

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
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COMMITTEE ON APPROPRIATIONS  
March 14, 2005  
LB 515

The Committee on Appropriations met at 1:30 p.m. on Monday, March 14, 2005, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB 515. Senators present: Don Pederson, Chairperson; Lowen Kruse, Vice Chairperson; Jim Cudaback; Pat Engel; Lavon Heidemann; Marian Price; John Synowiecki; and Nancy Thompson. Senators absent: Chris Beutler.

SENATOR D. PEDERSON: Welcome to the meeting of the Appropriations Committee on this fourteenth day of March. For introductions, I'm Don Pederson, Chairman. To my immediate left is Lowen Kruse, who is the Vice Chair, and to his left is Lavon Heidemann, and Lavon is from Elk Creek and Lowen is from Omaha. And sitting down next to Lavon Heidemann is Senator Jim Cudaback from Riverdale. And to the left on the end is John Synowiecki from Omaha, and on the far right is Marian Price from Lincoln. So with just a few comments initially.

SENATOR KRUSE: We added one more.

SENATOR D. PEDERSON: Oh, we've added one more, the late Senator Engel is here now. (Laughter)

SENATOR ENGEL: A lot of people would like to see that.

SENATOR D. PEDERSON: No, we're glad to have you here today. And we have hearings that we'll get to in just a few moments. But just a few ground rules. I would like to say that if those of you who are testifying, if you would listen closely to your previous testifier on the same issue, please don't be duplicative. As you testify, please spell your name as well as pronounce it, and then also sign in on the registry. If you have cell phones, please put it either on vibrate, mute, or turn it off. And with that, we're going to proceed. I have the first bill so Senator Kruse will take over as temporary Chair.

SENATOR KRUSE: All right, this is a hearing on LB 515. And when our mystery guest is ready to go we will all be ready. Senator.

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SENATOR D. PEDERSON: Are you ready? Okay, good afternoon members of the Appropriations Committee. My name is Don Pederson, P-e-d-e-r-s-o-n, representing the 42nd District. The proposed legislation, LB 515, amends the current statute 85-316 by deleting the current language of \$25,000 and inserting new language of \$50,000. The last time this dollar amount was adjusted for state colleges was in 1986 when the statute indicated an amount of \$10,000 and was then amended to \$25,000. This bill revolves around the revolving fund of the state colleges. And the fund that we're talking about is the one that applies totally to the system for all of the state colleges. It's classified as a petty cash fund. The revolving fund is closely monitored and reconciled at the end of each month, and all expenses are legitimately determined and require the same level of justification and documentation as other expenditures of the college. The funds are periodically audited by the State Auditor's Office. Both UNO, under 89-192, and UNK, under 85-1,123, are permitted cash funds of \$175,000. With inflation and increased number of schools' personnel travel, the increase to \$50,000 would provide for an immediate growth and allow flexibility for future growth. The Board of Trustees policy determines the amount allowed for each college within the amount allowed by statute. The proposed legislation is revenue neutral. They will be taking this from the funds that had been previously allocated to them and simply gives them versatility to make appropriate expenditures. And as you know, travel expenditures and things like that have increased. It's not intended that it would necessarily be totally used. It's just giving them authorization to use it if they need it. So with that I would be glad to answer any questions that you may have.

SENATOR KRUSE: Thank you. Are there questions for Senator Pederson? I see none.

SENATOR D. PEDERSON: Okay, thank you.

SENATOR KRUSE: Thank you. Are there other proponents?

STAN CARPENTER: (Exhibit 1) Good afternoon, Senator Kruse, members of the committee. My name is Stan Carpenter, C-a-r-p-e-n-t-e-r. I am the executive director of the

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Nebraska State College System. And I'm here today to thank Senator Pederson for introducing this legislation and basically he has testified quite carefully and thoroughly on this matter for us. We see this as a matter of basically clean up. We need to have a few more dollars for the institutions to be able to access on any kind of petty cash basis so that they can pay for meal vouchers and travel expenses, and so on and so forth, for our athletic teams as they travel, and quite often we have more than one team on the road at the same time. When that happens, the issue for us is the processing of those expenses and getting those funds at these local banks replenished in a timely fashion so that when the next team goes on the road we can do the same kind of thing. As Senator Pederson pointed out, these are funds that are held at the local banks by each institution. And right now that amount is \$25,000 and that has not been increased since 1986. The board thinks that it would be a good thing for the institutions to have a little more flexibility with a little more cash readily available. These expenditures are those like any other expenditure at the institutions, they must be documented and they must be legitimate and there is an auditing and an accounting of each of these expenditures, as well. If you look in the green book that was just passed out to you, and I won't bother to read this to you, but right behind the yellow divider is an explanation in some detail about the issues as we are facing them on this particular matter. So we would ask that you give serious consideration to approving this change in these revolving funds and I would be happy to answer any questions that you might have about them.

SENATOR KRUSE: Senator Engel.

SENATOR ENGEL: I always thought the executive director always furnished these extra funds as needed.

STAN CARPENTER: I generally write a check but my wife has taken the checkbook away from me, Senator.

SENATOR ENGEL: Okay, thank you.

SENATOR KRUSE: I wonder why that is. Okay.

STAN CARPENTER: Because she's a lot smarter than I am.

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SENATOR KRUSE: Are there other...Senator Cudaback.

SENATOR CUDABACK: I should know the answer to this, but are these audited somehow on a daily basis, monthly basis, or as a group, or how do you...?

STAN CARPENTER: They are reconciled at the end of each month, Senator, and then of course they are part of the annual audit process, as well. And there are checks and balances that have to be...that are in place so that if somebody comes in and says we're taking the women's volleyball team on the road this weekend and we need X dollars for motel rooms and X dollars for meals, and that comes back and is documented just as any other expenditure would be.

SENATOR CUDABACK: There's a lot of definitions of petty cash, but this isn't money that you just walk into and say I want \$5 to go buy some pop or something. You don't do that, you...

STAN CARPENTER: No, that's not the use of these funds, Senator.

SENATOR CUDABACK: They're...they have to count it just like any other, you know,...

STAN CARPENTER: Yes, sir. That's correct. There is a very careful accounting for the use of these funds. And also students withdraw from classes sometimes and you need to get a refund for that or they withdraw from college and we need to refund that, so that's some of the other purposes for the use of these funds, as well.

SENATOR CUDABACK: Thank you.

STAN CARPENTER: Yes, sir.

SENATOR KRUSE: Other questions for Mr. Carpenter? I see none. Thank you.

STAN CARPENTER: Thank you. Thank you, Senator Pederson.

SENATOR KRUSE: Next proponent. Are there opponents of this bill? Anyone wishing to testify in a neutral position? I

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see none.

SENATOR D. PEDERSON: I'll waive closing.

SENATOR KRUSE: Senator Pederson waives closing and that completes our hearing of LB 515. I thank you all.