009-10 column of figures here, what you see is a couple of red figures.

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And this clearly reflects the fact that if these transfers are made, the reduced level of appropriation that the board is operating under cannot be funded. And so I'm asking you to consider the impact of a transfer of cash funds here that not only is not possible in its total as proposed, because those funds can't exist. They simply will not be generated at those rates. But beyond that, the impact on the agency and its ability to fund even at a reduced level, the appropriation under which we're operating. I'd point out that the Ethanol Board met yesterday. In the interest of time, they stayed home or on tractors today so that they didn't have to spend additional time here, and simply asked us to convey the concern about what appears to be a decimation of this program, the funds that are being proposed for transfer are actually being proposed for transfer into the EPIC, the Ethanol Production Incentive Fund, which today and into at least next year is a solvent fund, and that action, in fact, would create insolvency in the Ag Alcohol Fuel Tax Fund, which is the operating budget for the Ethanol Board. So I wanted to make sure that you understood that the actions here are, I think, in the case of the board, in the case of the Appropriations Committee, were taken with an understanding that the revenue picture might change. And the Department of Revenue has reported and we are absolutely seeing what was forecast early this year when we met with you, is a significant reduction in revenues. We see a second proposed transfer that we believe is a mistake on the part of the Budget Office, which would be this additional \$214,000, and then the additional transfer of about \$28,000 on an annualized basis, all of which would be proposed to go to the EPIC fund, which is a solvent fund today, and frankly doesn't directly address the problem that's facing the Legislature today. That may have been more than you care to hear, but the technique by which this agency is funded, the mechanics of funding I think are important to understand. And so I'm presenting that to you today with the request that we reconsider the proposed action from earlier this year, which was a transfer of \$200,000, because it has a profound impact on an already reduced agency budget. Take a look at the \$214,000 in the Governor's proposal, and please understand that we believe that is understood to be a mistake, but again would compound the problem, and then the \$28,000 on an annualized basis which is on top of those two proposed transfers. I'd be glad to respond to any questions, Mr. Chairman.

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[AGENCY 60]

SENATOR HEIDEMANN: Are there any questions? Senator Mello. [AGENCY 60]

SENATOR MELLO: Thank you, Mr. Sneller, for your testimony. And according to this job vacancy report that was issued to the Legislature by the Department of Administrative Services, who answers directly to the Governor, it states that the Ethanol Board has no vacancies right now. Is that accurate? [AGENCY 60]

TODD SNELLER: That's accurate. We've had four full-time employees for a number of year, down from six in years past [AGENCY 60]

SENATOR MELLO: And you are a noncode agency. [AGENCY 60]

TODD SNELLER: We are a noncode agency, yes. [AGENCY 60]

SENATOR MELLO: All right. Thank you. [AGENCY 60]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thanks for coming in today, Todd. [AGENCY 60]

TODD SNELLER: Thank you for your time, and as the previous testifier stated, good luck in your deliberations. [AGENCY 60]

SENATOR HEIDEMANN: (Exhibit 15) How many other people wish to testify on Agency 60, the Nebraska Ethanol Board? Seeing none, we will close the public hearing on Agency 60 and open up the public hearing on Agency 61, the Dairy Industry Development Board. We actually have a letter from them stating that they will not be here. This will be read into the public record. Is there anyone else wishing to testify on Agency 61? Seeing none, we will close the public hearing on Agency 61 and open up

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the public hearing on Agency 17, the Department of Aeronautics. Welcome. [AGENCY 61]

ANDRE AMAN: Thank you. Chairman Heidemann, members of the Appropriations Committee, I am Andre Aman, spelled A-n-d-r-e A-m-a-n. I am the deputy director of the Department of Aeronautics. Aeronautics Director Ronnie Mitchell is regrettably unable to attend this hearing today due to a medical emergency. We support the Governor's budget reduction recommendations and funds transfer as it relates to the Department of Aeronautics 2009-2011 biennium budget. This level of funding will still allow the Department of Aeronautics to meet its statutory and contractual obligations to promote aviation safety, foster the development of aviation in the state of Nebraska, and provide safe and efficient air transportation to all branches of state government. The across-the-board reductions will be handled through the cancellation of a proposed agency engineering project, and by reducing general office expenditures and aid to the Civil Air Patrol. The lapsing reappropriations will not affect the Department of Aeronautics operations, programs, or services, as these reappropriations were never added to the Aeronautics mainline budget. As a cash-funded agency, Aeronautics has learned to operate very frugally to maximize its assets. The transfer of the across-the-board reductions from the Department of Aeronautics cash fund to the General Fund, as proposed, will not impair or impede the operations of the Department of Aeronautics. This concludes my testimony. Thank you for your time and I'll be happy to answer any questions. [AGENCY 17]

SENATOR HEIDEMANN: You are a code agency, aren't you? [AGENCY 17]

ANDRE AMAN: Yes, indeed. [AGENCY 17]

SENATOR HEIDEMANN: Out of curiosity, do you have any vacancies and how many are there? [AGENCY 17]

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ANDRE AMAN: Yes, sir. We do. I'm prepared for that question. (Laugh) We have one vacancy. [AGENCY 17]

SENATOR HEIDEMANN: Okay. Thank you. Are there any other questions? Senator Mello. [AGENCY 17]

SENATOR MELLO: Thank you, Mr. Chairman. And thank you, Deputy Director Aman...is that correct? [AGENCY 17]

ANDRE AMAN: Yes, that is. [AGENCY 17]

SENATOR MELLO: Who currently uses...who is the largest user of our state aircraft at this point? What agency uses that the most? [AGENCY 17]

ANDRE AMAN: I do not know that answer. I however have the manager for that division here with me, and he might have that answer with him if you'd like me to ask him. [AGENCY 17]

SENATOR MELLO: Bring him up. That would be great. [AGENCY 17]

SENATOR HEIDEMANN: If you would come up, there's a chair there. If you would state and spell your name, that would be good, for the record. [AGENCY 17]

WILLIAM LYON: Thank you, Governor Heineman (sic). My name is William Lyon. I am the manager of the flight department for the Nebraska Department of Aeronautics. [AGENCY 17]

SENATOR MELLO: The question I posed...oh, you have to spell it, I'm sorry. [AGENCY 17]

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SENATOR HEIDEMANN: Could you state and spell your name? [AGENCY 17]

WILLIAM LYON: W-i-l-l-i-a-m L-y-o-n. [AGENCY 17]

SENATOR HEIDEMANN: Thank you very much. [AGENCY 17]

SENATOR MELLO: The question I posed was, what state agencies use the Department of Aeronautics state aircraft the most in this past year? [AGENCY 17]

WILLIAM LYON: The biggest users of the state airplanes would be, of course, the Governor's Office, the university president, the University of Nebraska Foundation, the Medical Center in Omaha, the Attorney General's Office. [AGENCY 17]

SENATOR MELLO: So I'm under...maybe I was mistaken before in prior conversations in committee that the University of Nebraska uses the state plane or is it that the state uses the university's plane? [AGENCY 17]

WILLIAM LYON: The answer is both. [AGENCY 17]

SENATOR MELLO: Okay. [AGENCY 17]

WILLIAM LYON: One of our aircraft is owned by the University Foundation. [AGENCY 17]

SENATOR MELLO: Okay. [AGENCY 17]

WILLIAM LYON: And that's used by state government, as well as the university and the foundation. And the state airplanes are also used by the university, as well as state government. [AGENCY 17]

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SENATOR MELLO: Okay. And maybe this will kind of share or at least provide some insight into the future. Knowing that the Department of Aeronautics is a form of transportation, do you see cost-saving measures that if we would merge the Department of Aeronautics into the Department of Roads, maybe into a new Department of Transportation, that we could find cost savings by doing that merger? [AGENCY 17]

WILLIAM LYON: I really can't address that. We try to operate very frugally with the operation we have. The operation operates very efficiently with our location at the airport. And it provides ready access for our users and it operates quite efficiently now. I don't have a good concept of how it might operate under a DOT. [AGENCY 17]

SENATOR MELLO: Okay, thank you. Oh, one last question. I know Chairman Heidemann asked the question in regards to the vacancy savings. And it says that you did have one. That is correct in this report so I won't ask the same question, so thank you. [AGENCY 17]

WILLIAM LYON: Yes. [AGENCY 17]

SENATOR HEIDEMANN: Senator Conrad. [AGENCY 17]

SENATOR CONRAD: Good morning. And this...I want to extend our committee's well wishes to your director in his dealing with his medical needs. And so we can appreciate if maybe we need to do some follow-up information as he might have some of the answers to information that we're looking for here. But could you provide just a ballpark general estimate? It is my understand that the state has three aircraft in our fleet, is that right? [AGENCY 17]

WILLIAM LYON: The state owns two aircraft. The third aircraft is owned by the University of Nebraska Foundation. [AGENCY 17]

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SENATOR CONRAD: Okay. And there's kind of a lease agreement in terms of use and maintenance in regards to the University Foundation. [AGENCY 17]

WILLIAM LYON: Yes. We operate the University Foundation's airplane under a lease agreement. [AGENCY 17]

SENATOR CONRAD: Okay. And do you have any sort of general ballpark sense or estimate in terms of how much those aircraft would sell for on today's market? [AGENCY 17]

WILLIAM LYON: Yes. The insured value on the state-owned Piper Cheyenne is \$650,000. And the insured value on the state-owned Navaho is \$261,000. [AGENCY 17]

SENATOR CONRAD: Okay. And I think that we had heard some dialogue maybe in the midst of last session that...and maybe it's the plane that's valued at \$261,000. I don't know. But it was fairly old by aircraft standards and difficult to repair, and maybe unsafe? Is that true? [AGENCY 17]

WILLIAM LYON: The age of the airplanes, the Cheyenne is a 1982 model, acquired by the state in 1986. The Navaho is a 1977 model, acquired by the state in 1979. And the airplanes are maintained--very safe--and to the highest standards. Now it is true, the older aircraft do have issues with parts availability, and when that's a problem we don't fly them, you know. But it's not caused delays. We're still able to get parts and...but it is an older fleet. The airplanes are older. [AGENCY 17]

SENATOR CONRAD: Thank you. [AGENCY 17]

SENATOR HEIDEMANN: Senator Nelson. [AGENCY 17]

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SENATOR NELSON: Thank you for coming today. What would a new airplane cost that would be comparable to the Piper? [AGENCY 17]

WILLIAM LYON: The proposal we've made in recent years is for a replacement aircraft of a Hawker Beechcraft King Air C90 GT, and that's in the \$3 million range. [AGENCY 17]

SENATOR NELSON: Would that replace both planes or would that just replace the...? [AGENCY 17]

WILLIAM LYON: That would replace just the Cheyenne. [AGENCY 17]

SENATOR NELSON: Cheyenne. Thank you. [AGENCY 17]

SENATOR MELLO: Actually one more quick question, Mr. Chairman. [AGENCY 17]

SENATOR HEIDEMANN: After Senator Hansen. He had his hand up first. [AGENCY 17]

SENATOR HANSEN: Thank you, Senator Heidemann. Just a general question. Are there planes available to rent in private enterprise that could replace these...? We can't do it...I don't think we can do anything with the University Foundation's plane, but the other state...the two state planes, are there planes available for rent? [AGENCY 17]

WILLIAM LYON: The aircraft actually would be chartered, and there is a company in Lincoln, Silverhawk Aviation, that has a somewhat similar airplane that charters for considerably more money than what we're able to operate for. Also there's a company in Omaha called UltraAir, and their prices are higher yet. [AGENCY 17]

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SENATOR HANSEN: Thank you. [AGENCY 17]

ANDRE AMAN: May I interject also, that the Navaho aircraft is a specially configured aircraft to accommodate the Department of Roads photography camera and it's used to support them, and it can also accommodate the remote sensing equipment of the university. And a similar charter aircraft doesn't exist in this region to accommodate those. [AGENCY 17]

SENATOR HANSEN: Thank you. [AGENCY 17]

SENATOR HEIDEMANN: I think that's all. Senator Mello dropped his question. So no one else? Appreciate you coming in today and testifying. [AGENCY 17]

ANDRE AMAN: Thank you. [AGENCY 17]

SENATOR HEIDEMANN: Is there anyone else wishing to testify on Agency 17? Seeing none, we will close the public hearing on Agency 17 and open up the public hearing on Agency 27, the Department of Roads. Nice to see you again. [AGENCY 17]

MONTY FREDRICKSON: Good morning, Senator Heidemann, members of the Appropriations Committee. I am Monty Fredrickson, M-o-n-t-y F-r-e-d-r-i-c-k-s-o-n, Director State Engineer of the Department of Roads. The across-the-board reductions and fund transfers that Governor Heineman and his staff made to the Department of Roads are fair and reasonable. They can be instituted without reducing essential services that our agency provides to the public and will still be able to provide a safe, sound, and reliable highway transportation system for the movement of people and goods. Due to the budget passed during the 2009 regular session, the Department of Roads made reductions approximating \$15 million each year of the biennium, including the elimination of 20 permanent employee positions. These reductions were made without compromising the integrity of the 10,000-mile state highway system and still

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protect the \$7.6 billion investment we've made in our highway infrastructure. Similarly, the department will make the proposed budget reductions to accommodate our share of the Governor's across-the-board reductions without compromising the existing highway system. The highway construction program will be spared reductions and the following areas will be considered for those reductions: retirements, attrition, vacancy savings, staff reductions, heavy road equipment, automobiles, vans, pickups, education and training, travel, supplies, technical equipment, research and development activities, and contractual services. I am confident that we can and will do our share to meet the existing and forthcoming state revenue shortfall issue. This concludes my remarks. I'd be happy to answer any questions. [AGENCY 27]

SENATOR HEIDEMANN: Out of curiosity, you were in just a couple of days ago, and there's concerns with funding being able to continue on with maintenance and construction. And I appreciate your attitude of coming in here and being part of the solution. What would you think about...I mean, everybody has to sacrifice, but we also recognize the needs of the Department of Roads--and this is just me talking and not the committee--that you would take your cuts just like everybody else, but we would take that money and put it into maintenance and construction, where there seems to be a need. What are your thoughts? [AGENCY 27]

MONTY FREDRICKSON: There is certainly the need there. You saw Wednesday that our needs outpace our revenue over the next 20 years by double. [AGENCY 27]

SENATOR HEIDEMANN: Okay. Senator Fulton. [AGENCY 27]

SENATOR FULTON: Thank you, Director. Is there anything...I'm echoing, a little bit, of what Senator Heidemann did. I actually didn't know he was going to ask that question, but is there anything more that can be done within the department to utilize the private sector? And I've heard from a number of, of course, from the engineering community, but also from contractors, there's a lot of money that's sitting there that's not being able

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to be used. In our last, when I asked previously at our last public hearing with the Transportation Committee, it seems that there is some bureaucratic process by which that money is not getting to our (inaudible) yet? Is there anything else that can be done to utilize the private sector? [AGENCY 27]

MONTY FREDRICKSON: I hope we're utilizing them to the max. We try to study both in-house and private operations, from mowing to design of new facilities. The actual cash that I think those people are referring to that's not being put to work is federal dollars that have been allocated for local projects. And I think we will get over that hump in the next month. As far as the state highway cash flow system, last month we were down to \$3 million in our cash balance, and that's way too low for what our budget is and what our daily requirements are. And it's creeping back up a little bit as winter approaches. So we will put those dollars to work, and I appreciate your comment. [AGENCY 27]

SENATOR FULTON: Well, to follow up, I just...I know that there are layoffs occurring, and that's part of what we're seeing in the unemployment numbers, but at the same time there is hiring that's being done in the department. I'm wondering where is there...are there design functions that are being accomplished in the department that could be done in the private sector? And not to...and I'm not pitting public versus private here. I'm asking whether that's something that has been researched, and if so, is it something that we could glean here in this committee? [AGENCY 27]

MONTY FREDRICKSON: Generally speaking, the contracting out does not result in great savings. There are certain programs that it makes sense and we try to do those analysis. The laying off of the engineering consultants, I have heard also, and we have seen evidence of it. We are not increasing our staff any. The people that we have hired are only to fill vacancies, and we've got some critical engineer positions, and those people move on and retire, and it just happened that we picked up a couple of people from private industry to fill those vacancies. , [AGENCY 27]

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SENATOR FULTON: Thank you. [AGENCY 27]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 27]

SENATOR MELLO: Thank you, Mr. Chairman, and thank you, Director Fredrickson. For the record, the dual committee meeting we had the other day was very helpful for myself, knowing that we don't always get to engage some of the other committees and other agencies in an informative manner as you presented the other day. A question I just asked the Department of Aeronautics and I'd like to ask you the same thing, which is in an era right now where the state is in a fiscal crisis to the tune of at least almost \$600 million in two years, and we need to think outside the box as well as long-term. Do you see potential savings if the state looked to merge the Department of Aeronautics into the Department of Roads, which would then create a Department of Transportation for the state? [AGENCY 27]

MONTY FREDRICKSON: I haven't looked much into that. There's potential. Obviously, other states have done it. Whether they've really combined jobs or not, I don't know. You might have some costs of the merging itself as to how you would accomplish it, and I'm assuming you can at least save one director's job. I don't know about any other (laughter). [AGENCY 27]

SENATOR MELLO: I noticed in the Governor's recommendation, a reduction in the reappropriation of public transportation aid. Can you give more background on currently how much aid the department gives out in public transportation in regards to that cut? [AGENCY 27]

MONTY FREDRICKSON: Oh, I wish I could, but I got to believe that's the 2 percent of what aid goes out, and as I understand it, that particular cut would come from the intercity bus systems of Lincoln and Omaha. [AGENCY 27]

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SENATOR MELLO: So how much...what is the percentage you know of public transportation aid within the entire Department of Roads? [AGENCY 27]

MONTY FREDRICKSON: As to what portion that is of our budget? [AGENCY 27]

SENATOR MELLO: Your whole budget. Ballpark. [AGENCY 27]

MONTY FREDRICKSON: Oh, it's... [AGENCY 27]

SENATOR MELLO: Less than 1 percent? [AGENCY 27]

MONTY FREDRICKSON: Two percent maybe. [AGENCY 27]

SENATOR MELLO: Okay. One last question. According to the job vacancy report that was issued to the Legislature by the Department of Administrative Services who answers directly to the Governor, it says that the Department of Roads has 146 vacant job positions to the amount of \$4.4 million. Is that accurate? [AGENCY 27]

MONTY FREDRICKSON: No, it is not. We do have that report, and I haven't had a chance to reconcile it. We ran our vacancy report yesterday. We have 60 full-time funded vacancies. I... [AGENCY 27]

SENATOR MELLO: That are budgeted in your current budget right now. [AGENCY 27]

MONTY FREDRICKSON: Exactly, exactly. And that...our vacancy at any slice in time with 2,100 people is in the 50 to 60 range, just turnover and retirements. I suspect that report may have some temporary positions in it that we would need to reconcile. [AGENCY 27]

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SENATOR MELLO: Okay. Thank you, Director. [AGENCY 27]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you. Could I have a show of hands of other people wishing to testify on agency 27? Seeing none, we will close up the public hearing on agency 27 and open up the public hearing on agency 31, the Military Department. Morning. [AGENCY 27]

JUDD LYONS: (Exhibit 8) Good morning, Mr. Chairman and members of the Appropriations Committee. I'm Brigadier General Judd H. Lyons spelled L-y-o-n-s. I'm the adjutant general and the emergency management director. The Military Department is responsible for ensuring the readiness of the Air and Army National Guard to perform our federal and our state mission. The Nebraska Emergency Management Agency or NEMA plans and organizes state responses to disasters, emergencies, and Homeland Security requirements under a combination of state and federal funds, usually provided as matching grants. The National Guard operates largely with federal funds, a portion of which is contingent upon receipt of state funds. The state is generally responsible for building maintenance, utilities, and certain administrative functions. Following the Governor's recommendations, the Military Department will reduce costs by \$275,949 in the current fiscal year and by \$220,781 in FY2010 and 2011. I will address these reductions and thank you for the opportunity to do so. Program 544 is the state and National Guard program which includes operating budgets for the Air and Army National Guard facilities and our state Support Services Division. Program 544 must achieve savings of \$72,349 in the current fiscal year. Because legislative language in LB351 precludes the use of FOMA funds for the directed budget reductions of 2.5 percent which equates to \$9762 in the current fiscal year and 5 percent which equates to \$19,828 in the next fiscal year. I will address these reductions through other actions. The following actions are projected to be taken in 544. Will garner \$30,000 in anticipated temporary vacancy savings; leave open unfilled vacancies in the Army National Guard facility maintenance programs; defer facility maintenance contracts which in this fiscal year equates to \$25,000 in state funds and \$25,000 in matching

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federal funds. I will reduce budget support for temporary employees for contingency requirements and reduce support for the Nebraska National Guard military awards program. Several of these actions will continue in the second year of the biennium in order to achieve required savings of \$145,081 in Program 544 in FY 2010 and 2011. In addition, we will defer additional Army National Guard facility maintenance to save another \$75,000 in state funds. We will also delay purchasing of equipment for Army National Guard facility maintenance for an additional \$26,000 in savings. The reduction of \$100,000 in state funds for our facility maintenance in the Army National Guard across the biennium translates into a maintenance deferment of \$225,000 and increases an already significant facility maintenance backlog for the Army National Guard. In addition, we will reassess the viability of converting several armories to an unoccupied status for another \$33,581 in budget reductions. Now this conversion can be accomplished by the consolidation of units at locations that will maintain our ability to respond in a timely way when called upon by the Governor. Program 544 cash funds are derived from our billeting fees, armory rentals and print shop income within the Military Department. The assessment of \$11,415 in the current fiscal year and \$22,829 in the second fiscal year will not adversely impact our operations, but it will require scheduled purchases of equipment and materials to be delayed. Within Program 545 which is the State Emergency Management and Homeland Security Programs operating within NEMA, the agency remains prepared to meet any disaster, hazard, or emergency that threatens the citizens of our state. Despite budget impacts the agency will face, we remain committed to carrying out our mission and have targeted specific changes to meet budget guidelines. Based on a 2.5 percent reduction, the General Fund appropriation will be reduced by \$24,183 in the current fiscal year. The following actions will be taken to meet that reduction: We'll leave open an unfilled vacancy for the balance of this fiscal year; reduce planning, exercise, and training expenses at the local level; defer targeted information technology purchases; and curtail agency travel costs associated with supporting program activities. FY2010 and 2011 will require an additional \$49,450 in base cuts. In addition to the continued implementation of these actions I've just mentioned on a selected basis in subprogram areas, NEMA is preparing

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for two retirements in the preparedness program at the start of the fiscal year that will not be filled in lieu of employee layoffs. The reappropriated balance within Program 545 is reduced by \$159,626. These funds were to be dedicated to assisting the agency with equipping and outfitting our new joint force headquarters building for the Nebraska Military Department, the Nebraska Emergency Management Agency, and the Nebraska State Patrol. A reduction of funds will cause the agency to utilize more of their current equipment and furniture for the building without diminishing the ability of the agency to meet its primary mission. Finally, in Program 548, it's the Tuition Assistance Program. This is a critical element to the long-term success of the Nebraska National Guard. Currently, National Guard Bureau Incentive Policy allows our Army National Guard participants to use federal dollars as a first source of tuition assistance reimbursement prior to utilizing state funds. Our Air National Guard does not have access to federal tuition assistance resources and is the primary user of the state Tuition Assistance Program. As long as the Nebraska Army National Guard receives requested federal funds, the Tuition Assistance Program should be able to operate with budget reductions of \$19,787 in the current fiscal year and \$26,250 in the second year of the biennium. In summary, the Military Department is prepared to weather the tough times that we are all facing in keeping within current budget restraints. Army National Guard facilities operations and maintenance will continue to be a very significant challenge, as well as ensuring available funding for the State Tuition Assistance Program if federal funding for tuition assistance is reduced. I am committed to continue sustaining the high level of readiness that the Nebraska National Guard and the Nebraska Emergency Management Agency have demonstrated. We stand ready to serve the citizens of the state and ensure that we can respond when called upon by the Governor. I'd be happy to answer any questions you have. [AGENCY 31]

SENATOR HEIDEMANN: Thank you for coming in today, for the information provided, and for everything that you do for the state. Senator Mello. [AGENCY 31]

SENATOR MELLO: Thank you for your testimony, and I only have one question. In

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regards to the job vacancy report that was issued to the Legislature by the Department of Administrative Services who answers directly to the Governor, it states that the Military Department has 15 job vacancies that equate to \$362,000. Is that accurate?
[AGENCY 31]

JUDD LYONS: No, sir, that's not. Currently, we have within our Code 31 agency seven positions that are currently vacant. I might note that four of those positions have state matching dollar requirements to them; three do not. They're 100 percent federally funded. In addition, we do have a quarter time custodial employee in Ogallala who just resigned this last week, and I do not believe that that is reflected in the NIS report that was provided. [AGENCY 31]

SENATOR MELLO: Okay, thank you. [AGENCY 31]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 31]

SENATOR FULTON: Thank you, Mr. Chair. Thank you, General Lyons. A question that was brought up or an issue that was brought up to me, I received a letter on this, and I just want to make sure that we have this in the record and that it is indeed being addressed. It's the Air National Guard facilities operation and maintenance accounts. We have a...oh, a federal match and so any of the reductions that we'll be taking, I want to see whether indeed we've...or you've taken into account whether we would be losing more than just the dollar...if you reduce it by a dollar then you lose a certain amount of the federal dollars. Has that been contemplated? [AGENCY 31]

JUDD LYONS: Yes, sir, it has, and as I stated earlier in the LB315, the Air National Guard FOMA account will remain intact. [AGENCY 31]

SENATOR FULTON: Okay. Thank you. [AGENCY 31]

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SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for coming in today. [AGENCY 31]

JUDD LYONS: Thank you. [AGENCY 31]

SENATOR HEIDEMANN: Is anyone else wishing to testify on Agency 31? Seeing none, we will close the public hearing on Agency 31 and open up the public hearing on Agency 33, the Game and Parks Commission. [AGENCY 31]

REX AMACK: Good morning, Mr. Chairman and members of the committee. My name is Rex, R-e-x Amack, A-m-a-c-k. I work for the Game and Parks Commission, and I'd like to make a couple of opening remarks before I ask our chief fiscal officer, Patrick Cole, to address the issues before us. Firstly, I'd like to say that the commission can make the necessary challenges...we can meet the challenges that are being set before us. We will ask for some help from the committee here that we can modify maybe a little bit what's being recommended by the Governor and his staff. But firstly, I'd like to say on September 15, 2008, we submitted a budget to the Legislature and the Governor that called for a reduction in our own expenditures of \$5 million. We left 21 positions--we forfeited those positions to help us meet our budgetary needs. So the commission has been very proactive in trying to keep our expenditures in line with what the economy affords. We are in the process now of trying to privatize restaurants in Mahoney State Park, Platte River State Park, and Fort Robinson State Park with the idea of the Game and Parks Commission and the state of Nebraska being an enabler for a private enterprise to succeed, and for us to have less full-time employees. We also are looking into a number of other ideas that we can use for privatization in the state park system. The one thing that I would like to leave with us today is, as an agency, as a state, and the Legislature, our citizens, we need to take a thorough examination of what our state parks consist of. We have 87 areas that we manage, and they're all across Nebraska. We have \$27 million in deferred maintenance. We're going to ask you today to defer maintenance a little bit further. So Nebraskans, they love the outdoors; they love the

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parks. Last year we sold nearly 1.4 million permits to people to hunt, fish, trap, go to the state parks, do all the different things they love to do. And this is in a state that has 1.8 million people so the love is there. And when we talk about reducing expenditures in state parks, it hits communities very, very hard. They love their parks, and they should. They take great civic and community pride in them, but we need to look at how we're going to operate those parks and primarily, the last thing I will say is I have worried most of my hair off over the last few years about public safety and welfare in our parks. We have...and not only parks, but all our boating people, our hunters, our fishermen, everyone that goes afield there's nothing absolutely worse in my life than can happen as serving of the public than to find out that someone has been severely hurt while using state facilities or private land, for that matter, or in some cases, fatalities. We make every effort possible to educate our young people, and we offer education for adults as well. But in the end, I think public safety and welfare is now at the brink of where we need to as a citizenry make a decision on how we're going to do it. The Game and Parks Commission as most of you know or all of you know, I'd say that, but it is primarily funded by users. The users pay for the services they want and they expect. So General Fund, we're about, I think, 17 percent of our...you know, is General Fund. And I mentioned that we forfeited 21 full-time positions in this current biennium. We do have some vacancies currently, and I suspect that question will come later on in the conversation. But I received a telephone call this morning at a quarter till nine from a young woman that basically told me I wasn't doing my job. She said, she and her family went to Indian Cave State Park which is a beautiful, beautiful park near Auburn. Senator Fulton, that's in your own country there, and it's 13 miles straight east of Auburn. It's perched on the bluffs of the Missouri River and one of the most beautiful areas in the state. This young woman and her family went to the park, and they used the trail system, and she reported to me that they had great difficulty with the trails. And she didn't say they got hurt, but in her voice, I could tell she was very concerned about her safety and other parks users. And so, this issue is here with public safety and welfare, and it has a lot to do with deferred maintenance; it has a lot to do with boots on the ground where people are taken care of. People go to a state park, they have

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expectations, and we're not meeting them. We're not meeting them. And the expectations for food service, lodging, and those sorts of activities we can curtail without a great deal of problem. But when we start letting our infrastructure, our water systems, our supply systems for electricity--those start to deteriorate and our buildings start to deteriorate, then we are very concerned about the public safety and welfare. And a conversation we believe needs to start on what kind of a park system we want to afford and what kind of services we want to deliver to the public. So I appreciate your time very much, and this is a very, very important issue, and it deals with basically the responsibilities that the Legislature has placed with the Nebraska Game and Parks Commission, touch the lives of every Nebraskan in one way or another whether it's through Nebraskaland magazine, hunting opportunity, fishing opportunity, somewhere along the line every single Nebraskan is touched by the authority that you've given this commission to exercise. Thank you very much. [AGENCY 33]

SENATOR HEIDEMANN: Thank you. You'll be following up? [AGENCY 33]

REX AMACK: Yep. [AGENCY 33]

SENATOR HEIDEMANN: Okay. [AGENCY 33]

PATRICK COLE: [AGENCY 33]

SENATOR HEIDEMANN: He actually hasn't raised his hand yet, but being that it's up (laughter), we may just go there right away. [AGENCY 33]

SENATOR MELLO: Thank you, Chairman Heidemann and thank you, Mr. Cole, for your testimony. I know that Director Amack mentioned the elimination of 21 vacant positions prior to, but according to the job vacancy report that the Legislature received from the Department of Administrative Services who answers directly to the Governor, it states that the Game and Parks Commission has 51 vacant positions to the amount of \$1.6

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million. Is that accurate? [AGENCY 33]

PATRICK COLE: I suspect it was at one time, but it currently is not accurate. [AGENCY 33]

SENATOR MELLO: Okay. How far...I mean, this report was produced for the first quarter of this fiscal year so the end of September. Is that...? [AGENCY 33]

PATRICK COLE: We actually have probably about 53 vacancies right now, of which 12 are federally-funded soft money, grant money positions, working on a grant project on the Missouri River. [AGENCY 33]

SENATOR MELLO: Okay. All right, thank you. [AGENCY 33]

SENATOR HEINDEMANN: Senator Conrad. [AGENCY 33]

SENATOR CONRAD: Thank you for your information and your proposal and feel free to answer or Director Amack or Assistant Director Kuhn. We, as Nebraskans, share...regardless of political philosophy, regardless of geography, share really a proud tradition in support of our Game and Parks system and structures throughout this great state. And the department itself has such a proud history of independent leadership which I think has brought together these diverse interests and has operated in a very responsible way. I want to talk (a) first about commending you for trying to be part of the solution, but then secondarily, talk a little bit more generally about the fact that you've taken extraordinary steps in terms of reducing your General Fund reliance and expenditures which is pretty unusual in terms of how state agencies operate generally. And you have tried to work with the Legislature in recent years in making very targeted, very modest potential fee increases for different programs which have not been adopted by this Legislature. And thus, by doing your job to be good stewards of the taxpayer dollars and keeping General Fund expenditures down and without any flexibility to go

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higher on targeted fees, we're really coming to a crisis point in the park system, I believe, which will result in some pretty dramatic outcomes. And I don't know if anybody wanted to respond generally, but I wanted to make sure that those issues were on the record. [AGENCY 33]

PATRICK COLE: You are absolutely right, Senator, and I think Rex alluded to that fact as well, and our parks division has been working on a restructure plan, because as is quite obvious, we cannot continue to operate 87 areas on the budget that we receive. [AGENCY 33]

SENATOR CONRAD: And I think from a leadership perspective, it would be definitely a turn in the wrong direction to in any way politicize the direction and leadership of the Game and Parks Department and to interfere with their proud independent history. [AGENCY 33]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 33]

SENATOR FULTON: Yes. Thank you for being here, Mr. Cole. I'm trying to grasp this now. The General Fund...so you're actually asking for a deeper cut. [AGENCY 33]

PATRICK COLE: We're asking for a deeper cut, provided we can get the cash to be reinstated or increased to cover a portion of that. That would lower our base going in, we realize that. We're trying to be part of the solution and want to be able to have the flexibility to utilize our cash funds to cover it. [AGENCY 33]

SENATOR FULTON: Is there...I'm just going to put out the logic that I'm...and maybe I'm off. So we have a concern for public safety which is that...it seems to me that could be legitimate, and we ought to consider that. With that concern then, you're asking for less money, and that is...the return is to have some flexibility in utilizing cash funds more so than what the Governor is proposing. Is that...that's correct? [AGENCY 33]

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PATRICK COLE: That's correct. [AGENCY 33]

SENATOR FULTON: Okay. [AGENCY 33]

PATRICK COLE: If you look at the bottom line, our appropriation cut for programmatic is less than what the Governor is proposing, because we're taking cash funds off the table, but we are substituting additional General Funds. So we're asking for less cuts as a total, but we're willing to sacrifice our General Fund capabilities to protect our cash funds. [AGENCY 33]

SENATOR FULTON: Understood. Yep, that clears it up. Thank you. [AGENCY 33]

SENATOR HEIDEMANN: Senator Harms. [AGENCY 33]

SENATOR HARMS: Thank you for your testimony, I appreciate it. When we did our...when we went through the last budget cycle, and we were reviewing your requests, we talked about privatization then, and we talked about food services then. How far along are you in regard to the food services and privatization? That's the first portion. And the second portion, when you do this privatization, are you looking at one company doing it all across the state or are you going to break it down regionally? [AGENCY 33]

PATRICK COLE: We have to follow the procedures laid out in statute when potential state employees could be laid off due to an action like this, and we have to follow the state purchasing guidelines in contracting. So we're in the process of an RFP...I believe we have a meeting Monday with representatives of the Department of Administrative Services purchasing section to figure out where we're at in that process. But it was started several months ago, but it's a long, tedious process because you got to write out the details. So that's kind of where we're at. We anticipate getting that accomplished,

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hopefully by spring. As far as what we're looking at for private parties, we have no idea, because it will go out there, and we'll be asking private individuals, groups, whatever associations might be interested in that to, in fact, look at it, so we don't know if we'll get one company to look at it, several companies to look at it, or no one to look at it for sure, and we're providing the option to look at each area individually or as a group, because it might be one group is interested in Mahoney, but they're not interested in going out west to Fort Rob, because they don't feel they have the facilities. So we're leaving that open to the purchasing process. That's where we're at. [AGENCY 33]

SENATOR HARMS: So have you done an analysis on potential savings? Sometimes privatization works, and sometimes it doesn't, so do you have any kind of numbers or indication that this is going to be beneficial to this great state? [AGENCY 33]

PATRICK COLE: Yes, I can...I'd call Roger up if you want specific numbers, but at this point, depending on what we get for offers and that, but it looks like it'd be a positive. Right now, at least at the Mahoney State Park, the restaurant operation has been operating in a deficit of about \$100,000 to as much as \$300,000 in any given year. So, obviously, if we privatize, we end our expenses. We also end our revenue, but if we're operating in a deficit, it looks like it would be a positive gain. [AGENCY 33]

SENATOR HARMS: Also you were previously talking about...when he was here testifying, that you were looking at other areas that you might pursue in privatization. What are those other areas you're looking at? [AGENCY 33]

PATRICK COLE: I'm not sure what he had in mind, but we currently are actively involved with our partners, Pheasants Forever, Ducks Unlimited, conservation groups, NRDs, other public entities that we manage their property for them in working out cooperative agreements to share the cost of habitat development. We work with Pheasants Forever, a tremendous partner, and we provide some federal funding pass through. They hire individuals to help us manage some of our programs in the NRD

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offices and SC...I want to say SCS office, but it's the NRCS offices now with federal farm programs and their impact on wildlife habitat. So we've been, in my opinion, pretty creative in tapping into our partners that are out there that share the same interests. And Rex can comment if he has other ideas in mind, but I do know we're already doing that sort of thing, and I suspect there's... [AGENCY 33]

SENATOR HARMS: So how does that work, and what is the savings in regard to working with those different agencies? Do you actually have a contract with them or are you just working with them? [AGENCY 33]

PATRICK COLE: Yeah, we have a contract, and then we have an understanding depending on the organization. In some instances, will they provide a staff? That's not an FTE on our bill, but we provide cost share on the funding of that position. Most often that is through federal funds, because there are activities that are eligible for federal aid reimbursement so we're passing our federal funds through so there's no impact on our cash funds, and they, in turn, are putting up the match, if you will. So we're getting the work done at essentially no cost to our cash funds. [AGENCY 33]

SENATOR HARMS: So do you use some of their personnel then, step across to give you assistance in different areas? [AGENCY 33]

PATRICK COLE: Yes, they... [AGENCY 33]

SENATOR HARMS: So that...the other question I have then is, what is the liability question to that state? [AGENCY 33]

PATRICK COLE: Our contract indicates that they are not an employee of the state of Nebraska and should not be looked upon as an employee of the state of Nebraska. Most of the activities that they're involved with are, I guess, coordination and providing assistance in terms of technical assistance to landowners. So I would suspect our

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liability...we protected ourselves as best we can, and the type of work that they're involved with would be pretty minimal in terms of risk... [AGENCY 33]

SENATOR HARMS: Do they have to then provide to you proof of insurance for liability? Because no matter what you do, because you've got the deep pockets, they're going to come after you. That's just what I'm asking. Is that? [AGENCY 33]

PATRICK COLE: I don't believe we do, but I haven't seen...I haven't looked at one of the contracts lately to see what the details all pertain in there. [AGENCY 33]

SENATOR HARMS: I would surely suggest that you do that. I think that that's an issue. I'm not an attorney but...so thank you very much. [AGENCY 33]

PATRICK COLE: Appreciate that. [AGENCY 33]

SENATOR HEIDEMANN: Senator Hansen. [AGENCY 33]

SENATOR HANSEN: Thank you, Senator Heidemann. I'd probably ask Rex this question. You know, in the county road system when the county didn't have enough money to maintain a road, they put up a sign, and they call it minimum maintenance. When you go skiing, they have the bunny trails, the black trails, the blue trails. You know, in your situation on public safety and welfare that you started out, told the story about the young mom and her kids taking a hike on a trail that has not had maintenance on it. Would there be an advantage to say minimum maintenance trail? You know, if you've got kids it looks like you'd keep them on the sidewalk somewhere or if you take them off the trail, you've got to be somewhat liable for your own actions to look ahead of you and say, that's not a good trail, kids. Let's turn around and go back. [AGENCY 33]

REX AMACK: Senator, that...your analysis is exactly right, and our trails are not...the trails through our state park system are...at Mahoney Park are...we have one all the way

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around the park that's paved. But that's the only state park that has that. But Mahoney Park also has several miles of trails up and down over the hills and bluffs as does Indian Cave. The issue isn't so much that it's...it is a primitive trail. I mean, it's...you know, it's not paved or anything; it's just through the trees. But the issue, it's deteriorated to the point where there's some seeps, waters in it, and we can't get the...we don't...we haven't been able to...we need to bring in, fill that in. And we get a lot of volunteer help. We couldn't operate the agency without volunteers. We have over 1,200 that just help us teach, help us...we're mandatorily required to teach hunter education to kids over 12, and boating safety, etcetera, so we have lots of volunteers. We get lots of volunteers in the parks as well, but I just...I brought that forward, because she had just telephoned me this morning and said, you know, is there any way you guys can help us on this trail? And I said, yes, and we will. We will go down and fix those seeps and make that trail safe. One way or another, we'll get it done. [AGENCY 33]

SENATOR HANSEN: I know there was a story in our local paper about the Arnold...small park in Arnold that the Rotary Club took over, took over the maintenance part, mowed it two or three times and watched the trash. So there are volunteer groups around that understand and really appreciate the parks that you've started. But I don't know. Sometime or other, you're probably going to have to look at those 87 parks and start making some serious decisions whether you can afford to keep them open even if you have local help, local volunteers because of the liability and the public welfare so thank you. [AGENCY 33]

REX AMACK: Well, thank you, and I certainly appreciate your comment that we...I think Senator Conrad said it better than I can is that we're at a crossroads here. We're going to have to make a decision as a state how we want to do this, because we have the people and the ability to really do good work. But we're stretching them so thin that it's...we're not... I think the phrase that I've heard several of the commissioners use is we have to make a decision whether we want to run 30 parks really, really well or 87 all mediocre parks. And I'm proud to tell you that Nebraska has one of the most

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outstanding state park systems in the United States, and has been supported more than other states have supported their park system as well. And as all of you know, the private industry reaching across and shaking hands with Nebraska and the Nebraska Game and Parks Foundation has contributed millions of dollars to the park development. Mahoney State Park was developed with \$330,000 of General Fund. The rest of it was state and federal and grants and private donations by companies as Kiewit Foundation, etcetera. We do have a great system. We just. [AGENCY 33]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for coming in and testifying today and giving us the information. [AGENCY 33]

REX AMACK: Thank you. [AGENCY 33]

SENATOR HEIDEMANN: Is there anyone else interested in testifying on Agency 33, the Game and Parks Commission? Seeing none, we will close the public hearing on Agency 33 and open up the public hearing on Agency 53, the Real Property Appraisers Board. Welcome. [AGENCY 33]

KATHERINE POLICKY: (Exhibit 10) Good morning, Senators. I think it's morning. I've sat here so long, I don't know (laughter). My name is Katherine Policky, P-o-l-i-c-k-y, and I serve as the director of the Nebraska Real Property Appraiser Board. It's my pleasure to present and discuss on behalf of the Real Property Appraiser Board the proposed budget for fiscal year 2010 and upcoming 2011. The recommended budget adjustments for the special session of the Legislature is to meet the challenging position as posed by current economic conditions. And as Governor Heineman has mentioned, you are in this position together and we must work together to see the tough economics through by making sacrifices accordingly. We would, therefore, at this time, request that the Appropriations Committee consider an earmark that was included in LB315 in 2009 which earmarked \$55,000 in legal expenditures. I respectfully requested reduction from \$55,000 to \$25,000 in each fiscal year. The \$55,000 earmark constitutes almost 20

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percent of our operating budget and instills a crippling ability to effectively operate an agency, particularly with a reduced level of appropriations. The Appraiser Board spent \$17,213 as reported on June 30, 2008, and \$12,940 as reported on June 30, 2009, on legal expenses. It would appear that there may have been an overcorrection for the economic conditions present in the real estate and financial markets. With this said, there's no guarantee that the markets won't dictate additional conditions requiring legal services, but by lowering the earmark this agency will have the ability to make decisions surrounding the budget appropriation and not simply the legal services expense. We urge you to do what you can to make the requested adjustments to the earmark. We understand these are difficult economic conditions but would greatly appreciate the decision to make the requested adjustment. The Appraiser Board at this time requests the Appropriations Committee increase the personal services limitation by \$2,200 for FY2011. We are not asking for additional appropriation authority but for an increase in our PSL. We thank you for the opportunity to speak today and feel free to ask any questions. I would like to close by saying, we are a completely cash funded agency. We're supported by all individuals who hold appraisal credentials. [AGENCY 53]

SENATOR HEIDEMANN: All right. Thank you for coming in and testifying today. Senator Mello has a question. [AGENCY 53]

SENATOR MELLO: Thank you for your testimony, and I just have one question. According to the job vacancy report issued to the Legislature by the Department of Administrative Services who reports directly to the Governor, it states that your Appraisal Board has two vacant positions to the amount of \$110,000. Is that accurate? [AGENCY 53]

KATHERINE POLICKY: There are only two positions and they're filled (laughter). Now we're in trouble. [AGENCY 53]

SENATOR MELLO: So this would be inaccurate then? [AGENCY 53]

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KATHERINE POLICKY: It is inaccurate. [AGENCY 53]

SENATOR MELLO: All right. Thank you. [AGENCY 53]

KATHERINE POLICKY: We have only two positions (laugh). [AGENCY 53]

SENATOR MELLO: Thank you so much. [AGENCY 53]

KATHERINE POLICKY: We'll hope they are (laugh). [AGENCY 53]

SENATOR HEIDEMANN: Are there any other questions? [AGENCY 53]

KATHERINE POLICKY: Are there any other questions? [AGENCY 53]

SENATOR HEIDEMANN: Seeing none, thank you for coming in today. [AGENCY 53]

KATHERINE POLICKY: Well, thank you. Thank you, Senator Heidemann. [AGENCY 53]

SENATOR CONRAD: Thank you for your patience. [AGENCY 53]

KATHERINE POLICKY: Oh, that's all right (laugh). [AGENCY 53]

SENATOR HEIDEMANN: Is there anyone else wishing to testify on Agency 53, the Real Property Appraisers Board? Seeing none, unless Sally wants to come up (laughter) No? (laugh) With that, we'll close the public hearing on Agency 53, and we're done for this morning. It was a good job, appreciate the cooperation of the committee, still trying to get the information that... [AGENCY 53]