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Appropriations Committee  
February 26, 2015

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[AGENCY 28]

The Committee on Appropriations met at 1:30 p.m. on Thursday, February 26, 2015, 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; Robert Hilkemann, Vice Chairperson; Kate Bolz; Ken Haar; Bill Kintner; John Kuehn; Jeremy Nordquist; John Stinner; and Dan Watermeier. Senators absent: None.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello from south Omaha, representing the 5th Legislative District, and I serve as Chair of the Appropriations Committee. I'd like to start off today by having members do self-introductions, starting first here on my right, your left, with Senator Watermeier.

SENATOR WATERMEIER: Dan Watermeier from Syracuse.

SENATOR HAAR: Ken Haar, District 21.

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

SENATOR MELLO: Sitting next to Senator Bolz is Senator John Stinner from District 48 in Scottsbluff.

SENATOR HILKEMANN: I'm Senator Robert Hilkemann, District 4, west Omaha.

SENATOR KUEHN: John Kuehn, District 38, south-central Nebraska.

SENATOR MELLO: Sitting next to Senator Kuehn is Senator Jeremy Nordquist, representing the 7th Legislative District in downtown and south Omaha. And sitting next to Senator Nordquist is...

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SENATOR KINTNER: Shall I introduce myself?

SENATOR MELLO: Yep.

SENATOR KINTNER: I'm State Senator Bill Kintner from Legislative District 2.

SENATOR MELLO: Assisting the committee today is Rachel Meier, our committee clerk; and our committee pages for the day are Julia and Rachel. On the cabinet up here to your right you will find some yellow testifier sheets. If you're planning on testifying today, please fill out one of the sheets and hand it to one of the pages when you come up. It helps us keep an accurate record of today's public hearing. There are also some white sheets on the cabinet as well that if you do not wish to testify but would like to record your position on a specific budget item for a specific state agency. When we hear testimony regarding state agencies today we will begin hearing from a representative of the state agency. We will then hear testimony from anyone who wishes to speak on that agency's budget request. We ask that you begin your testimony by giving us your first and last name and spelling them for the public record. If you have any handouts, please bring at least 11 copies and give them to Julia or Rachel. They...if you do not have enough copies, she can help make more for you. 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. We'll only be using the light system for anyone wishing to testify on a state agency budget who is not representing the agency. As a matter of committee policy, I'd like to remind senators that the use of cell phones or other electronic devices are not allowed during our public hearings, and at this time I'd ask for all of us, including senators and others in the audience, to look at your cell phones and please make sure they are on the silent or vibrate mode. Our first fiscal analyst of the day, there will be others, is Mike Lovelace. And with that, at this time we'll begin today's public hearing with Agency 28, the Department of Veterans'

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Affairs. [AGENCY 28]

JOHN McNALLY: Good afternoon, Chairman Mello and members of the Appropriations Committee. I am John McNally, J-o-h-n M-c-N-a-l-l-y, deputy director of the Nebraska Department of Veterans' Affairs, and I'm here testifying on behalf of Director John Hilgert. Director is serving as the vice president of the National Association of State Directors of Veterans' Affairs and is attending their midwinter conference and, therefore, not available to testify today. Director Hilgert will be available at the Appropriations hearing for the HHS Division of Veterans' Homes should you have any questions for him at that time. I would like to take this opportunity to thank the committee, as well as the Fiscal staff, for the work completed in preparing the preliminary recommendations for Department of Veterans' Affairs. As an overview, Program 36 is the department administration, which provides the administrative functions of the agency, administers state benefits, and operates the Nebraska Veterans Service Office, all for the assistance of Nebraska's veterans and their dependants. Program 37 is the state Veterans' Cemetery Program and is currently fully operational, and as of today the cemetery has completed 164 internments and has processed an additional 210 eligibility determination applications. Now then, the Governor's recommendation includes the use of an additional \$25,000 cash funds for each year of the biennium for the sale of military themed license plates in lieu of General Funds for the operation of the cemetery. The committee's preliminary recommendation, on the other hand, increases the cash fund authority each year by slightly more than \$35,000 without offsetting the cash funds with reductions to General Funds. The department is able to reduce General Funds used to operate the cemetery by using available cash funds, so we wanted to bring that to your attention. As a small agency, the Nebraska Department of Veterans' Affairs remains committed to responsible spending and appreciates the reappropriated funds which allow flexibility and operational readiness that benefits veterans and their dependants. Again, we thank the committee for their preliminary appropriation and PSL recommendations for the Department of Veterans' Affairs. That concludes my testimony and I will answer any questions that you have. [AGENCY 28]

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SENATOR MELLO: Thank you for your testimony, Deputy Director McNally. Are there any questions from the committee? Senator Haar. [AGENCY 28]

SENATOR HAAR: Yes. Could you tell me briefly what's the difference of what you do from what the federal government does with veterans' hospitals and all that sort of thing? [AGENCY 28]

JOHN McNALLY: Absolutely. Senator, the federal government runs the VA, the federal VA,... [AGENCY 28]

SENATOR HAAR: Okay. [AGENCY 28]

JOHN McNALLY: ...and it's divided into three different administrations. So there's the healthcare side, which is the hospitals, community-based clinics. So all the healthcare-related items are...is the VHA. Then they have the benefits office, which is disability claims and pension. And the third division is the national cemeteries. There's currently one national cemetery in Nebraska. It's Fort McPherson out of Maxwell. On the state side, by state law, number one, we are advocates for veterans, so we can assist the state's veterans in gaining their federal benefits. State level, we also administer some state benefits, such as we have some state tuition assistance. We have a Veterans' Aid Fund, which provides money for financial hardships. And we also administer the applications for the state veterans' homes. So even though the veterans' homes are a division of Health and Human Services, the applications actually come into our office. So there's the state level benefits and oversight, and then we also coordinate with the federal government if Nebraska veterans are having any difficulty or we help them access their federal benefits. [AGENCY 28]

SENATOR HAAR: Okay. Good. Thank you. [AGENCY 28]

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JOHN McNALLY: Yeah, you're welcome. [AGENCY 28]

SENATOR MELLO: Any other questions from the committee? [AGENCY 28]

SENATOR HILKEMANN: This is for my information on this. We have our veterans' cemetery that you run in Alliance. [AGENCY 28]

JOHN McNALLY: Yes, sir, uh-huh. [AGENCY 28]

SENATOR HILKEMANN: Okay. Who would qualify for Alliance? And again, I'm not trying to...I know this is in the past, but who would have qualified for Alliance that would not qualify for the cemetery at Maxwell? [AGENCY 28]

JOHN McNALLY: Well, it's, Senator, that's actually a fairly easy answer. The cemetery in Alliance is state owned and state operated, but it was built with a federal grant. And in doing so we follow what they call federal shrine standards, so we follow the federal regulations, even though we're a state facility. So the eligibility is actually the same. [AGENCY 28]

SENATOR HILKEMANN: So it's a matter of choice then for families, whether they want to be at Maxwell or Alliance? [AGENCY 28]

JOHN McNALLY: Correct. [AGENCY 28]

SENATOR HILKEMANN: Okay. [AGENCY 28]

JOHN McNALLY: And so when you drive over the hill and you see the 22 acres laid out in front of you, you're going to see the same upright marble headstones in Alliance that you would see at Maxwell. And for your information, the VA is working on funding a federal cemetery in Sarpy County as well and they're expecting to break ground

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sometime in 2016. [AGENCY 28]

SENATOR HILKEMANN: Yeah, I'm aware of that. Now will that be...I was under the understanding that was being done with federal funds. [AGENCY 28]

JOHN McNALLY: That is a federal cemetery, correct. [AGENCY 28]

SENATOR HILKEMANN: Right. Right. Okay. Thank you. [AGENCY 28]

SENATOR MELLO: Thank you, Senator Hilkemann. Senator Bolz. [AGENCY 28]

SENATOR BOLZ: Good afternoon. I have a question that's unrelated to your budget request,... [AGENCY 28]

JOHN McNALLY: Okay. [AGENCY 28]

SENATOR BOLZ: ...but I would be curious to hear your thoughts. [AGENCY 28]

JOHN McNALLY: Sure. [AGENCY 28]

SENATOR BOLZ: I have a particular interest in community-based behavioral and mental services... [AGENCY 28]

JOHN McNALLY: Uh-huh. [AGENCY 28]

SENATOR BOLZ: ...ensuring we have adequate access. I know there are times when veterans have particular needs for those kinds of services. Can you provide me any information that helps me understand better how well we are or are not serving the veterans' population? [AGENCY 28]

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JOHN McNALLY: On mental health needs specifically? Okay. That's a little bit more of a complex situation. Many times veterans seek out resources locally first. Local healthcare is highly dependent on resources, obviously, so those veterans could be served from a local mental health region. They could be served by local resources other than specific HHS or other provided services. Or they could go to the VA. The VA services are a little bit more geographically located, so the travel could be...that could be an issue. Now the VA recently passed the Choice Act. It was back in 2014 August, and the Choice Act allows veterans to seek medical care if they are 40 miles away from a VA facility or they cannot an appointment within 30 days. So if they're outside 40 miles or they can't get an appointment within 30 days, they can take what's called the Choice Card and they can get local healthcare that the VA will help coordinate and many times will pay for. So the Choice Act does expand the availability of resources to veterans that may not have the funds to do so. But I think what's you're getting at is there are some gaps. There are some gaps in the coverage. Generally, when a veteran contacts our office, we do everything we can to get them in touch with someone locally that they can work with. [AGENCY 28]

SENATOR BOLZ: Very good. [AGENCY 28]

JOHN McNALLY: Okay. [AGENCY 28]

SENATOR BOLZ: Appreciate your information. [AGENCY 28]

JOHN McNALLY: Sure. [AGENCY 28]

SENATOR MELLO: Any other questions from the committee? Seeing none, thanks, John. [AGENCY 28]

JOHN McNALLY: Okay. Thank you very much. [AGENCY 28]

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SENATOR MELLO: Is there anyone else here wishing to testify on Agency 28? Seeing none, that will end today's public hearing on Agency 28 and take us to our next agency, Agency 37, the Workers' Compensation Court. [AGENCY 28]