

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 20, 2026
Rough Draft

CLEMENTS: Welcome to the Appropriations Committee. My name is Rob Clements. I'm from Elwood, represent Legislative District 2, which is Cass County and eastern Lancaster County. I serve as chair of this committee. We'll start off by having members do self-introductions, starting with my far right.

SPIVEY: Thank you. I'm Ashlei Spivey, District 13, northeast and northwest Omaha.

M. CAVANAUGH: Machaela Cavanaugh, District 6, west central Omaha, Douglas County.

ARMENDARIZ: Christy Armendariz, District 18, northwest Omaha and Bennington.

DORN: Myron Dorn, District 30, Gage County, part of Lancaster.

STROMMEN: Paul Strommen, Sioux County-- District 47, Sioux County, Box Butte County, Morrill County, Cheyenne County, Garden County, Deuel County, Keith County, Arthur County, Grant County.

PROKOP: Are you on me? Jason Prokop, Legislative District 27, west Lincoln, Lancaster County.

CLEMENTS: Assisting the committee today is Cori Bierbaum, our committee clerk. To my left is our fiscal analyst, Clint Verner. Our pages today are Teresa Wilson and Esten Hyde. If you're planning on testifying, please fill out a green testifier sheet located at the entrance for each bill you wish to testify on and hand it to the page when you come up to testify. Online position comments must have been submitted on the Legislature's website by 8 a.m. the day of the hearing to be included in the record. If you have submitted a comment online, we ask you not to testify in person today. If you'll not be testifying but want to go on record as having a position on a bill being heard today, there are yellow sign-in sheets at the entrance to my left. These sign-in sheets will become exhibits in the permanent record after today's hearing. To better facilitate today's hearing, I ask you abide, abide by the following procedures. Please silence your cell phones. When hearing bills, the order of testimony will be introducer, proponents, opponents, neutral, and closing. When you come to testify, please say and spell your first and last name to ensure we get an accurate record. Request that you limit your testimony to five minutes or less. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you'll have one minute

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remaining. The red light indicates you need to stop. Questions from the committee may follow. Verbal outbursts or applause are not permitted in the hearing room and may be cause for you to be asked to leave. Written material may be distributed to the committee members as exhibits only while testimony is being offered. Hand them to the page for distribution when you come up to testify. We cannot accept oversized exhibits, CDs, or electronic exhibits. If you have written testimony but do not have 12 copies, please let the pages know now so they can make copies for you. With that, we begin today's hearing with AM2159 to LB992. Senator Armendariz.

ARMENDARIZ: Thank you, Chairperson and the members of my beloved committee. For the record, my name is Senator Christy Armendariz, C-h-r-i-s-t-y A-r-m-e-n-d-a-r-i-z. I represent District 18, and I am here to introduce LB992 as amended by AM2159. I want to thank Senator Dover for allowing me to use his shell bill for this amendment. This amendment updates Nebraska's biennial budget submission requirements to provide greater transparency and stronger long-term planning around state technology. It requires agencies to include three components to their budget requests, a comprehensive inventory of software, an inventory of technology and hardware, and a six-year plan outlining anticipated technology needs and related costs. Providing this information will give the Legislature a clearer view of statewide technology assets, help reduce duplicative purchases, and support more strategic decision-making. It will also allow for more predictable scheduling of major expenditures, which can improve cash flow and reduce the likelihood of unexpected funding requests. The amendment also creates the Nebraska Technology Infrastructure Cash Fund. This fund will allow the Legislature to finance technology modernization projects across agencies, including software purchases, hardware upgrades, and implementation costs. This will allow a structured approach to managing these investments while further improving cash flow across budget cycles. In sum, LB992, as amended by AM2159, strengthens fiscal, fiscal oversight, improves coordination of technology in investments, and positions the state to plan proactively for long-term technology infrastructure needs, rather than reacting to them as they arise. Thank you for your consider-- consideration, consideration and I am happy to answer any questions. I did speak with everybody, I think, individually, about this. I did ask the Chair of DAS, since technology roles under his org. to speak if you all have any questions of how that would operationalize. And I am during this process welcoming any suggestions on how we develop this and make it stronger, with the intent of being able to plan long-term.

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CLEMENTS: Are there questions?

ARMENDARIZ: So I, I believe Corey Steel will testify, as well.

CLEMENTS: Senator Spivey.

SPIVEY: Thank you, Chair. Thank you so much for being here, Senator. And I appreciated the conversation that we had on the floor about this, and I think it's great for the long-term planning, because you won't be here in future years. In the same way, do you have an idea of how you would want your colleagues now, or future colleagues to be able to champion this work, or how that kind of process would be implemented?

ARMENDARIZ: Yeah. Thank you for asking that, since hopefully, you are going to be here longer term than I, than I am. I have had conversations on how this fund would operate long-term. And I have talked with Keisha about what would be the best process. And I agree with her, that it would be easier if we could just have a direct general appropriation, according to the needs as they are developed, and that will be fluid according to the agency needs. So we would fund that more directly by the General Fund, in my opinion-- not my decision. Right now, a lot of technology, ongoing technology is, is-- I guess you, you tell the agency you owe this to the CIO. That is a little bit harder to operationalize than the plan that we have laid out, thus far. It would be better if it was just funded [INAUDIBLE] in General, in my opinion.

SPIVEY: Thank you.

CLEMENTS: Other questions? Seeing none, will you be here to close?

ARMENDARIZ: Yeah. If there's no questions, [INAUDIBLE].

CLEMENTS: All right. We invite proponents for AM2140 [SIC]. Good afternoon.

LEE WILL: Good afternoon. Good afternoon, Chair Clements, members of the Appropriations Committee. My name is Lee Will, L-e-e W-i-l-l, and I'm the director of the Department of Administrative Services, or DAS. I'm pleased to testify in support of LB992, accompanied by AM2159. The amendment will help create a repository of current software subscriptions and hardware that exists within any state agency, board, or commission. This data will allow decision-makers insight into all current technological expenses. It will also allow agencies to utilize

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economies of scale in purchases and get a better overall understanding of what they're paying for. The process will give us an outlook into the potential escalation of costs in these contracts and ensure that we are constantly negotiating these rates to get the better-- best price for the taxpayer. The amendment also has a forward-looking approach that will allow decision-makers to plan up to six years in the future for systems or hardware that are needing to be replaced by expending agencies. IT expenses are going to continue to be essential in the upcoming years, and we need to ensure we have data to make these decisions both in the near and long term. Lastly, the amendment creates a tech-- Technology Infrastructure Cash Fund that will act similarly to the current Nebraska Capital Construction Fund by allowing IT expenditures to be housed and documented under one fund. This will help significantly with tracking IT expenditures and allow lawmakers to save funds over time to finance larger technological projects. I'd be happy to take any questions.

CLEMENTS: Senator Dorn.

DORN: Thank you, Senator Clements. And thank you for being here. I'm, I'm so glad Senator Armendariz brought this forward for discussion. I guess mine's a more, how do you-- she talked about general funds, or we have the rainy day cash fund, or do you see possibly in the future that you, like a 1-2% fee to every one of the agencies that you put in that fund, or what, what maybe are your thoughts or ideas on that?

LEE WILL: That's a great question. So I think it's going to depend on the software system, and I don't want to straddle the fence, but for instance, there are going to be some IT systems that are going to be paid for by user fees, right? So there are specific user fees that are going to pay for a software system. And we've had, you know, we're doing cash sweeps in this budget, and then we have some software projects say, hey, we had plans to do this. So I'd say, you now, on the, on the near-term, it's getting kind of repository, as I said, to say what is out there and what do they need to finance in the future. But like the Nebraska Capital Construction Fund, we finance that with a General Fund transfer in and a Cash Reserve, Reserve Fund transfer in. So it's going to-- I would say it's dependent upon if they have a user fee structure, I would say that's probably the financing vehicle, but otherwise, it would either be a General Fund or Cash Fund transfer in, is what I would foresee.

DORN: Do you see, do you see more flexibility-- and the reason I'm asking is that someday, do you see DAS imposing a 1% computer fee--

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that's what I'll call it, a 1% computer fee on your budget. You have a \$5 million budget. Now you're going to have a 1% fee, and it goes in here. I'm just throwing that thought out there.

LEE WILL: I, I definitely think it's a consideration. As part of our rate structure, we will have to look into that. And we publish those in the biennial budget instructions that we have the ability to tell agencies in forecast to say, hey, you're going to have another 1%. I would say if I polled every single state agency, they would say DAS charges too much as it is, so we're trying to drive down costs, but it is something we'll consider in the future.

DORN: No, no I know that. But, but--

LEE WILL: Yes, sir.

DORN: I mean just looking at longer-term.

LEE WILL: Yeah.

DORN: Because I think this is a great program. I think--

LEE WILL: I agree.

DORN: --longer-term, though, this cost for computer technology is--

LEE WILL: Yes.

DORN: --probably-- well, we know it's not going away and probably will only increase.

LEE WILL: Yeah. Yep. And--

DORN: And so, then that-- the question is the funding part of it.

LEE WILL: Yeah. And I think that's going to be an ongoing conversation. It's also going to be dictated on how big these software systems are going to be. Right? If it's a \$100 million system, you may want to start saving up now. In 6 years, right, it may not come from the General Fund, it may come from user fees or additional taxation from DAS. The nice thing is, like with the 309 Task Force and Capital Construction, this will kind of be an ongoing repository process, so you, you can kind of see which ones we ticked off, which ones we need to finance in the future and, you know, get some forward outlooking. Thank you. Yes, sir.

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DORN: Well, thank you for that information. Thank you.

LEE WILL: Yeah, no problem. Thank you.

CLEMENTS: Senator Prokop.

PROKOP: Thank you, Mr. Chairman. Good to see you again, Mr Will. Just a question about data request and access to that type of information. I've been told by, by some that some agencies have a little bit more antiquated equipment than others and the software as far as being able to fulfill those requests can be very pricey and time-consuming. Do you see this as being in a direct support of being able to fulfill those requests in a more timely and cost-effective manner, getting into the software and the equipment piece?

LEE WILL: Absolutely. And then the other thing I mentioned is economies of scale. You may have some really small commissions that may buy four licenses, but if they get on with the state, they can use 1,000 licenses to negotiate that price downward. We wouldn't want it to be too much of an arduous process that a noncode, you know, small agency would go through, but it's pretty much just letting us know what's your software, what's your hardware, when's the end of life, what the escalation costs in the contract. Just, again, trying to get a repository of near and long-term costs for IT.

PROKOP: OK.

LEE WILL: Yep.

PROKOP: Thank you.

LEE WILL: No problem.

CLEMENTS: Senator Spivey.

SPIVEY: Thank you, Chair. Thank you. Nice to see you again.

LEE WILL: Nice to see you, as well.

SPIVEY: For this and kind of off Senator Prokop's question, just around the repository, I know that you all, administratively, do some sort of like, you know, organizational assessment, where they are. Will that be a part of this committee as well-- like not just-- I guess I'm asking, not just reactionary to, hey, I run this agency and I told you I want it, but are you all going to do like planning with

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the agencies ahead of time, to say, oh, you do need this in 10 years, but we know that now, and here's how we are going to help you in this, this fund. And, and I don't know if there will be a task force associated, or folks, but this, this thing will help usher that. Is, is that how you imagine it also working?

LEE WILL: Yeah. And anything new, we're going to have to have some assistance and there's going to have to be some give and take from the agencies-- say, hey, this is how it's working, and we think this way could be improved. But just allowing the list of trying to prioritize all the IT needs in the state whereas compared to going one-off as we do today. What you guys have is state agencies come in, say we have this software system, but if I'm in your shoes, I think it's really hard to dictate what is more valuable for this agency or this agency. It'll all be public. It will go through the biennial budget process. You'll be able to see all of the software, all of the hardware that has been put in there, and then you'll be able to see all the requests in the future. We will go through a process of prioritizing what we believe needs to be financed so then the Appropriations Committee can obviously lend its hand to that process, as well.

CLEMENTS: Go ahead.

SPIVEY: Thank you, Chair. Just kind of a followup to that, because I know this is a lot about equipment and software, which I definitely think makes a difference. But we had a lot of conversations this year about cybersecurity, too, and then even like how AI integrates to some of these things. Do you imagine, like, that's a later phase, and you're focusing with this and what Senator Armendariz has presented, to be like very-- equipment, software, in those buckets?

LEE WILL: Yeah, because I would like to think that the OCIO-- and I know the courts will come up and talk about their organizational structure could take a-- an approach on cybersecurity that they're essentially bringing all agencies under the umbrella that they don't have to worry about cybersecurity on their own. So my hope would be that cybersecurity is handled by the OCIO and ensuring that they're getting to those endpoints. Every computer is protected because there's a lot in the counties and other things that Dr. Macarville talked about. So, I would say cybersecurity is largely going to be handled by the new JSOC that Dr. McCarville talked about. And AI, I would consider, and maybe, maybe there's a better term for it, I would consider a software that maybe organizations would also ask for, so it would be part of that form, as well.

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SPIVEY: OK.

LEE WILL: Yep.

SPIVEY: Thank you.

LEE WILL: No problem.

CLEMENTS: Are there other questions? I had a question. I see in the text here that the report's due September 15, each even-numbered year. Are you expecting that by September of this year?

LEE WILL: Yes. We would, and that'll be part of the overarching budget process. So it's in concert with our initial budget instruction. Everything will be released at the same time.

CLEMENTS: Agencies have already had their budget set. That could cause some extra expense to them. How would we deal with that?

LEE WILL: So this will be on the future biennial periods is how we foresee it. So when we put it out September 15th, it'll allow for their next biennial budget submission for that to be included, would be our intention. Yep, not the existing, this year.

CLEMENTS: So we're not, we're not needing to make allowances for that in this current budget.

LEE WILL: No, sir. It'll just be a forward outlooking-- looking, next biennial budget cycle thing, which I think allows agencies enough time to plan, us to get the better structure, and you know, train agencies on how they should be filling out these forms.

CLEMENTS: All right. Other questions? Seeing none, thank you.

LEE WILL: Thank you very much, sir.

CLEMENTS: --for your testimony. Are there additional proponents for AM 2159? Seeing none, any opponents? Seeing none, anyone in neutral capacity? Good afternoon.

COREY STEEL: Good afternoon. Senator Clements, members of the Appropriations Committee, my name is Corey Steel, C-O-R-E-Y-S-T-E E-L. I'm the Nebraska State Court Administrator. We're in a neutral capacity, just for the simplistic sake of we feel there still needs to be a little bit more fleshing out of this. We are in support of the

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concept. We've met, and I appreciate and thank Senator Armendariz for taking a look at this. There's a couple, couple things that I think we can work with, with her and, and Lee Will, and the other branches of government, regarding this process. First off, in the bill, it does create the fund. We're in support of that. We don't have issue, concern, with the concept, as I, as I talked about. Our concern is in some of the details. I think there needs to be a co-equal branch of all branches of government coming together to oversee and look at all of the IT submissions that come in, and make the recommendations to the Legislature on what the priorities are, so that way, all are at the table and sit and say, these are the big projects that are coming forward that need the funding from this, from this, from this cash fund that is being created. We think that this will assist the state, as a whole, in reduction. I think Lee and myself and some others just after the meeting are like, OK, we know there's a lot of duplication of hardware, software, and things that are going on across the state. Our branch could be getting licenses and paying X amount, they could be getting licenses and pay X amount, and if we were able to pool those, you get reductions for the more users and those things. I think we can reduce cost by coming with this, with this project. I think it will-- also, one of the things that we had discussion about that I think is really important is to still allow some flexibility in IT within your agency or in our case, our separate branch of government. That still gives us the flexibility to do the IT things that we need to do and not put some stringent things out there that wouldn't allow us that would pertain to the courts or probation specifically, and hamstringing us there. Again, we're in support of this concept. We think it just needs a little work in flushing a few things out, particularly a committee that would oversee. We have no problem, part of the budget process. I think it makes sense. We already-- Senator Clements, kind of to answer your question, as our branch, every year, and every agency already has to do an inventory of all their equipment. It would just now include software, which again, you should have that if you're doing good governance in your agency or branch. You would have a listing of all of your IT equipment and software that we can-- and, and the cost of those, that we can-- so it's not a huge-- it should not be a huge or heavy lift for agencies or a branch to do that, because you should already be doing that and already have to turn over the inventory each year, as well. So I think this is doable. I think we just need a little bit of work on the, you know, devil's in the details, and making sure everybody is at the table when these decisions are made, so that we can put forth a good recommendation and, and figure out the funding. Obviously, I'm not going to talk--

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that's your job, the funding, and how to fund it, and where the funds come from. But I'll open it up to any questions you may have.

CLEMENTS: Questions? Senator Cavanaugh.

M. CAVANAUGH: Thank you. Thanks for being here, Mr. Steel. So-- I mean, you are a separate branch of government, as are we.

COREY STEEL: Correct.

M. CAVANAUGH: And so I guess one question I have is, would it, would it be beneficial for you to be able to participate in, basically, the purchasing power, but maybe not be required to? Does that sound [INAUDIBLE]?

COREY STEEL: Yeah. So I'll, I'll answer your question this way. We currently have it set up with the OCIO, where we actually do purchase all of our own hardware and our software, but we can piggyback, in a sense, use their same contract, with their same vendor at their same price, so we're getting the same cost on those. But there are times they may not use a typical software program that we use, and so we would independently go out and, and purchase that and what have you, in the, in the process. But we currently do that now. It doesn't lock us in, again, to-- you must have a Dell computer, and the state's only going to have Dell. Well, a Dell may not work for X, Y, or Z, just as an example. So again, flexibility in, in doing that and allowing every agency or branch-- our branch be able to say here's what we need or here's what we have. But yes, I think that's why I think this is important and in, in support of the concept, because by all branches of government coming together and having the buying power, I think we can save our state some money instead of everybody being fragmented and doing their own IT thing on their own.

M. CAVANAUGH: Yes. I, I, I think, in my initial conversations about this, what I was thinking of this as was state agencies, but not necessarily thinking about the branch-- different branches of government, and so that might be a, a layer that we'll talk about more. But thank you.

CLEMENTS: Other questions? Seeing none, thank you for your testimony.

COREY STEEL: Thank you.

CLEMENTS: Are there other neutral testifiers? Seeing none, Senator Armendariz.

ARMENDARIZ: Thank you. Thank you all for listening. And like I said, this is kind of a fluid build on this fund and requirement. So I wanted to address a couple questions. Senator Dorn, the funding mechanism, how would we look at it? The-- if we would charge an agency, we, we, we kind of follow the money, right? They're initially funded, probably by the General Fund, then they save money for these, and then we, we charge them that money back to the CI-- why not just send it to the, to the Technology Fund directly, instead of going roundabout, since that's where the money is going to end up in the end, right? It cuts a little bit of red tape, at least that's my thinking. I won't be making that decision. Can cash fees that they, they are funded by contribute? Maybe. Maybe you say, OK, you have this \$100,000 technology, how much cash do you have sitting idle, or how much cash are you carrying over? Can you contribute some of that to this new purchase, is a good idea as well. And Prokop, when the-- you know, will this make it more efficient? That is the goal. And faster. I would, I would anticipate, in my professional experience, some of these government agencies are 20 years behind. So it might be a big initial push on getting them up to speed and then level off after that, is my anticipation in some of these areas, because of the professional services that might be required to transition them to a more modern technology. And then, I listened to Mr. Steel talk about the-- having a seat at the table when we decide which, which gets funded out of the fund at any given year. The questionnaire that will go out to all of the agencies does ask them who owns your software at your agency, meaning who is the end user and makes the decisions on the usability of that software, and they would always be included in anything, as pertains to that software going forward. So every agency will have a person, a champion of the software that's going to be upgraded or purchased at any given time, so we are thinking of that. And then, do the three branches come together and bid for the risk. There's also a risk assessment at the end of the questionnaire. What is the risk of this offer going down or being outdated or going out of life? That is also on the questionnaire as well, so we're trying to think of those things, and welcome a lot more after that. And the flexibility. At this time, we're just asking to get a good-- for the Appropriations Committee to have an understanding of what might be coming down the pipe in six years from now, and giving the Appropriations Committee some idea of this is going to be coming, and you can plan a little bit better, our cash flows, to fund it over, over time. That's all I have.

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CLEMENTS: Are there questions? I have a question. It might have been more appropriate for Mr. Will, but do the agencies, do you think, have capability with the staff they have or is-- are they going to have to hire consultants to help do this inventory?

ARMENDARIZ: So he's kind of riding along my idea. I'm telling him what I have anticipated for this. I wouldn't imagine that they--

CLEMENTS: Has there been any-- have, have, have you heard anybody say that we can't do this. We'll have to have-- hire somebody outside?

ARMENDARIZ: No. No. And I would hope that that business owner of the software could fill out the questionnaire, and it's really ten questions at this point

LEE WILL: I think Corey answered it. It's like if they don't know what software they're paying for, that's-- that raises a red flag. We would work with them. But they should know what software subscriptions they have. If not, we can have the OCIO or our office could work with them.

CLEMENTS: OK. It doesn't take a, a high degree of technical--

ARMENDARIZ: No, no.

CLEMENTS: --computer knowledge to fill out the report, then?

ARMENDARIZ: No.

CLEMENTS: OK. That's good. I was not wanting to put extra burden on people that may not have the experience.

ARMENDARIZ: And I can share with the committee the spreadsheet that we've developed, at this point.

CLEMENTS: OK. Other questions? Seeing none, thank you, Senator.

ARMENDARIZ: Thank you.

CLEMENTS: And we have online comments: proponent, zero; opponent, one; neutral, zero. And that concludes the hearing for AM2159 to LB992.