

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

Appropriations Committee
February 12, 2014

[Agency 16]

SENATOR MELLO: Is there anyone else who wishes to testify on Agency 3, the Legislative Council? Seeing none, that will close today's public hearing on Agency 3 and 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. 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. 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...we'll move...we'll...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

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

Appropriations Committee
February 12, 2014

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 the attorney on it. I'm an attorney with the law firm of Cada Cada Hoffman&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...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...to have to you, and it's 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 workforce 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

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

Appropriations Committee
February 12, 2014

800-number; we've contracted with providers to provide services; we've created an online data...or we're working towards creating an online data Web site; we're working towards...and part of the funding we're requesting is for an on-line data entry system. If 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 1,030 calls to the 800-helpline. 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, that 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,

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

Appropriations Committee
February 12, 2014

we...the last year that DHHS had the program, \$300,000 was spent on prevention, in 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 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

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

Appropriations Committee
February 12, 2014

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 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 I 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, do 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]

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

Appropriations Committee
February 12, 2014

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

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 addition 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 on... [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

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

Appropriations Committee
February 12, 2014

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 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]

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

Appropriations Committee
February 12, 2014

EDWARD F. HOFFMAN: No, there were some dollars that were allocated, but what it would be would be dollars sufficient for a Level I position. And the reality is, is because it will be our only support staff. That will be it. We need somebody that 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. 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 utilized for this program, as well as the additional dollars that come in annually, or they

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

Appropriations Committee
February 12, 2014

come in quarterly. [Agency 16]

SENATOR WIGHTMAN: And then I see there's \$239,000 in each of the two fiscal years, and 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 to 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 individuals so they would receive it, which, by the way, is happening now through other

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

Appropriations Committee
February 12, 2014

programs in the state, is my understanding. This security will be...it will comply with HIPAA. 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 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]

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

Appropriations Committee
February 12, 2014

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]

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]

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

Appropriations Committee
February 12, 2014

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 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, they have very limited services. And so what

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

Appropriations Committee
February 12, 2014

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...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. We have counselors that are licensed mental health providers, licensed substance abuse providers, but they need to be certified in gambling, they need to be experts in working with people who have 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]

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

Appropriations Committee
February 12, 2014

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]

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 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. And I would tell you that when we did the research on underage drinking, there's definitely

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

Appropriations Committee
February 12, 2014

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. 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, they're 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

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

Appropriations Committee
February 12, 2014

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 helpline 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]

JERRY BAUERKEMPER: We're more rural. We're called a "frontier state." And we have...we're very connected as a state, and online 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...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]

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

Appropriations Committee
February 12, 2014

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. [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

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

Appropriations Committee
February 12, 2014

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 helpline 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]

JERRY BAUERKEMPER: Oh, yeah, they're young too. 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 awhile 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]

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

Appropriations Committee
February 12, 2014

SENATOR MELLO: Is there anyone else who wishes 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]