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Appropriations Committee
February 12, 2014

[AGENCY 3 AGENCY 10 AGENCY 11 AGENCY 12 AGENCY 16 AGENCY 91]

The Committee on Appropriations met at 1:30 p.m. on Wednesday, February 12, 2014, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on agency budgets. Senators present: Heath Mello, Chairperson; John Harms, Vice Chairperson; Kate Bolz; Danielle Conrad; Bill Kintner; Tyson Larson; John Nelson; Jeremy Nordquist; and John Wightman. Senators absent: None.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello. I represent south Omaha and the 5th Legislative District, and serve as Chair of the Appropriations Committee. I'd like to start off today by having senators do self-introductions, starting first with Senator Kintner.

SENATOR KINTNER: Hi. I'm Bill Kintner from Legislative District 2, which is about half of Sarpy County and all of Cass County and a little bit of Otoe County.

SENATOR NORDQUIST: Jeremy Nordquist from District 7, which covers downtown and south Omaha.

SENATOR NELSON: John Nelson, District 6, central Omaha.

SENATOR HARMS: John Harms, 48th District, Scotts Bluff County.

SENATOR WIGHTMAN: John Wightman, District 36, Dawson, Custer County, and a small, small part of Buffalo County.

SENATOR MELLO: Sitting next to Senator Wightman, who will be joining us later, is Senator Danielle Conrad from the 46th Legislative District, representing north Lincoln.

SENATOR BOLZ: Senator Kate Bolz. I represent District 29 in south-central Lincoln.

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SENATOR MELLO: Sitting next to Senator Bolz is Senator Tyson Larson, who will be joining later who represents the 40th Legislative District in northeast Nebraska. Assisting the committee today is Anthony Circo, our committee clerk; and Matthew Ruiz, who is a senior studying international business at the University of Nebraska-Lincoln and is the Appropriations Committee page. On the cabinet to your right you will find some yellow testifier sheets. If you're planning on testifying today, please fill out one and hand it to Matthew when you come up. It helps us keep a better, accurate record of today's public hearing. There is also some white sheets on the cabinet if you do not wish to testify but would like to record your position on a specific budget item. When we hear testimony regarding agencies, we will first hear from a representative of the agency. We will then hear testimony from anyone who wishes to speak on behalf of the agency's budget request. If you have any handouts, please bring 11 copies and give them to Matthew, our page. If you do not have enough copies, he can help make more for you. We do ask that when you begin your testimony you give us your first and last name and please spell it for the record. We will be using a five-minute light system today. When you begin your testimony the light on the table will turn green. The yellow light is your one-minute warning, and when the red light comes on we ask that you wrap up with your final thoughts. As a matter of committee policy, I'd like to remind senators that the use of cell phones and other electronic devices is not allowed during public hearings, and at this time I'd ask all of us to, including senators, to make sure that our cell phones are on silent or vibrate mode. And with that, we will begin today's public hearing with Agency 3, the Legislative Council. [AGENCY 3]

SENATOR WIGHTMAN: It's not our intention to appear. We may have something at some later date but not right now. [AGENCY 3]

SENATOR MELLO: Okay. Thank you, Senator Wightman. Is there anyone else here wishing to testify on behalf of the Legislative Council? [AGENCY 3]

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JULIE ROGERS: (Exhibit 1) Good afternoon, Senator Mello and members of the Appropriations Committee. My name is Julie Rogers, J-u-l-i-e R-o-g-e-r-s, and I serve as your Inspector General of Nebraska Child Welfare. I am here to give an overview of the Office of the Inspector General of Nebraska Child Welfare and describe the increasing operations of the office. The Office of Inspector General of Nebraska Child Welfare Act was enacted by LB821 during the 2012 Legislative Session. The act sets forth that the office is to: provide increased accountability and legislative oversight of the Nebraska child welfare system; offer an independent form of inquiry for concerns, specifically regarding the actions of individuals and agencies responsible for the care and protection of children in the Nebraska child welfare system; provide a process for investigation and review to determine whether individual complaints and issues inquiry reveal a systemic problem which then necessitates legislative action; and conduct investigations, audits, inspection, and other reviews of the system. The office investigates: one, death or serious injury of a child in the state's care; and, two, complaints of wrongdoing to children and families served by or through the Department of Health and Human Services, licensed day cares, or private entities. The office provides accountability and oversight of Nebraska's child welfare system by tracking issues and themes. System improvement recommendations are made both informally and formally to the Legislature's Health and Human Services Committee; the Department of Health and Human Services, Division of Children and Family Services. Substantive changes made to the act during the 2013 Legislative Session included adding to the jurisdiction of the office. This includes secure juvenile detention centers, staff secure juvenile detention centers, and private entities serving youth under contract with the Office of Probation Administration. The position of the Inspector General of Nebraska Child Welfare was added as a member to the Nebraska Children's Commission and the Child and Maternal Death Review Team. Also, the Nebraska Supreme Court appointed my position as a permanent member of the Supreme Court Commission on Children in the Courts. During the present 2014 Legislative Session, the only known proposed change to the jurisdiction of the office appears in LB503, introduced by Senator Coash, which provides for reviews of alternative response case

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reviews by the office and reporting any alternative response cases reviewed. The Judiciary Committee's hearing on that amendment to the bill is this afternoon. In terms of meeting the qualifications the act requires, I have been certified as an Inspector General through the Association of Inspectors General. This included becoming proficient in the standards for inspectors general offices, such as independence, planning, qualifications, direction and control, reporting, confidentiality, and quality assurance, as well as the various investigations IG offices complete. The office is the first established Inspector General's Office within Nebraska state government, as provided for in state statute. The core values of an Office of Inspector General are honesty, integrity, and trustworthiness. This is accomplished through inspector general standards of independence and confidentiality. The fundamental objective of inspectors general offices is to promote accountability, transparency, good government, and high performance. The objective is to promote these as it specifically relates to child welfare in Nebraska. The office is within the Ombudsman's Office under the Legislature. Meetings and case staffings occur regularly between myself, the Ombudsman, the deputy ombudsman for public welfare, and assistant ombudsmen who carry child welfare caseloads. Ombudsman staff have been very generous in assisting me with investigations. Thus far, the office has received complaints, incidents, and concerns about caseworkers, probation officers, law enforcement, attorneys, judges, foster parents, family support workers, service providers, juvenile detention centers, licensed day cares, and each of the divisions within the Department of Health and Human Services with the exception of the Division of Veterans' Homes. Most Health and Human Services' concerns relate to the Division of Children and Family Services, which includes ongoing case management, initial assessment units, and the child abuse and neglect hot line, and the Youth Rehabilitation and Treatment Centers. Creating an Inspector General's Office as a brand new entity does not come without challenges. Setting up a basic operational structure takes time, especially if such setup is to be purposeful and proper, and the office is formally made up of one person. Tension arises when there are standards that need to be set and reached to perform quality work of an Inspector General's Office all the while managing expectations of thoroughness and

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timeliness of full investigations. During its first year of operations, the office received 294 critical incident reports. Of the four death investigations open, four were status offenders or delinquents. It's received 93 phone or in-person complaints, and 17 on-line complaints. During the six-month period beginning July 1, 2013, through December 31, 2013, the office received 102 critical incidents, 41 phone or in-person complaints, and 15 on-line complaints. Also, the Ombudsman's Office caseload increased significantly in 2013. Breaking down the numbers of Ombudsman's complaints by subject matter, those related to child welfare and juvenile justice, not including those under formal investigation of my office, 227 cases in 2011, 247 in 2012, and 332 in 2013. The operational capacity of the office is currently at its limit. Without increasing staff to adequately address thorough and timely investigations while staying abreast of policy, systemic, and program recommendations in child welfare, operations will remain stagnant. Two positions are requested, an intake/administrative position, and an investigator. I am grateful for this committee's support of the office and I am happy to answer any questions you might have. [AGENCY 3]

SENATOR MELLO: Thank you for your testimony and your service, Julie. Are there any questions from the committee? Senator Nelson. [AGENCY 3]

SENATOR NELSON: Thank you, Chairman Mello. Thank you, Ms. Rogers, for coming today. How do we address you, OI Office, OIG? [AGENCY 3]

JULIE ROGERS: Oh, Julie is fine. [AGENCY 3]

SENATOR NELSON: Julie, all right. You received complaints, incidents, and concerns about attorneys, including juvenile defense, guardians ad litem,... [AGENCY 3]

JULIE ROGERS: Uh-huh. [AGENCY 3]

SENATOR NELSON: ...county attorneys. [AGENCY 3]

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JULIE ROGERS: Yes. [AGENCY 3]

SENATOR NELSON: Are those telephone calls? I mean what's the nature, just complaining because they're not doing their job? [AGENCY 3]

JULIE ROGERS: Right, or they're not engaged in the case or they haven't been able to speak with their attorney except for a couple minutes before court. Now I don't have jurisdiction over attorneys or the court system at all, but I can track those systemic issues and help make recommendations to improve those systems. [AGENCY 3]

SENATOR NELSON: And when you talk about almost 300 critical incident reports from... [AGENCY 3]

JULIE ROGERS: Yes. [AGENCY 3]

SENATOR NELSON: ...how do those come to you? [AGENCY 3]

JULIE ROGERS: So the Department of Health and Human Services, they have a critical incident report anytime something, for lack of better phrasing, bad happens to a child under their supervision. So if a child is at a group home and gets hurt or commits suicide or has an attempted suicide, a critical incident report goes out to alert everyone who needs to know in that system, as well as coming to me. [AGENCY 3]

SENATOR NELSON: Okay. [AGENCY 3]

JULIE ROGERS: So I review each of those critical incidents. [AGENCY 3]

SENATOR NELSON: Okay. All right. Thank you. [AGENCY 3]

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JULIE ROGERS: Uh-huh. [AGENCY 3]

SENATOR MELLO: Senator Wightman. [AGENCY 3]

SENATOR WIGHTMAN: When you're talking two employees, you're talking two in addition to yourself. Is that correct? [AGENCY 3]

JULIE ROGERS: Yes. [AGENCY 3]

SENATOR WIGHTMAN: And you right now are the only person that is in this capacity. [AGENCY 3]

JULIE ROGERS: Yes, I am. [AGENCY 3]

SENATOR WIGHTMAN: Okay. Thank you. [AGENCY 3]

SENATOR MELLO: Senator Harms. [AGENCY 3]

SENATOR HARMS: Julie, thank you very much for the help you've given my office. It's been really appreciated because, as you know, you get into that mix of all the kinds of issues and police don't have the expertise to do that. I want to thank you very much for doing that. How many of these complaints or how many notifications do you get from my colleagues, the senators, to ask you to look into some of the issues? [AGENCY 3]

JULIE ROGERS: That's a good question. I couldn't...I could go back and check. I do track who has referred the complainant to my office, but I would say quite a few. [AGENCY 3]

SENATOR HARMS: Okay. I just was hoping that making sure that when we approve this that they knew who you were when they were going to use you, because you are

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really a resource for all of us. So I'd like to know that number. [AGENCY 3]

JULIE ROGERS: Thank you. Okay. [AGENCY 3]

SENATOR HARMS: If you could just give it to me, I would appreciate it. [AGENCY 3]

JULIE ROGERS: Absolutely. [AGENCY 3]

SENATOR HARMS: Okay. Thank you. [AGENCY 3]

SENATOR MELLO: Senator Bolz. [AGENCY 3]

SENATOR BOLZ: Thanks for coming this afternoon. Two brief questions: The first is that I recall at one point during the year you and I had a phone conversation and you were on the road doing your work. [AGENCY 3]

JULIE ROGERS: Yes. [AGENCY 3]

SENATOR BOLZ: And I just was curious to hear how often your inspections take you to a hands-on situation like that, how often do you need to be out of the office in the field? [AGENCY 3]

JULIE ROGERS: It depends on the type of complaints or incidents that happen. I would...maybe a quarter of the time. I try...I've been to the Panhandle twice, well, twice within the first year. And as their time allows, there have been a couple Ombudsman's staff who have accompanied me. So instead of staying overnight for five nights, we have been able to split up the work and make the trip more efficient. Also, when I go on these trips, I always try to meet with the juvenile...whoever is sitting as the juvenile court judge in those districts while I'm there, so. [AGENCY 3]

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SENATOR BOLZ: That's very helpful. I think that clearly illustrates that while you're doing your work hands on, person to person, face to face, it's important to have other people in the office managing the additional influx. So I appreciate your work. Thanks, Julie. [AGENCY 3]

JULIE ROGERS: Thank you. [AGENCY 3]

SENATOR MELLO: Senator Wightman. [AGENCY 3]

SENATOR WIGHTMAN: Yes, again, thank you for your information. In just looking at these numbers here by the year, it obviously is increasing rather rapidly, I would say. Is that correct? [AGENCY 3]

JULIE ROGERS: Uh-huh, I think so. I mean as the...since I've been here a year and a half, it's hard to know, especially with changes between Health and Human Services and the Probation system that has happened over the last year. But I feel like it is and I will have more information after I've been here for two years. [AGENCY 3]

SENATOR WIGHTMAN: I'm sure that's correct. Of the type of cases and type of...almost all of these are telephone calls. Is that correct? [AGENCY 3]

JULIE ROGERS: That is, yes. [AGENCY 3]

SENATOR WIGHTMAN: Do any of them come in and visit with you in the office? [AGENCY 3]

JULIE ROGERS: Yes, I've had walk-ins come in and...or folks don't want to...they will call but they don't want to give their complaint over the phone so they set up an appointment, for example. We find a time that they can come in. Or I've had walk-ins who will wait until I'm free to talk to me. [AGENCY 3]

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SENATOR WIGHTMAN: But not near all of the 332 are... [AGENCY 3]

JULIE ROGERS: No. [AGENCY 3]

SENATOR WIGHTMAN: ...in person, I assume. [AGENCY 3]

JULIE ROGERS: No. Most of them come... [AGENCY 3]

SENATOR WIGHTMAN: Were phone... [AGENCY 3]

JULIE ROGERS: ...and I believe it was last April we were able to, working with the Clerk's Office, we were able to get an on-line complaint form. So I see more of those, more complaints coming in on-line, which is helpful and more efficient. [AGENCY 3]

SENATOR WIGHTMAN: Thank you. [AGENCY 3]

JULIE ROGERS: Uh-huh. [AGENCY 3]

SENATOR MELLO: Is there any other questions from the committee? Seeing none, thank you for your time... [AGENCY 3]

JULIE ROGERS: Thank you. [AGENCY 3]

SENATOR MELLO: ...and energy and service, Julie. Thank you. [AGENCY 3]

JULIE ROGERS: Thank you. [AGENCY 3]

SENATOR MELLO: Is there anyone else here wishing to testify on Agency 3, the Legislative Council? Seeing none, that will close today's public hearing on Agency 3 and

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move us to our next agency, Agency 10, the Nebraska Auditor of Public Accounts. The committee should have received a letter from the State Auditor in support of the committee's preliminary recommendation. (Exhibit ___) Is there anyone else here wishing to testify on Agency 10, the Nebraska Auditor of Public Accounts? Seeing none, that will close today's public hearing on Agency 10 and move us to our next agency, Agency 11, the Nebraska Attorney General. The committee should have received a letter from the Attorney General's Office in support of the committee's preliminary recommendation. (Exhibit ___) Is there anyone else here to testify on Agency 11? Seeing none, that will close today's public hearing on Agency 11. And I apologize, for the record, should have done this earlier. Senator Tyson Larson has joined the committee. That leads us to Agency 12, the Nebraska State Treasurer. Is there anyone here wishing to testify on Agency 12, the Nebraska State Treasurer? Seeing none, that will close today's public hearing on Agency 12, the Nebraska State Treasurer, and lead us to our next agency, Agency 16, the Nebraska Department of Revenue. The committee should have received a letter of support from the Department of Revenue in respect to the committee's preliminary recommendations. Is there anyone else here wishing to testify on Agency 16, the Nebraska Department of Revenue? We'll go back to you. We'll go back to you afterwards. Go ahead. [AGENCY 3 AGENCY 10 AGENCY 11 AGENCY 12 AGENCY 16]

EDWARD F. HOFFMAN: I...did you want me to step back? I... [AGENCY 16]

SENATOR MELLO: No, we're good. We'll move...we'll go back on the agenda. That's fine. [AGENCY 16]

EDWARD F. HOFFMAN: (Exhibit 2) I'm sorry. My name is Ed Hoffman; it's Edward F. Hoffman, E-d-w-a-r-d H-o-f-f-m-a-n. I have a handout, and then while that's being submitted and provided to you, just by way of background, I am the chair of the Nebraska State Commission on Problem Gambling. And by way of background, I'm the attorney the state...LB6, in the last legislative session, set up the commission, and I'm

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the attorney on it. I'm an attorney with the law firm of Cada Cada Hoffman and Jewson; I am an adjunct associate professor with Doane College since 2007; and I also sit as chair on the city of Lincoln Telecommunication/Cable Television Advisory Board; and am on the house of delegates for Nebraska State Bar Association. But today I appreciate the opportunity to speak with you. I'll try to be brief. We have requested a deficit request. But in reality, it's not a deficit request; it's for additional dollars that are already available. And I apologize, I would have given the document earlier to hand to you and sort of to walk through with you, that the page is preparing now. The funding that we're requesting would not come out of the General Fund. Those dollars, on the second page of the handout, those dollars are already in place now, have been earmarked for problem gambling and for the GAP program and could be spent, pursuant to the Nebraska State Constitution and the statutes, on nothing other than the GAP program, the Gamblers Assistance Program. And so it is not part of the General Fund, that we're asking for dollars. I do, on the third page of the handout, have some background information, but most importantly in 2004 the former committee for the GAP program was made an advisory committee and then became an advisory committee to the Department of Health and Human Services. And the Legislature in 2013, on the next page, pulled this program and created a commission and pulled it out of the...out of Department of Health and Human Services and placed it under the umbrella of the Department of Revenue. And if you turn to the page that's captioned "The Nebraska Commission on Problem Gambling" and what we're responsible for, when we took over the program, there was...there was no contracts with any of the providers. We had no contracts with the providers. They had to end it when DHHS had stopped the program. We had no work force development plan. We had no 800 number. We had no ability to provide services to minors. We had no Web site that was available to provide information about the program or providers, that individuals could seek information. We had no secure data system. And since...the last...in the last six months we've created an 800 number; we've contracted with providers to provide services; we've created an on-line data...or we're working towards creating an on-line data Web site; we're working towards...and part of the funding we're requesting is for an on-line data entry system. If

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you turn to the bar graph section, I think it sort of graphically depicts some of the changes that have occurred. In the first six months since the commission was created, we've had 1,003 calls to the 800 help line. In the entire previous year, when the program was in DHHS, there were 287 calls. And so what has happened since the commission has taken over is there's been a fivefold increase in the number of calls. The next line graph, if you look at that, graphically depicts, since 2006-2008 time frame, the decline in the number of individuals being treated by the program. However, the next page, we have had a 40 percent increase in this first six months of the program in the number of individuals that have been treated, since the commission was pulled out of DHHS and put under the umbrella of the Department of Revenue. And the reality is, because of that 40 percent increase, is, in part, why we're here today requesting the additional funds. And really, again, the commission has \$1.93 million set aside that's not part of the General Fund, can only be utilized for this program, pursuant to Nebraska State Constitution. And the reality is we've been authorized to utilize \$1.5 million, but it's simply not enough at this point. The next page indicates we have no secure data collection site. When we took over, not only did we not have a Web site, we didn't have contracts with providers, we didn't have an 800 emergency number, we had no certification program for our providers, we had no training program. All of it was shut off when the commission took over. And we have put into place the majority of those issues. But we also have no data collection system. And so one of the things that we're requesting is authorization to use \$100,000 of the \$1.93 million that we have. There's software that's available, but they want to charge \$4,000 a month to utilize that software. The reality is it would be \$48,000 a year. And we've been told by software developers that we can create it within that \$100,000 amount and move forward and be able to use that from here going out. And so we need that because part of our statutory mandate is that we provide data to the Legislature in an annual report, and to the Governor's Office. And we simply can't do that without that software. Additionally, we...the last year that DHHS had the program, \$300,000 was spent on prevention and education. We have only been able to allocate \$50,000 of the amount that we were budgeted, the \$1.5 million. And the reason is, is because it's going to treatment. And

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when we had to earmark and sort of line up what would be appropriate or what we should spend the dollars on, it's the treatment. Part of the problem is, is that there are 165,000 Nebraskans that are outside of within a 50-mile range of providers. Much of western Nebraska does not have the ability to see services. This map that I provided you shows, in 2008, some of the providers in the state are the providers in the state. And the reality, the next map, since that time frame, in 2014, you can see that it's drastically been reduced, the number of individuals that are providing services in the state of Nebraska. The areas, under this 2014 map, that aren't within the grayed circles are areas where there are no providers. Those areas are all in western Nebraska. And we have a limited amount of funds at this point; but we have the dollars coming in, we have the dollars available to provide services to individuals. And finally, the second-to-the-last page, I just wanted to talk to you very briefly about the dollars that we're requesting. We've requested an additional \$239,000 per fiscal year '14 and '15. And the reality is, is those dollars do not come out of the General Fund. And I know I've said that several times, and I appreciate you bearing with me on that. But the problem is, is it's really not a deficit request, because we had to use the form. That's the form, pursuant to government guidelines, that we had to utilize. What we're asking is the ability to utilize funds that are already there. And, in fact, the dollars that are coming from the lottery each year are greater than the money that we've been allowed to spend. We are additionally asking for \$100,000 for that data system that we've been mandated by the Legislature to provide. We have not been able to do that. And what we've been doing to get data is through volunteers. We had volunteers to man the 800 number; we had volunteers with the providers before there were contracts; we had volunteers to do other work. But the reality is we can only do that for so long. The last piece is the director's salary and support staff. And I'll just be brief and I'll finish up. And I very much appreciate your time. Right now we have one director; that's all we have to run our program. We don't have any staff. We don't have any...our director is not billing for when he drives...the time to drive to Lincoln--and he's here today--the time to drive and see different vendors and providers, the time to visit with the entity that's creating our Web site...or has created our Web site. We don't have the funds to do that. What we

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were given when we started is a program that didn't have contracts, that didn't have a Web site, that didn't have an 800 number, that didn't have a process in place to certify gambling counselors, that didn't have a program for training. And in the last six months we've created most of those things. But what we can't do is create an authorization to pay for the folks that are coming in to get those services. And that's what we're here to do today, to ask. And the salary that we need is to have one support staff who is more than an entry-level support, because it's the only person that's going to come in. And a level one support staff, the reality is, won't have the knowledge that we need, because it's our only person that we have. And we have the funding to do that at this point. We're simply asking for the ability to utilize it. I appreciate your time, and if there are any questions, I'd be happy to try to answer those. [AGENCY 16]

SENATOR MELLO: Thank you for your testimony today, Mr. Hoffman. Are there any questions from the committee? Senator Harms. [AGENCY 16]

SENATOR HARMS: First of all, thank you very much for your testimony. The \$100,000 that you need for the database collection system, did I understand you right that you want to develop that yourself or hire someone to come in and develop that? [AGENCY 16]

EDWARD F. HOFFMAN: We do. We've spoken with several vendors that are software developers. What we'd like to do is retain the services of a software development company. Or if we could utilize an office in the state to do that, we'd still have to pay for it. And we've also looked into that. The range that we're...or the dollars that we're looking at is about \$100,000, and then what would happen is we would own that and not have to pay to rent it after that period. [AGENCY 16]

SENATOR HARMS: Do you have enough accurate data to plug into this database? [AGENCY 16]

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EDWARD F. HOFFMAN: We do. What happens is, is to get those graphs and that information we were fortunate to have some of the data. And the interesting thing is the data that was at DHHS, that wasn't shared with us either, from the previous years of the program. What you'll have is how many folks are going to a particular provider, their ages, how many family members are affected, the type of gambling that they engage in, other types of dependency issues that they have. And it goes on and on. And what happened was, is DHHS was using a software through Magellan that was geared towards dependency issues, such as alcoholism and drug addiction, and not particularly geared to problem gambling. And the reality is, in fact, they were utilizing it and it was part of...Magellan was providing it as part of an overall service. And we aren't part of that any longer. [AGENCY 16]

SENATOR HARMS: Is the information that you received from Health and Human Services accurate data? [AGENCY 16]

EDWARD F. HOFFMAN: We didn't receive data from Health... [AGENCY 16]

SENATOR HARMS: You didn't get anything at all...from them at all. [AGENCY 16]

EDWARD F. HOFFMAN: We received some information, but the data...and, for example, to prepare the report...we were asked to prepare a report with two months' worth of data, because it's my understanding that DHHS hadn't provided that. [AGENCY 16]

SENATOR HARMS: Well, I appreciate your openness and your comments, because we debate this probably every year on gambling, whether it's horse racing or whatever it might be. And the one thing that we have really lacked is accurate data and to actually be able to say this is what really is happening to Nebraska, this is what is happening, this is the people that are addicted, here's what it's costing us accurately. You know, I think that this database is important. The only thing I would caution you about on the

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database is that...make sure that whatever you do, that you have the right system and the right people doing it for you. I've been down this road on several occasions, and it's not very easy. And so sometimes buying one that's already there, you know, sometimes is better. But if you think you can do it, the headaches are yet to come, when you start putting all this together and it produces the kind of reports that you want. So it will be more than full time, I can guarantee you that, as you put this together. So I thank you, Chairman Mello. [AGENCY 16]

SENATOR MELLO: Thank you, Senator Harms. [AGENCY 16]

SENATOR HARMS: Yeah. [AGENCY 16]

SENATOR MELLO: Is there anyone else on the committee that has any questions? Senator Nelson. [AGENCY 16]

SENATOR NELSON: Thank you, Senator Mello. Thank you, Mr. Hoffman. The \$10,000 director's salary and support staff, is that in addition to what they're already getting; is that a raise? [AGENCY 16]

EDWARD F. HOFFMAN: It would be. The reality is we don't have a support staff because we had to choose between having a director or the support staff, because the dollars that were allocated weren't sufficient to fund both the director's salary and the support staff. And those figures were obtained from DHHS. [AGENCY 16]

SENATOR NELSON: So you start from zero with support staff and pay them \$10,000; is that what you're saying? [AGENCY 16]

EDWARD F. HOFFMAN: No, there were some dollars that were allocated, but what it would be would be dollars sufficient for a level one position. And the reality is, is because it will be our only support staff. That will be it. We need somebody that

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understands government, because there...as we found out, there are a number of things that we have...sort of hoops that we have to go through in order to comply with the different requirements. It's sort of interesting, we received...our director received a call from the Auditor's Office. And because we're associated with the lottery, we're going to have an annual audit. And they said, well, have your assistant give us a call. We don't have an assistant. We have the director; that's what we have. And the director has to do everything, not only answer calls but...and so what he's done is he has a cell phone that people can contact him at different times. It's been an uphill sort of battle to get this moving forward in the last six months. [AGENCY 16]

SENATOR NELSON: Thank you. [AGENCY 16]

SENATOR MELLO: I would like to welcome, for the public record, Senator Conrad has been able to join the committee now at this point. Senator Wightman. [AGENCY 16]

SENATOR WIGHTMAN: Thank you. Thank you, Mr. Hoffman, for being here. [AGENCY 16]

EDWARD F. HOFFMAN: Thank you, sir. [AGENCY 16]

SENATOR WIGHTMAN: How much--and I think you gave us some of that figure--how much income do you take in now from gambling? [AGENCY 16]

EDWARD F. HOFFMAN: I appreciate that. What we're seeing is dollars...when the lottery and the program was created and when the constitutional amendment was passed, part of the "give" to those, I think, that were opponents was that some dollars would be allocated for treatment, counseling, and education. And so what we're seeing now from that percentage each year is more than the \$1.5 million that we've been authorized to utilize. But in addition to those dollars, we have \$1.93 million that's been set aside, that hasn't been utilized. And the reality is that the \$1.93 million can only be

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utilized for this program, as well as the additional dollars that come in annually, or they come in quarterly. [AGENCY 16]

SENATOR WIGHTMAN: And then I see there's \$239,000 in each of the two fiscal years. Will this be a continuing...I assume it will be a continuing...beyond the first two years, where the other three items will be a one-time... [AGENCY 16]

EDWARD F. HOFFMAN: Yes. Yes. [AGENCY 16]

SENATOR WIGHTMAN: Thank you. [AGENCY 16]

EDWARD F. HOFFMAN: Yes, sir. [AGENCY 16]

SENATOR MELLO: Senator Conrad. [AGENCY 16]

SENATOR CONRAD: Thank you, Mr. Hoffman. One issue that the committee was concerned about during our preliminary deliberations, in regard to the data collection efforts...I see in your materials you note that...the awareness that it needs to be a secure site, but what other sort of privacy protections have you contemplated for Nebraskans who interface and who are experiencing a behavioral health issue? [AGENCY 16]

EDWARD F. HOFFMAN: You know, I appreciate that question. Part of what we're trying to do is, because we have very limited funds--and, for example, Iowa has a much greater amount of dollars to work the program--and yet we still, I believe, have the requirement to meet the needs of all Nebraskans. And it's clear at this point with what we have that there's much of western Nebraska that hasn't been able to be reached. So two of the things that we've been working on is on-line training for providers and provide...because only certified providers, per the legislation, can receive GAP dollars--and we had to create that certification program--and then on-line care for

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individuals so they would receive it, which, by the way, is happening now through other programs in the state, is my understanding. This security will be...it will comply with HIPAA. [AGENCY 16]

SENATOR CONRAD: Okay. [AGENCY 16]

EDWARD F. HOFFMAN: And so the reality is it already...we're already in compliance with that, with the data that we obtain. And some of the things that we need that data system for is as simple as submitting a bill from a provider to DAS, so that they can generate a payment. What we've been doing, to this point, is manually. And it's...to have the director do that is simply...it's not an effective use of time. [AGENCY 16]

SENATOR CONRAD: Very good. Thank you. [AGENCY 16]

SENATOR MELLO: Senator Harms. [AGENCY 16]

SENATOR HARMS: Mr. Hoffman, thank you again. What kind of data do you actually have available now? [AGENCY 16]

EDWARD F. HOFFMAN: Well, I have the current director of the program...and we've been, frankly, blessed to have him. He was a prior director in the '80s; he's on a national oversight board for problem gambling; and he's very knowledgeable in this area. And we do have quite a bit of data: for example, the type of gambling that's preferred by individuals, the percentage of individuals in the state that are likely having trouble with problem gambling, and it goes on from there. And he would be in a better position, though, I think, Senator, to answer questions specifically with regard to that. [AGENCY 16]

SENATOR HARMS: What I'm really after is, could you supply that information to us, in regard to the issues we have in regard to gambling? Because I know that that's going to

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come back up again this year, probably. And it would really be nice to have up-to-date Nebraska data that tells us what's really happening, because before, you know, we used data, but you have no idea whether it's accurate or not accurate. And it would really be helpful. [AGENCY 16]

EDWARD F. HOFFMAN: I'd...we would be happy to help, but I would only say this. I just had a hearing earlier this week about being reappointed by the Governor to the committee, and I was asked my personal position with regard to legalized gambling. And I can only say that since there are some senators that approve and some senators that don't, I really wouldn't want to take a position since the funding for our program comes through you. [AGENCY 16]

SENATOR HARMS: Well, I would just tell you where I'm coming from; I'm not asking you to take a position. As Walt will tell you, I'm not a real fan of this. I just want to have data. [AGENCY 16]

EDWARD F. HOFFMAN: I understand. [AGENCY 16]

SENATOR HARMS: I don't care how it is and what form it's in. I just want to have the information, the data, that shows exactly what's happening. And if we can isolate that geographically, it's even better, because I can tell you, I was looking at your map, and we don't cover western Nebraska very well. And there's a real serious issue there, to be honest with you, because of South Dakota and Colorado; a lot of people have gotten involved in those two areas, and it's hurt the families. And I'd just like to have whatever information you have. I'm not asking you to take a position; I'll do that for you. (Laughter) [AGENCY 16]

EDWARD F. HOFFMAN: We'll certainly provide it. [AGENCY 16]

SENATOR HARMS: Okay, thank you. [AGENCY 16]

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SENATOR MELLO: Is there any other questions from the committee? Seeing none, thank you, Mr. Hoffman. [AGENCY 16]

EDWARD F. HOFFMAN: Thank you, Mr. Chairman. [AGENCY 16]

SENATOR MELLO: Is there anyone else here wishing to testify on Agency 16, the Nebraska Department of Revenue? [AGENCY 16]

JERRY BAUERKEMPER: My name is Jerry Bauerkemper; Bauerkemper is spelled B-a-u-e-r-k-e-m-p-e-r. I'm the interim director for the problem gambling program, and I want to say that part of what...part of the...when they changed that over, they said, Jerry, would you come back and put this program together? And I have a job, and I want to go back and do my job, because I see clients, and I go out and I do things. And so hiring the director is an important piece of this, as well as the support staff, and I want to reiterate that that's an important piece and that we hire the right person, and a person who knows how to work their way through this. You had asked about data collection. We have a limited ability to gather data right now because of confidentiality issues, but we can do things like demographics, what games you play, what...where you're from, etcetera. But because of the security of this problem, we need a secure...a more secure base to process. And so...and one of the things...one of the joys of being in the Department of Revenue is they really like security. So they're really interested in us getting a very secure system in place so that we're not sending certified letters back and forth with data in them. And so I had heard from previous...that there were some concerns about tracking clients. And what we do is we get the demographics, we get what kinds of...and then we get outcomes: how did they do as a result of being involved in a counseling program and being involved with financial programs? Because we have people who come in with millions of dollars' worth of debt, and our goal is to get them out of millions of dollars' worth of debt and pay it back and not just bankrupt out or do, you know, use the system, but to pay that money back. And so we have trained

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counselors that do things like that. The difficulty we have is that...when I took over this program, we had a limited number of providers. And we contracted with each one of them and said, you know, do the job you were supposed to do. And then we've started looking up, and we thought, oh, my goodness, we have nothing in the western part of the state. From basically Kearney on, we have very limited services. And so what we're asking to do is to help us to set up programs out there. And one of the things that they...we had to make a decision on how much money we needed. And I started figuring out what would we need for this year and what would we need for the next year and how are we going to do that kind of work. And if...one of the things that I know is, if we don't spend that money, it will stay in the account. So it's not going anywhere. We're not going to allocate it. We have a commission that is, what I would suggest, would be frugal, and they're very interested in services that have outcomes. And so one of the things we're talking about is outcomes. So we are putting together what I think is to be an excellent service delivery system. We have people out in the western parts of the state that are interested; we just need to be able to contract with them. And that's what we're looking for. So we're ready if you're ready. So I'll answer questions. [AGENCY 16]

SENATOR MELLO: Thank you for your testimony. Are there any questions from the committee? Senator Harms. [AGENCY 16]

SENATOR HARMS: Just one more question. When you talk about providers, what kind of providers are we talking about? Are you talking about counseling, psychological? I don't know what that means. [AGENCY 16]

JERRY BAUERKEMPER: Yeah, a variety of processes. [AGENCY 16]

SENATOR HARMS: Okay. [AGENCY 16]

JERRY BAUERKEMPER: We have counselors that are licensed mental health providers, licensed substance abuse providers, but they need to be certified in

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gambling. They need to be experts in working with people who are gambling. We are...we've got a relationship built and a contract signed with Bellevue University to train them on-line so that they don't have to come 500 miles to get training. I know you talked...I overheard, and I apologize, but I overheard that you hadn't been home because it's a long drive. Well, it's a long drive for them to get trained too. And so what we're doing is putting together an on-line training system, that they can get trained if they're licensed in mental health, if they're licensed in substance abuse. We do financial counseling. We do a myriad of things that will reduce the pressure and the impact that gambling has caused on them. [AGENCY 16]

SENATOR HARMS: Can you tell me as, just from what knowledge you might have of the data and the database, are we seeing an increase in people who need help, or do we really have a handle on that, or do we see more people going...turning to gambling because of the economy? What do you actually see? [AGENCY 16]

JERRY BAUERKEMPER: I think what you're finding is more and more people are exposed to faster and faster games, and so we're reaching the number. In Nebraska, it has been fairly insulated for many years. But with the advent of things like on-line gambling and casinos and lottery and bingo and keno all over now, we have...we are maximizing our addiction potential. And I know that's kind of flippant, but what we're talking about is people are more aware and taking greater risks at earlier ages. And some of the data that we have coming from some of the research in Nebraska is that 50 percent of our kids start under the age of 10, long before they drink, smoke, have sex, even cuss. And so we are putting our youth at risk. And one of the things we have done, and one of the things that's helping, is we've opened this process up to being...for our counselors to see adolescents and to see family members. And that wasn't the case before. So because...and we're doing...we're trying to do some prevention work, because the only message out there is, you can't win if you don't play. And that's not a message we want to teach our 10-year-olds. [AGENCY 16]

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SENATOR HARMS: And you know the...the brain development for a teenager is part of the problem. They just cannot assess that. It's the same thing we've seen in underage drinking and all these other issues we've dealt with over the seven or eight years that some of my colleagues and I have been together. They just can't process it. [AGENCY 16]

JERRY BAUERKEMPER: That's right. [AGENCY 16]

SENATOR HARMS: And so it's easy for them to get hooked into that pretty quickly. [AGENCY 16]

JERRY BAUERKEMPER: Yeah. [AGENCY 16]

SENATOR HARMS: And I would tell you that when we did the research on underage drinking, there's definitely going to be a...there's definitely a relationship between the underage drinking and the gambling, because it goes hand in hand, with those kids. [AGENCY 16]

JERRY BAUERKEMPER: Absolutely. And...and... [AGENCY 16]

SENATOR HARMS: That's the kind of data, I guess, we're...I'm kind of looking for, because I think it's awful important for us as we continue to debate these particular issues. As I said, just having the data and having a...and feeling comfortable that we have somebody helping us understand that is important. [AGENCY 16]

JERRY BAUERKEMPER: Yeah, and I...one of the things that you need to know is that I'm on the board of directors for the National Council on Problem Gambling in Washington. [AGENCY 16]

SENATOR HARMS: Uh-huh. [AGENCY 16]

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JERRY BAUERKEMPER: And we're in the...we do a lot of work around gathering data nationally, as well as how we can put that into state stats. And the Department of Health and Human Services does do an ongoing study around adolescents and gambling. You should ask them for it. I'd like to have it if you get it. [AGENCY 16]

SENATOR HARMS: Yeah. One of the things that I've found, I guess, when you look at the national side...then I'll leave this alone; we have other things we have to do. On the national side, when we bring up a lot of the national data and statistics, it doesn't seem to grasp...and I don't mean this in a negative sense. [AGENCY 16]

JERRY BAUERKEMPER: Right. [AGENCY 16]

SENATOR HARMS: Our colleagues are more interested about Nebraska... [AGENCY 16]

JERRY BAUERKEMPER: Right. [AGENCY 16]

SENATOR HARMS: ...what we all...so what, if Iowa and Kansas...you know, we're different; that's just not happening here. Well, it is happening there. But we just don't have the actual...(inaudible). And that's why this database is so critical. [AGENCY 16]

JERRY BAUERKEMPER: Yeah, let me give you an example. The state of Iowa has 4 percent of their help line calls are Internet gamblers. [AGENCY 16]

SENATOR HARMS: Yeah. [AGENCY 16]

JERRY BAUERKEMPER: It's 9 percent in Nebraska. It's different here. [AGENCY 16]

SENATOR HARMS: Yeah. [AGENCY 16]

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JERRY BAUERKEMPER: We're more rural. We're called a "frontier state." And we have...we're very connected as a state, and on-line gambling is much more prevalent for us than it is for other states. And so we need to do something on-line, to do some intervention and to do some prevention. And we don't have that capability. We're just now getting a Web site up; that's taken six months. We had to build it from scratch.
[AGENCY 16]

SENATOR MELLO: Senator Conrad. [AGENCY 16]

SENATOR CONRAD: Thank you. Just to follow up on that last commentary, did you say that the Department of Health and Human Services collects data and puts together a report but you haven't been able to access it? [AGENCY 16]

JERRY BAUERKEMPER: They...the last time we asked for that, they weren't done with it yet. So I...they may be done with it now. [AGENCY 16]

SENATOR CONRAD: Okay. [AGENCY 16]

JERRY BAUERKEMPER: But I would access that, if I were you. [AGENCY 16]

SENATOR CONRAD: Okay, because I was concerned that you were having difficulty interfacing with that department and getting (inaudible)... [AGENCY 16]

JERRY BAUERKEMPER: I'm not going to comment on that. [AGENCY 16]

SENATOR CONRAD: Well, I think that says enough. Thank you very much. [AGENCY 16]

SENATOR MELLO: Is there any other questions from the committee? Senator Nelson.

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[AGENCY 16]

SENATOR NELSON: Thank you, Chairman Mello. Did I understand you correctly that they receive counseling to pay money back? [AGENCY 16]

JERRY BAUERKEMPER: What we do is provide them financial counseling or referral. And then we set up a payment plan for them to pay back all their debts. So if they owe six months on their house, we set up a plan so that they get caught up. If they owe their utilities and they're six months behind, we work with utilities with them to pay back their utilities. Credit cards, same way. The goal here is not for them to bail out because of their gambling debt; the goal is to pay it back and to become productive in that process. Now, there are some who cannot, never will be able to pay that back. And then we will have to work with their creditors to reduce that amount. But we will work with creditors. [AGENCY 16]

SENATOR NELSON: So it's largely their financial problems and debts that have caused them to come to you? [AGENCY 16]

JERRY BAUERKEMPER: Yeah, about 77 percent of them come as a result of a financial crisis. Now, they've got a lot more going on than financial crisis. But that's part of what keeps them there, is that we're working on their finances. We're also working on mitigating circumstances: what brings them to it; you know, what's in it for them; how can we stop them from going back; how can we put barriers in front of them so that they can not gamble and not face this issue again. But a vast majority of them that either call our help line or come in to our services, their first crisis and the one that drives them is financial. [AGENCY 16]

SENATOR NELSON: Those are not necessarily very young people; they're... [AGENCY 16]

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JERRY BAUERKEMPER: Oh, yeah, they're young too. [AGENCY 16]

SENATOR NELSON: They are young too. [AGENCY 16]

JERRY BAUERKEMPER: I mean, we have college students that have spent their loans; we have high school students that have high school bookies, that they're in debt with their bookies. I remember my daughter, the first time I said to her...she came home and she says...we were driving, she says, well, there's the drug dealer for our school. And I said, who's the gambling dealer? And she came home the next day and says, I know who it is. Just took her a while to figure it out. And I was grateful for that, because that meant she wasn't involved. But they are gambling at those ages. And so they do get into debts, and they do have trouble. And some of the people that we've worked with that had the most debt are fairly young, fairly young. [AGENCY 16]

SENATOR NELSON: Thank you. [AGENCY 16]

JERRY BAUERKEMPER: They just don't have that skill set. [AGENCY 16]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you for your testimony today. [AGENCY 16]

JERRY BAUERKEMPER: We appreciate your efforts. [AGENCY 16]

SENATOR MELLO: Is there anyone else here wishing to testify on Agency 16, the Nebraska Department of Revenue? Seeing none, that will close today's public hearing on Agency 16 and will take us back to Agency 12, the Nebraska State Treasurer. [AGENCY 16 AGENCY 12]

DON STENBERG: Thank you, Mr. Chairman, members of the committee. For the record, my name is Don Stenberg, S-t-e-n-b-e-r-g, duly elected and acting Treasurer for

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the state of Nebraska. I had not intended to testify today on this deficit matter. I'm here only because my office was repeatedly contacted by the Legislative Fiscal Office and by Senator Mello's office asking me to make my views known on this legislation. Number one, I did not request any deficit appropriation for the Treasurer's Office for a lawsuit or for any other purpose. Number two, I was not consulted by any office or agency of any branch of the state government concerning this issue prior to the introduction of LB905 and LB906. Number three, I understand that when the Attorney General loses a lawsuit the state has to pay. Number four, I think that the taxpayers really don't care whose budget the money is put in when a lawsuit is lost and the bill has to be paid. It's really internal matter of state accounting. And in my opinion, we should align the appropriation with the responsibility and control for that subject matter. Number five, as a matter of law and policy, appropriations to pay money judgments against the state of Nebraska are not routinely made to the Treasurer's Office. They are submitted to the State Claims Board and an appropriation is then made pursuant to that procedure. The money is not appropriated to the State Treasurer's Office. Now number six, in my opinion, there are two strong reasons that this appropriation, if it is to be made, if it's necessary, should be made to the Attorney General's Office budget. Number one, two years ago, the Attorney General spent thousands of dollars in television advertising saying that all costs on interstate water litigation should be made a part of the Attorney General's Office budget. His ad said that appropriating money to any other state agency was deceptive and amounted to hiding the money from the taxpayers. So since the Attorney General feels so strongly about it, I think that this committee should accommodate him by putting the money in his budget. Secondly, LB906 gives the Attorney General the control of this appropriation. LB906 states, in part, such payment or payments shall only be made by the State Treasurer upon the written certification of the Attorney General. So since the expenditure of the funds will be controlled by the Attorney General and since he has the responsibility for interstate water litigation, I believe it should be appropriated to his budget. Now I think this principle might be a little better understood in a slightly different context. Let us say as a hypothetical that this committee felt that, you know, the Treasurer is doing a really good job with our College Savings Program and we'd like to

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appropriate another million dollars to help you promote that, that program. And so we're going to appropriate a million dollars to the State Attorney General's budget and give you control of that million dollars. Now that makes no sense at all. The responsibility is the Treasurer's, the money would be spent by the Treasurer; it should be in the Treasurer's budget. By the same token, interstate water litigation is the responsibility of the Attorney General. Under LB906, he has complete control of the timing and expenditure of this money, as directed by the court. And therefore, it just makes sense to put this money in the Attorney General's budget if it is needed at this time. So in conclusion, I'm opposed to the deficit appropriation for the State Treasurer's Office.
[AGENCY 12]

SENATOR MELLO: Thank you for coming in today, Treasurer Stenberg, and providing that perspective. I know I appreciate it, as does the Legislative Fiscal Office appreciate you coming to the committee per our request on this particular matter. So thank you.
[AGENCY 12]

DON STENBERG: Glad to be here. Being in the money business myself, I'm always happy to meet with the people who have the money here in state government.
(Laughter) [AGENCY 12]

SENATOR MELLO: Any questions from the committee? Senator Conrad. [AGENCY 12]

SENATOR CONRAD: Thank you very much. I appreciate your testimony and your analysis of the issue. Just as a point, and I know that you weren't holding this office when this happened, but as a matter of precedent the low-level nuclear waste settlement funding was allocated to the Treasurer's Office and then paid out. So if you'd like to comment in terms of how this situation may be distinguishable or analogous, I'd provide you that opportunity. [AGENCY 12]

DON STENBERG: Yeah. Well, I think that is kind of a one-off type situation, Senator. As

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I indicated, I mean every year the state loses a number of lawsuits. Not blaming anybody for that. Things happen; money has to be paid. It is not routinely appropriated to the Treasurer's Office. You could do things that way but we have a State Claims Board. We have a process. There's a State Claims bill. The committee actually probably knows the mechanics of that better than I do because you deal with it. So I think your information is correct, Senator. I don't have any personal knowledge of that, but I believe that's the way that was handled in that particular circumstance. But I think that is the only item that was done that way out of all of the many, many other judgments that have been paid through a State Claims Board process. So, yes, there's that precedent, but the real precedent is not to put it in the Treasurer's budget; it's to do it through the claims process. [AGENCY 12]

SENATOR CONRAD: Okay. Thank you. [AGENCY 12]

SENATOR MELLO: Any other questions from the committee? Seeing none, thank you, Mr. Treasurer. [AGENCY 12]

DON STENBERG: Thank you, Mr. Chairman. [AGENCY 12]

SENATOR MELLO: Is there anyone else here wishing to testify on Agency 12, the Nebraska State Treasurer? Seeing none, that will close today's public hearing on Agency 12 and take us to our last hearing of the day, Agency 91, the Nebraska Tourism Commission. [AGENCY 12 AGENCY 91]

KATHY McKILLIP: (Exhibit 3) Good afternoon. Chairman Mello and members of the committee, I'm Kathy McKillip: K-a-t-h-y, last name McKillip, M-c-K-i-l-l-i-p. And I am the current executive director with the Nebraska Tourism Commission. As you may be aware, the Nebraska Tourism Commission recently completed the development of a statewide strategic plan in 2011. This plan, under the direction of LB684, charged the commission with evaluating several elements within the tourism industry. Several

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components that came under review were organizational structure, staffing, marketing, regional growth, funding sources, and an overall statewide assessment of assets and tourism potential. As Tourism was preparing to present the findings from the strategic plan, LB1053 was passed by the legislative body in 2012, moving Nebraska Tourism out of the Department of Economic Development and into the newly created Nebraska Tourism Commission, or Agency 91. A great deal has occurred for Nebraska Tourism in the past three years. Most significantly, the building of partnerships and the momentum towards the growth of our opportunities have been brought before the state. I am here today to discuss two specific topics: staffing and our cash funds, or...known as Visitor Improvement Funds. When Nebraska Tourism departed from DED, Agency 72, and became the Nebraska Tourism Commission, Agency 91, the transition and move occurred within 60 days, no small feat for the development of a new commission and a state agency. Along with that move came job descriptions and assignments that lacked defined classifications and did not meet the needs of the commission or the needs of our industry within the state. These job descriptions are obsolete and position categories too generic. It is tough enough recruiting and retaining staff, based on salary limitations, and harder yet with predefined, boxed categories of position classifications. The transition was rapid and tough. We had no opportunity to conduct an analysis that specifically defined current or potential staffing positions. At this time, the commission would like to take the next few months to conduct desk audits of current staff positions and work with a third-party consultant to assist in the review of job descriptions and potential positions as they relate to the needs and changes of our very fluid industry. It would be anticipated that the findings from this consultation would be better preparing us for a more precise staffing analysis and recommendations for consideration within the next state budget cycle. I have been with Nebraska Tourism for three and a half years. I was first hired to implement LB684, then hired as a division director, and then hired and rehired by the commission. During that time, we have collectively seen an increase in our cash funds by 23 percent: a 7 percent increase in 2011, an 8 percent increase on top of that in 2012, and another 8 percent increase in 2013. We are currently on track to be at another 8 percent increase, if not slightly higher, for 2014.

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Though I cannot, nor would not, claim these successes and increases by myself, it is truly a representation of the results of collective efforts in building stronger partnerships across the state, with additional opportunities within our industry, including statewide associations partnering with state agencies, nonprofits, and the private sector. All of these partners understand the value of tourism and the impact it has. The percentage increases mentioned have resulted in annual revenues that exceed our current cash fund expenditure authority. At this time, the commission will respectfully ask that the committee appropriate an additional \$350,000 in cash funds for the fiscal year '13-14 and an additional \$750,000 in cash funds for fiscal year '14-15. The appropriations of these funds would allow the commission to enhance our additional marketing efforts and develop even stronger partnerships with organizations that bring national-caliber events to Nebraska. We need to be involved in the planning process. This helps us do so. This helps us approach these national activities on a way that we can't when we're isolated by ourselves. At this time, the Nebraska Tourism Commission is asking for your support in our request to access our cash funds and conduct staff desk audits. I would make a note there that there's no expense to conduct the staff audits; that's just going to occur because we think it's the fiscally responsible thing to do. We would like to thank Senator Mello and the committee for bringing the value and importance of tourism before the body and believe that the future of tourism plays an important role in generating revenue for our communities, our counties, and the state of Nebraska. Tourism is a key segment of the Nebraska state economic base and, as the state's third-largest industry, plays an important and critical role in the vitality of our state. And I would attempt to address any questions should any members of the committee have one. I also have a chart, if I may, that was distributed. This just shows you a little bit of history and pattern flow from the Visitor Improvement Funds for the past ten years. And you'll see here that we've really done a...actually a pretty good job holding our own on our expenditures, being really, really tight. You'll see a little increase there, and that was when we made our move. But otherwise, the increases in fundings and the cash funds have been very impressive the last three years. [AGENCY 91]

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SENATOR MELLO: Thank you for your testimony... [AGENCY 91]

KATHY McKILLIP: Um-hum. [AGENCY 91]

SENATOR MELLO: ...Director McKillip. Are there any questions from the committee?
[AGENCY 91]

KATHY McKILLIP: Wow, really? [AGENCY 91]

SENATOR MELLO: Seeing none, thank you. [AGENCY 91]

KATHY McKILLIP: (Laugh) Okay. [AGENCY 91]

SENATOR MELLO: Is there anyone else here wishing to testify on Agency 91, the
Nebraska Tourism Commission? [AGENCY 91]

WALT RADCLIFFE: Senator Mello and members of the committee, my name is Walt Radcliffe, and I'm appearing in an unusual circumstance: pro bono and as a volunteer. (Laughter) But Ms. McKillip and I were talking earlier, before this hearing, and she related to me her request that you appropriate some cash funds. And those of you--well, everybody was on this committee last year--recall efforts that I attempted to get some money for the U.S. Senior Open in Omaha, and there have been some other events over the years that I've represented here. And the one thing that was always apparent to me was that funds were available, and it was really a question of allocation. And it never...it didn't seem to me that...not...I mean, this committee has a lot to do without having to decide what sporting event they're going to support or not support. And the Tourism Commission, that's their job. And it would just make sense to me that as long as the funds are down there, they should have the authority to spend them. And I know I've talked to many of you about even setting up a separate fund to do that, but in this instance I think you can solve both things with money that's there just simply by giving

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them the authority to spend what they have and, I would hasten to add, what they've taken in. So that would be the extent of my testimony. And I'd be happy, Senator Mello, to answer any questions. [AGENCY 91]

SENATOR MELLO: Thank you for your testimony, Mr. Radcliffe. Are there any questions from the committee? Seeing none, thank you. [AGENCY 91]

WALT RADCLIFFE: Thank you. [AGENCY 91]

SENATOR MELLO: (Exhibits __, __, and __) Is there anyone else here wishing to testify on Agency 91? Seeing none, for the record, the committee received letters of support for the Tourism Commission's deficit request from the Nebraska Hotel, Motel Association; the Omaha Sports Commission; and finally, a letter of support for their budget request from the Nebraska Travel Association. With that being said, that will close today's public hearing on Agency 91 and end today's public hearings for the day. Thank you. [AGENCY 91]