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Transcriber's Office

Appropriations Committee  
March 26, 2009

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[LB680]

The Committee on Appropriations met at 1:30 p.m. on Thursday, March 26, 2009, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB680. Senators present: Lavon Heidemann, Chairperson; Tony Fulton; Tom Hansen; Heath Mello; Danielle Nantkes; John Nelson; Jeremy Nordquist; and John Wightman. Senators absent: John Harms, Vice Chairperson.

SENATOR HEIDEMANN: Welcome to Appropriations. We're going to go ahead and get started. We have one member of the committee that will not be with us today and one member will be joining us a little bit later on. We're going to start with the introductions. Over to my right we have Senator Jeremy Nordquist from Omaha, District 7. Sitting next to his left is Senator Tom Hansen from North Platte, District 42. Sitting next to his left is Senator Danielle Nantkes from Lincoln, "Fighting 46." Sitting next to her left is Senator John Wightman from Lexington, District 36. I'm Senator Lavon Heidemann from Elk Creek, District 1. Fiscal director with us today is Mike Calvert. Anne Fargen is our committee clerk. The pages for today are Andy and Jared, I believe. Then continuing on, Senator John Harms from Scottsbluff, District 48, will not be with us today. Joining us later will be Senator John Nelson from Omaha, District 6. We have with us Senator Tony Fulton from Lincoln, District 29, and Senator Heath Mello from Omaha, District 5. At this time we like to remind you, as not to disrupt us later on, if you have cell phones, if you could put them on vibrate, silent or just turn them off it would be helpful. Also want to let you know that testifier sheets are on the table or near the back doors. You need to fill these out completely and put them in the box on the table when you testify. At the beginning of your testimony we ask that you would please state and spell your name. Nontestifier sheets are near the back doors, if you do not want to testify but would like to record your support or opposition. You only need to fill this out if you will not be publicly testifying. If you have printed materials to distribute, please give them to the page at the beginning of your testimony. We will need at least 12 copies. We ask, in the matter of time, that you please keep your testimony concise and on topic in an effort to keep things moving and provide an equal amount of time for each testifier. We will be using the light system. Our testimony...we will be limiting testimony to about four or five minutes per person. The yellow light is a one-minute warning, and the red light means that your time is up. We ask you that, at that time, you would please conclude your testimony when the light comes on. With that, we will open up public hearing on LB680. I will open. We will hear from the Governor's Office after that. We have split up, if you've looked at...there are sheets on the outside of the doors. We have split the bill into certain sections. We will start with health and human services, moving on to employment, family services, and housing. Then we will move to energy, environment, natural resources, and transportation; the next category being state fiscal stabilization, which includes education funding and other governmental service fund, and the state fiscal relief, enhanced Medicaid FMAP money. Then we will move on, the next category will be education. And then after that it will be law enforcement and military; energy

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management, technology and science, and tribal governments, and general provisions. With that, we will open up the public hearing on LB680. []

SENATOR WIGHTMAN: Good afternoon, Senator Heidemann. You are welcome. You're recognized to open on LB680. [LB680]

SENATOR HEIDEMANN: Good afternoon, Senator Wightman and members of the Appropriations Committee. I am Senator Lavon Heidemann, spelled H-e-i-d-e-m-a-n-n, representing District 1 in southeast Nebraska. I am here today to introduce LB680. LB680 was introduced in response to the passage of the federal American Recovery and Reconstruction (sic) Act of 2009, or ARRA. The form of this bill is clearly a simple shell that sets forth basic language common to main appropriations bills. At the time of the introduction, this was done out of necessity as very little was known about the specifics of ARRA. There was virtually nothing officially known about state level allocations, the exact workings of applications, procedures, and timing of approvals and allotments. We know much more today than we did a few short weeks ago, so this bill does serve as an important purpose. First, it provides a highly public focal point for public hearings, and to that purpose I believe it has been successful. Secondly, the bill can serve as a vehicle for the appropriations of ARRA funds that will flow into the state government's treasury or under the state's administrative control. Because of demanding federal accountability, control and reporting requirements on states that receive ARRA funds, it was thought that at the time of LB680's introduction there would be a need for some separation from the core budget and the bills necessary to appropriate for that budget. Should this bill be our preferred vehicle for appropriations of ARRA funds, amendments will be added to flush...flesh out specifics of the state administrating agency, the proper budget program, and estimated amounts by the fiscal year. We look forward to the public comments on the use of these funds. If you have any questions, I will try to answer them. [LB680]

SENATOR WIGHTMAN: Thank you, Senator Heidemann. Are there any questions for Senator Heidemann? Thank you. [LB680]

SENATOR HEIDEMANN: Thank you. Welcome, Gerry. [LB680]

GERRY OLIGMUELLER: (Exhibits 3, 4) Good afternoon, Senator Heidemann and members of the Appropriations Committee. My name is Gerry Oligmueller. It's spelled G-e-r-r-y O-l-i-g-m-u-e-l-l-e-r. I am the state budget administrator and appear here today to briefly comment on LB680 as a result of Governor Heineman having designated me to coordinate the various activities of the state executive branch agencies related to implementation of the American Recovery and Reinvestment Act of 2009. The ARRA of 2009, or Recovery Act for short, was enacted by the Congress and signed by the President of the United States just 37 days ago on February 17, 2009. My understanding is that LB680 was introduced to provide a focal point for a public hearing

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on federal funds flowing to Nebraska as a result of passage of the Recovery Act. I previously provided the Appropriations Committee and your Legislative Fiscal Office staff with an electronic copy of a fairly comprehensive PowerPoint presentation regarding the various elements of the Recovery Act and today I submit a paper copy of that presentation for your official record. This presentation has also been posted to the [recovery.nebraska.gov](http://recovery.nebraska.gov) Web site for easy access and viewing by the public to aid in their understanding of this federal law. That site contains a copy of the Recovery Act itself and additional information regarding the implications and implementation of the act in Nebraska. It is an understatement to say that much has happened these past 37 days to begin implementation of this massive federal law across the United States and in Nebraska. The stated purpose of the Recovery Act is to, number one, preserve and create jobs and promote economic recovery; two, assist those impacted by the recession; three, provide investments needed to increase economic efficiency by spurring technological advances in science and health; four, invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and five, to stabilize state and local government budgets in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases. These federal funds will be used in Nebraska consistent with the stated purposes of the act. To summarize, the Recovery Act provides an estimated \$1.2 billion federal dollars over a two-year period to Nebraska for the purpose of budget stabilization, infrastructure improvements, and to enhance funding for specific federally supported programs and services. Most of this federal money will actually be expended by political subdivisions, primarily schools, within Nebraska, and through formula grants for specific federally designated and totally or partially federally financed programs administered by state and local government agencies or nonprofit organizations throughout Nebraska. In addition, the Recovery Act makes changes to federal tax laws that will result in an estimated reduction of state tax receipts of approximately \$109 million over three years. President Obama and Vice President Biden have repeatedly communicated the act's requirements with regards to accountability and transparency related to the use of the federal funds being made available under the Recovery Act. The federal law requires a multitude of notices, applications, guidelines, certifications, and reports seemingly beyond any individual's imagination. The coordination of these activities across multiple federal agencies with varying processes and requirements unique to each federal agency, and then the coordination of the same with regards to the eventual use of these funds within Nebraska by our state, local, and nonprofit or grantee agencies is an awesome chore. Millions of dollars have been allocated to the federal agencies to study, audit, develop guidelines, and facilitate reporting. No specific allocation of resources were made within the Recovery Act for the same at the state government level. Despite the lack of a formal communication or guidance to the states and the continued lack of such communication from the federal Office of Management and Budget, I issued our own written guidelines on March 3, 2009, to state agencies to make certain that Recovery Act monies are accounted for separately within the state's accounting system and, consequently, can be easily identified and reported in a

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transparent manner in the near future. At the encouragement of the federal government and in anticipation of the Recovery Act's reporting and transparency requirements, we implemented a Web site, [recovery.nebraska.gov](http://recovery.nebraska.gov), to begin the process of providing information about the Recovery Act and to communicate official actions related to implementation in Nebraska. On March 11, 2009, we issued instructions to state agencies to report all grant applications and awards of Recovery Act monies to the Legislative Fiscal Office, as well as the state Budget Division. The Budget Division also sends the many notices of available funds and other official communications to the Legislative Fiscal Office to keep your staff informed of developments under the Recovery Act. The state Budget Division has been impacted significantly by work demands associated with this new federal law. Our current resources cannot meet the continuing requirements of the law. We are currently assessing the ongoing implications, most specifically related to accountability, transparency, and the reporting requirements of the Recovery Act, and we will ask you for additional support. It is important that we continue to meet the high accountability and transparency expectations of the federal law, the Congress, and the President regarding the allocation and use of these federal monies. As regards LB680 specifically, we are certainly available to work with you and your staff over the next several weeks to construct any necessary appropriations related to implementation of the Recovery Act in Nebraska. With that, I'd offer my thanks and ask if you have any questions. [LB680]

SENATOR HEIDEMANN: Thanks, Gerry. Are there any questions? Senator Nordquist. [LB680]

SENATOR NORDQUIST: Yeah. In regards to transparency, Gerry, what's...I understand you've issued guidelines to the agencies. What kind of system or tracking system are you looking at or what are our options for that and what kind of cost is associated with those options? [LB680]

GERRY OLIGMUELLER: Well, we're trying to assess those as best we can at this time. We're sort of pending some guidelines to be issued shortly by the Office of Management and Budget which will lay some framework for what exactly is going to be expected. So the first official report that needs to be submitted on what I call the performance side of the act are going to be due around July 10. [LB680]

SENATOR NORDQUIST: Okay. And...oh, go ahead. Oh, I'll finish. In the legislation, there's a...I think I heard that there's 5 percent or something for transparency related activities, or maybe not 5 percent, maybe it's a smaller portion, but is there anything earmarked specifically in the bill or a portion of it can be used for transparency or do you know? [LB680]

GERRY OLIGMUELLER: I'm not aware of anything specifically marked.... [LB680]

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SENATOR NORDQUIST: Okay. Okay. [LB680]

GERRY OLIGMUELLER: ...for governors' use for transparency purposes. Now there are some administrative allowances on specific federal grants to the federal agencies, as well as when those grants are made to state agencies, so state agencies are finding themselves in a situation where they are allowed to cover administrative costs. Most of the agencies I've been in discussion with at this point in time on the state level are intending to pass as much of that through to the subgrantees under these federal streams of money as possible, so. [LB680]

SENATOR NORDQUIST: Okay. Thank you. [LB680]

SENATOR HEIDEMANN: Are there any other questions? Senator Mello. [LB680]

SENATOR MELLO: Thank you, Mr. Oligmueller, for your testimony. My question deals with the Medicaid match or the FMAP portion of the fiscal stabilization. I believe the Medicaid Reform Task Force passed some premiums that would be enacted through some legislation over the last few years that I'd like...hopefully you could provide a little more background on whether or not those premiums are still valid, knowing that we can't...and according to the understanding from the FMAP portion of the stimulus bill, that we can't add any more restrictions or premiums on top of existing programs to qualify for that. Can you give any clarification? [LB680]

GERRY OLIGMUELLER: There cannot have been any changes made to eligibility procedures after July 1, I believe, of 2008. The federal Department of Health and Human Services just issued, I believe yesterday or the day before, specific guidelines with regards to how to measure specifically the changes that any state may have made to determine whether or not they remain eligible for the enhanced Medicaid match rate. At this time, I do recall that on about July 1 or shortly thereafter of 2008 there were some changes made in benefit amounts but not specifically with regards to eligibility and the guidance, upon my initial look at it, doesn't seem to preclude those changes. So I'm not aware of anything specific that has been done by Nebraska at this point in time that would not make it...or would make it not eligible for enhanced FMAP. But we're looking at that closely and that's something we'd want to obviously work with your staff on through the next few weeks to make certain that we're okay in that regard, so. [LB680]

SENATOR MELLO: Okay. That...if you could provide us an update when you get more information on that, that would be helpful. [LB680]

GERRY OLIGMUELLER: You bet. [LB680]

SENATOR MELLO: Thank you. [LB680]

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SENATOR HEIDEMANN: Senator Nantkes. [LB680]

SENATOR NANTKES: Thank you, Gerry. I understand that you've been under the weather recently and so... [LB680]

GERRY OLIGMUELLER: I made a point to get back just for today's hearing, so. (Laugh) [LB680]

SENATOR NANTKES: Well, I appreciate your tenacity and dedication. It's, I think, a good example of how all of our state employees operate in a service-minded manner. But that being said, I hope you're feeling better and I was hoping...you didn't have a chance to touch upon it in your opening comments and obviously there's been a lot of interest and debate in recent weeks since federal stimulus was adopted about how that intersects with ongoing obligations particularly in the education arena. I know that recently the Governor has offered a proposal in terms of how he would like to see those funds interact with our educational needs in the state and I just wanted to give you the opportunity to maybe provide some additional detail or how...or information about how you see the process playing out in the context of the budget, this bill or Education Committee activities that we're going to need to look at in addressing some of those concerns. [LB680]

GERRY OLIGMUELLER: Well, I think in Nebraska we're fortuitous that the Recovery Act passed and was enacted into law at a point in time when the Legislature in fact is in session or this would be particularly difficult to implement in our state and I suspect will be incredibly difficult in some other states that aren't similarly situated. So, to me, it's not unlike really any other major policy or financing issue that confronts our state government in that it requires a considerable amount of work on behalf of the Governor working with the Legislature to, you know, make any necessary policy and/or financing adjustments, particularly when you have a significant federal law like this enacted. The, I think, Recovery Act itself is pretty clear in the context of how the state fiscal stabilization funds, particularly the education component, can be used, and there is specific language which avails itself to a state like Nebraska that has not cut K-12 financing up to this point in time, which many states in this country have done. The act essentially requires a maintenance of effort at a 2006 level of appropriation for K-12 finance, and then it has an initial objective to restore that financing at least to the FY '09 level, if that's possible, with the funds made available under the act. And then there's an additional provision which allows the funds to be used pursuant to the state's school financing formula to deal with increases that occur during fiscal years '10 and '11. So I think the law avails itself adequately to the manner in which we finance K-12 education in Nebraska through our school aid formula and, you know, it comes at a fortuitous time from the standpoint that we're suffering significant loss in forecast of state tax receipts, which effectively put us in a situation of not being able to finance growth through our

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K-12 formula for schools in '10-11, based on these tax receipt forecasts. So we'll get the final, as I understand it, instructions from the federal Department of Education on Monday with regards to the initial application we can make for funding and will, at that point in time, have the detailed documentation we have to work with to know that the proposal that was announced yesterday is workable in Nebraska. I'm fairly confident that it will be. We've had the opportunity to look at some of what I'd call the draft final instructions and application form that have not yet been issued and that initial look supports that conclusion as well. [LB680]

SENATOR NANTKES: Okay. Thank you. [LB680]

SENATOR HEIDEMANN: Senator Nordquist. [LB680]

SENATOR NORDQUIST: Yeah, thank you again, Gerry. You made the recommendations to the state agencies that we need to account for all the money separately within our accounting system. How does that work if we do pass this money through our state aid formula? School districts are going to have to make the distinction, are they going to have to make a distinction, too, between the federal monies and track them separately from our general state aid funding? [LB680]

GERRY OLIGMUELLER: Yes. [LB680]

SENATOR NORDQUIST: Okay. [LB680]

GERRY OLIGMUELLER: That's a bit of another trick to work through, but we'll be working with the State Department of Education and with the school districts to make certain that that happens. The accountability and transparency quotient on this is about 200 percent and so, you know, we'll do our best, you know, to demonstrate that well for Nebraska. [LB680]

SENATOR NORDQUIST: Great. Thank you. [LB680]

SENATOR HEIDEMANN: Senator Mello. [LB680]

SENATOR MELLO: Gerry, is there any other options available the state could take in regards to the fiscal stabilization monies in regards to the education component? [LB680]

GERRY OLIGMUELLER: Yeah, there are. I mean, there are other options and they have a tendency to...well, some of them...some of them are available in Nebraska and some aren't, based on how well we financed, for example, higher education in this state vis-a-vis some other states, so not necessarily in Nebraska. The act does provide some other options and, yeah, there are, you know, there's considerable flexibility in some

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sense for the schools, regardless of how the state fiscal stabilization funds reach them, as long as it's compliant with the broad application of the federal education laws. And there are plenty of opportunities, but I think the important priority here is, given our difficult economic situation and forecast, to use this money to save jobs within K-12 education in the state of Nebraska. [LB680]

SENATOR MELLO: I guess a follow-up question would be is, if we do travel that path, where does that leave us in two years when this one-time federal dollars disappears and we will have maybe maintained or saved or created jobs over this biennium budget but the \$234 million disappears? Where does that leave us then in two years from now? [LB680]

GERRY OLIGMUELLER: It would be good for the Legislature to tackle the question of what would we establish as a commitment for funding by the state in fiscal year '12 going forward. I think that would be an important issue to have on the table and have discussed, you know, prior to the end of this legislative session. [LB680]

SENATOR MELLO: Thank you. [LB680]

SENATOR HEIDEMANN: At this time, does it appear like there's any funds out there that are available through the stimulus package that the state might not be interested in taking? [LB680]

GERRY OLIGMUELLER: Well, there are a couple areas where it's problematic in terms of whether or not the state of Nebraska will be in a position to take them. One would be in the area of unemployment insurance. The funds available in that area require significant change in state law, certainly before they could be accepted and available to the state of Nebraska. There's an area with regards to the state energy plan that we're pursuing clarification on from the federal government and I'd simply maybe sum it up this way. There is a requirement that the Governor specifically assure the Department of Energy that the Legislature, I suppose in particular in the state, and any local jurisdictions that have the authority to establish building codes implement specific building code standards in order for the state to receive that money. Well, the powers of the Governor certainly don't extend quite as far as to establish those codes and so we're seeking clarification actually from the Vice President and the Office of Intergovernmental Affairs with regards to what the federal government's expectation is at this point in time regarding a Governor's assurance that the jurisdictions with that authority in Nebraska will implement certain building codes. So there's a couple areas that are problematic, I guess I'd characterize it, absent some formal consideration of substantive law change by the Legislature. [LB680]

SENATOR HEIDEMANN: All right. Thank you. Senator Nantkes. [LB680]

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SENATOR NANTKES: Thank you, Gerry. And actually just to dovetail off Senator Heidemann's question there, I think you've had a chance to give us a good overview of the law, that it provides significant resources to state and local governments for stimulative purposes and significant tax relief for Nebraskans as well, which I think we can all be supportive of. But I did want to follow up in regards to, I know we've seen a lot of discussion about these issues in other states and then I know that the Governor's Office has been in communication with the Business and Labor Committee, in particular, about changes that may or may not be necessary in regards to the unemployment insurance and benefits components of the stimulus package. And I guess just for point of clarification, do you believe that those changes could be made within the context of this bill, as amended as we move forward, or would we need to have standalone legislation introduced to deal with that? Again, it's really just I guess maybe a process question, if you had any input or feedback about. [LB680]

GERRY OLIGMUELLER: I suppose it would matter to the extent to which this is an appropriation bill, vis-a-vis it's a bill providing for substantive change in state law. So I'd probably defer on the answer to that question to the legislative body itself in terms of whether or not it would tolerate that kind of a use of LB680. [LB680]

SENATOR NANTKES: Okay. Thank you. [LB680]

SENATOR HEIDEMANN: Senator Mello. [LB680]

SENATOR MELLO: One question, Gerry, and I guess it's something we've kind of discussed about a month ago or so regarding the revolving loan fund that the committee did approve and sign off on, in conjunction with the Governor's Office. It kind of dovetails off Senator Nordquist's question of the transparency and accountability component. Knowing that we agree to put that money in a revolving loan fund that essentially can be used over and over again for perpetuity, essentially, how are we going to account for that or do you have any ideas of how we would account for something like that, knowing that it's not going...the money is not going to exactly three or four projects, it's going to multiple projects over a multiple number of years, well beyond the enforcement date, so to speak, of ARRA? [LB680]

GERRY OLIGMUELLER: Well, in a situation like that, we'd be in direct communication with EPA regarding how they would expect us to account in that regard. So today I don't have an answer but, you know, that is something we'd work through with the federal Environmental Protection Agency so that we can satisfy whatever requirement they'd impose in that regard. But I imagine...I don't anticipate that that would be something that has a life unto itself, you know, beyond probably a couple of years here. [LB680]

SENATOR MELLO: Uh-huh. Okay. Thank you. [LB680]

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SENATOR HEIDEMANN: Are there any other questions? Seeing none, thanks, Gerry. [LB680]

GERRY OLIGMUELLER: Thanks. Glad to be with you. [LB680]

SENATOR HEIDEMANN: At this time we will open it up to the public for comment. Hopefully, we stay pretty close to the general subject area. We will start with health and human services. We will start with anyone wishing to support LB680 with the general subject area. We probably will not have testimony in opposition till we are done with all of the general subject areas, and then we'll have anybody in the neutral position. So at this time we will open up public comment on LB680 regarding to health and human services. [LB680]

JEN HERNANDEZ: (Exhibits 5, 6) Mr. Chairman, members of the committee, my name is Jen Hernandez, H-e-r-n-a-n-d-e-z, and I am here representing the Nebraska Children and Families Foundation. I recognize the tremendous opportunity that the state has to make smart investments with our stimulus dollars and I thank you for the opportunity to testify. We've been convening, a group of stakeholders, over the last weeks and months to set mutual priorities around the most effective use of these dollars that are targeted at young children, and one of the pots of money we've been looking at is the childcare and development block grant. You may know that as a work support program that helps low-income parents work, either enter the work force or continue working, and get assistance for their children to be supervised in childcare. As we developed priorities, we were mindful of the fact that most parents in Nebraska can't work without childcare and that parents need childcare providers who can support them in their role as their child's first teacher. We developed priorities with input from both private and public partners and based on the limited dollars, about \$11.8 million, coming through the Child Care Block Grant, we came up with two recommendations. You have that on a one-page sheet in front of you. The first recommendation is to keep the childcare provider rates at the 60th percentile of the current market rate. It's a very technical recommendation that I won't spend any time on right now but you have more detail in front of you in your written testimony. I would refer you to LB319, which was introduced on behalf of the Governor, and that can tell you a little bit more about that. The second recommendation is a work support package that's composed of three pieces. The first is a slight increase in childcare eligibility from 120 to 130 percent of the poverty rate; 130 is about \$28,000 a year for a family of four. Right now, Nebraska is 50th in the nation in our childcare eligibility, in terms of assistance that we give to parents, and really it allows more low-income parents to be able to enter or remain in the work force, so that's the first piece. The second piece is allowing for 12 months of continuous childcare eligibility. It does not mean the children or families would be eligible regardless of the income that the family brings in. They're still held to all of the income requirements and also the need requirements, meaning they have to be working. But it does encourage families and providers to build a stable relationship for that child, which we know is very

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important for their development. The third piece is a statewide coaching piece. The statewide part is important because we know that 40 percent of our at-risk children in Nebraska live in rural Nebraska, so we feel very strongly about the statewide piece. And this is also something that would be a one-time cost. We are currently 50th in the nation in measures of health, safety and quality in our childcare policy, so this piece, this one-time cost, would support providers who care for children on the subsidy to help them specifically address their health, safety and quality measures in the care that they're giving their children. Again, a lot more background and details in front of you in the written testimony, but I also wanted to remind you that you've already received an invitation to hear next week the foremost expert on neuroscience and child development in the country, Dr. Jack Shonkoff, so he's coming April 1 to visit with you all and the Governor and some business leaders and I hope you'll make plans to be there. The science tell us that 90 percent of a child's brain is formed in their first five years, and so that's really the critical window that we have to make sure that they have the interactions that they need that lay the groundwork for their physical health, their mental health, their behavioral health, and their cognition. We also know, census tells us, that of those children who are 0 to 5, 75 percent of them in Nebraska are in childcare because their parents are working. So the science says the first five years are important. We certainly know that parents need childcare, most parents need childcare during those early years so that they can work, and that of course is the purpose of the stimulus dollars. So we'd be happy to explain in further detail or work with you on the childcare dollars that are coming down. Recognizing that we have limited resources in these difficult times, we just want to make sure the dollars are spent where we can get the biggest return. So thank you very much. [LB680]

SENATOR HEIDEMANN: Senator Nordquist. [LB680]

SENATOR NORDQUIST: Thank you. Thank you, Jen, for testifying today, for bringing this to our attention. Certainly is a critical piece of the puzzle to move Nebraska's working families forward. When we're...you know, we just talked a little more in depth with Mr. Oligmueller about education. What are your thoughts on when we're making...looking to make strategic investments in education where we can get the best, as he said, best return for our dollar? [LB680]

JEN HERNANDEZ: Well, I think that the research shows that investing in the early years, the first five years, provides the opportunity for the greatest return on investment. That's very, very clear. So I think we may need to start thinking a little bit differently, a little it smarter about investing some of those dollars, and it's not going to be a short-term cost savings. But out of \$1 billion of education funding, I think, you know, that I would respectfully suggest we should target maybe 1 percent of those at the first five years and invest in some one-time early childhood costs that, you know, that are available and the dollars left over after plugging the state aid. [LB680]

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SENATOR NORDQUIST: Uh-huh. All right. Thank you. [LB680]

JEN HERNANDEZ: Uh-huh. [LB680]

SENATOR HEIDEMANN: Any other questions? Seeing none, thanks, Jen. Senator Mello, excuse me. [LB680]

SENATOR MELLO: I just...Jennifer, I just would like to thank you for bringing in a very detailed idea that kind of helps provide us a little more oversight. I know this is a critical area of the stimulus bill that hasn't received an awful lot of attention, but your ideas are very, very noteworthy and look forward to seeing what we can do to make them happen. [LB680]

JEN HERNANDEZ: Thank you. Thank you. [LB680]

SENATOR HEIDEMANN: Thanks, Jen. Anyone else wishing to testify under the general subject area of health and human services? [LB680]

KATE BOLZ: Good afternoon. [LB680]

SENATOR HEIDEMANN: Welcome. [LB680]

KATE BOLZ: (Exhibit 7) My name is Kate Bolz. I am the community educator for the Nebraska Appleseed Center for Law in the Public Interest. Nebraska Appleseed is a nonprofit, nonpartisan public interest law firm working for equal justice and full opportunity for all Nebraskans. The economic downturn has clearly hit the heartland. Unemployment has risen from 2.8 percent in December of 2007 to 4.3 percent in January of 2008, and over 6,000 workers have been unemployed in our state since November. These newly unemployed workers join the one in four working families in our state that are low-income and struggling to meet basic needs and find new opportunities, so my comments this afternoon are focused on opportunities for low-income working families in the state of Nebraska. As you make important choices today and in the weeks and months ahead regarding the use of funds of the American Recovery and Reinvestment Act, Nebraska Appleseed urges you to use the principles outlined in the principles for state implementation developed by the national Working Poor Families Project, signed by 20 national organizations and endorsed by 15 organizations here in the state of Nebraska. These principles illustrate an approach that encourages opportunity and accountability. Assuring that Nebraska creates jobs that pay family supporting wages and uses funds for education and training means that economic recovery will help workers immediately and improve the quality of our work force in the long term. Directing funds to meet specific goals and coordinating spending to increase efficiency, as well as sharing information publicly, will result in ongoing transparency and good governance. We've shared with you a summary document that

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includes several options, both legislatively and administratively, to effectively implement provisions of the American Recovery and Reinvestment Act. These are an outline of options that are available and a list of choices to be made. But we would specifically like to encourage four specific actions to contribute to recovery for low-income working families. First we'd like to suggest to you direct Workforce Investment Act funds specifically to job training and designate discretionary WIA resources to foster key strategic statewide innovations, such as training tied to high demand sectors. The WIA program offers services to job seekers across the state of Nebraska in three main ways. One is providing core services, one is providing intensive services, and the third is providing job training. And we would specifically recommend that the majority of the resources go to job training. Second, we encourage necessary legislative changes in the unemployment insurance program to implement the alternative base period for determining eligibility in order to draw down more incentive funds and provide more access to workers. My understanding is that this change could be made through the Department of Labor committee and that the administrative changes could be implemented within the coming year using Recovery Act funds. And what this change would do would allow more low-wage and part-time workers to access unemployment insurance benefits, so we certainly encourage that change. We'd also recommend that new childcare and Medicaid dollars reach additional low-income working and job-seeking families in need of assistance, that a portion of those do make it through to additional families seeking assistance and not simply replace state funds. We reinforce the Nebraska Children and Families Foundation's recommendations to target childcare centers and childcare dollars to...with new development funding. And finally, we recommend that the Community Services Block Grant funding is appropriately targeted to job training. There's also 1 percent of that Community Services Block Grant funding that is specifically required to be used to provide additional outreach regarding the other public benefits that are wrapped into the American Recovery and Reinvestment Act, and we suggest that those are targeted and carefully watched to assure that the outreach does reach folks in need of that information. We encourage the ongoing use of [recovery.gov](http://recovery.gov). We think it's critical that taxpayers have access to clear information about Recovery Act dollars are going and how they will be utilized. We think that the Recovery Act funding represents an opportunity to invest in Nebraska workers and position our state not only to meet the needs of families but also to build a work force for the future. So we thank you for your careful consideration of Nebraska's working families in implementation of American Recovery and Reinvestment Act funding. [LB680]

SENATOR HEIDEMANN: Thanks, Kate. Are there any questions? Senator Mello. [LB680]

SENATOR MELLO: Kate, could you give...thank you for your testimony and could you give us a little bit more background on your third point in kind of...in a little more detail of what you mean by that, by dealing with new childcare Medicaid dollars reach additional low-income working families? [LB680]

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KATE BOLZ: Certainly. In the Child Care Development Block Grant, states have opportunities to make choices about a number of different pieces of that program, but one is changing eligibility requirements. So as Ms. Hernandez from the Nebraska Children and Families Foundation recommended increasing that eligibility and using those funds to target additional low-income working families, who are working but not currently eligible under our very low eligibility standards, could be a great option there. The Medicaid dollars, I would refer you to our healthcare access program director, Jennifer Carter, for all the details about that. She's not available today but she'd certainly be able to tell you the details of that recommendation. [LB680]

SENATOR MELLO: All right. Thank you. [LB680]

SENATOR HEIDEMANN: Any other questions? Seeing none, thanks, Kate. [LB680]

KATE BOLZ: Thank you. [LB680]

SENATOR HEIDEMANN: Is anyone else wishing to testify underneath the category of health and human services? I do want to say at this time that we do have the different categories. If you are wishing to testify underneath more than one category, you can do it at one time. If you have any general comments, you can do it at any time. If you happen to miss your category or if somebody comes in late or if you have something else that you would like to say, you can always go back. We'll try to accommodate anything that you might have. There's no one else underneath the category of health and human services? Welcome. [LB680]

BRUCE RIEKER: (Exhibit 8) Senator Heidemann, with those last comments, I thought I would take my opportunity because, from the hospital perspective, we want to address several of the different components that you have. My name is Bruce Rieker, it's R-i-e-k-e-r. I'm vice president of advocacy for the Nebraska Hospital Association and what I'm having passed out to all of you is...it's an 8- or 9-page...or 10- or 11-page document with slides on it about various components of the American Recovery and Reinvestment Act that we believe are important to the healthcare industry. Some fall in health and human services, others are in health information technology, work force development, which is a top priority of our Hospital Association, our members. But as some of you know, we represent 85...we represent all 85 of the community hospitals across Nebraska. Nineteen of them are acute prospective payment system hospitals. Those are our 19 largest hospitals. And then we have 65 critical access hospitals. I will not go through all these slides and I'll try and make this as quick as possible. What we wanted to do with these slides is...or this information is give you a little bit more of a comprehensive look at, at least from the healthcare perspective, of things that are important to us. Going to touch on Medicaid funding, health IT, work force, unemployment, prevention and wellness, is what I'd like to do. Starting out on page 2 of

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the document that I've handed you, I know that I'm jumping to the FMAP provisions, but one of the things that we're going to ask...or that we are asking of the Legislature is accountability, transparency and your help helping us maximize these dollars. I know that they're aiming at a \$1.2 billion package. There are all sorts of conflicting information coming down from Washington as well as we interpret this, but the information we have received, working with the American Hospital Association, is that the FMAP provision or the payments to the state of Nebraska is \$310 million; however, on the recovery Web site it states that it's \$228 million. That's an \$82 million discrepancy. I'm not saying where the money went. Maybe part of it was in the \$47 million that we've already received. At this point in time, we don't know but we want to draw that to your attention and ask the Appropriations Committee and the Legislature to help us make sure that those monies go where they belong. The Medicaid funding under FMAP, the second slide on page 2, talks about how things will be adjusted for the next two years. Those payments will go away at the end of 2010. In 2011, if everything else stays the same, we will return to our current 60/40 match of 40 percent by the state, 60 percent by the federal government. There is a bonus structure, based upon unemployment. Fortunately, Nebraska does not have the high unemployment that other states have experienced so we are not eligible for that. We have received questions from senators about that particular component. On the top of page 3, maintenance of effort, for clarification, yes, there is a maintenance of effort requirement from the federal government that we do not restrict eligibility or services. Many, and especially our providers, are concerned about the fact that there are no maintenance of effort requirements required by the state to sustain provider reimbursements. That's one area that is not protected under that. There are some things in many of these components that we'll talk to you about that we hope that you as an Appropriations Committee and the Legislature would use some of these funds to help us make some of the investments under what I would call the carrot and the stick approach of how the federal government basically is addressing the health information technology component. At the bottom of page 3, some senators, Senator Harms and Senator Hansen, have worked with us on the...in the past on DSH payments and there was a press release earlier this week, articles in the paper about how Nebraska is eligible for another \$693,000, our hospitals are, for disproportionate share hospitals. A disproportionate share hospital is a hospital that provides above-average services or more services to Medicaid recipients than the average hospital in the state. Right now that standard is at about 11 percent. There are roughly 30 hospitals in Nebraska right now receiving those funds, but in order to receive that \$693,000, that additional money, one, it requires a state match, once again right along the lines of a 40/60 match. The second part is that Nebraska has to hit its cap of the available resources already available. We have been visiting as early or as recently as this morning with the Department of Health and Human Services. We have not hit our cap before but I think that we're going to be able to do that with some of the things that we've done. So if the Legislature would appropriate the additional matching funds, we would be able to bring down that \$693,000. If it's not appropriated, we leave that money on the table. Okay. Health information technology, there are quite a bit of

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grants and loans available, roughly \$4.7 billion for broadband technology--of course, that isn't just for the state of Nebraska--\$2.5 billion for broadband loans and loan guarantees. One of the caveats that I want to submit to you is that our hospitals have to make the investment up front and so, as we look at the critical margins, and we've talked about this in other committee hearings about the margins, especially for our critical access hospitals, we need the Legislature's support to make sure that we have the reimbursements in place that we can cash flow these investments up front. And this isn't...this is...in some cases people think that this is an election that we can do it or we cannot do it. Well, that's true, we have a choice. However, in the carrot and stick approach, and later in some of these slides, I mean, you can go ahead and take a look at those later, but there are penalties. Beginning in 2015, if we have not...if our hospitals have not become meaningful users of electronic health records, our reimbursements in both Medicare and Medicaid go down. And so they're telling us...and then...and the grants available to our...the incentive payments available to our hospitals, especially the critical access hospitals, is \$1.5 million per hospital. But once again, we have to make those investments up front. I know it's only nine-tenths of 1 percent of the AIG bonuses, and we could, you know, I mean they can make the investments for us but that's not available. Nonetheless, we need some financial help up front to make these investments. Otherwise, starting in 2016, our reimbursements go down. Let's see, I will jump back to page 8, work force development, and we're already in conversation with the Department of Labor, there are some significant monies available, not in the billions or anything, but \$300 million to the National Health Services Corps, as well as \$200 million nationwide for nurse and physician training, as well as \$1.5 billion in grants for states for dislocated worker training, \$500 million in grants to states for low-income adult training, and \$250 million for healthcare work force development and broadband deployment. We as hospitals are not immune from the recession, but nonetheless we did a work force study last year and, by all accounts, if we are to meet the employment demands that we have projected based upon national survey numbers as well as locally, over the next six years Nebraska's hospitals are going to have to hire 9,000 people to meet the demands that we have for the retirement of the baby boomers, including 5,300 new nurses. So investment in the work force development program would be very important to us. There's COBRA premium assistance, there's assistance for community health centers. There's also \$1 billion for prevention wellness, let's see, \$5 billion over two years for temporary assistance for needy families, \$2.1 billion for Head Start/Early Head Start. That's \$1 billion for the Head Start Program and \$1.1 billion for the Early Head Start. Why is that important to hospitals? It's because if these children and these families get this assistance, we don't see them in our emergency rooms, the most costly place that we provide care. So these investments, we support these for our partners to help make sure that those investments are made so that we do not have to incur the very costly care. With that, I'll wrap up my comments. Are there any questions? [LB680]

SENATOR HEIDEMANN: Are there any questions? Seeing none, the only comment I

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might have is I know there's a little bit of talk about the amount of money for the FMAP, I think, that we've got it pegged in, in the next financial status you might see from us, would be at \$228 million. [LB680]

BRUCE RIEKER: Okay. That's future dollars, Senator? I mean... [LB680]

SENATOR HEIDEMANN: Yes. [LB680]

BRUCE RIEKER: So the \$47 million that we've already received isn't... [LB680]

SENATOR HEIDEMANN: The aggregate. The current reimbursement in the following two years,... [LB680]

BRUCE RIEKER: Okay. [LB680]

SENATOR HEIDEMANN: The total. [LB680]

BRUCE RIEKER: Okay. Thank you. [LB680]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you. Welcome. [LB680]

ROBYN HENDERSON: (Exhibits 9, 10) Senator Heidemann, members of the committee, my name is Robyn Henderson, R-o-b-y-n H-e-n-d-e-r-s-o-n, and I'm executive director of the Southeast Nebraska Rural Health...I'm sorry, Southeast Nebraska Area Health Education Center, or more commonly referred to as AHEC. We are...the AHECs are kind of a hybrid of several different areas so I'm following on some of what Bruce had talked about in healthcare work force development. We also can fall under education in places. We can also fall under health. So we're...I usually end up marking an "other" when they want to know what type of business I'm involved with. Nebraska's healthcare work force shortages are acute, especially in our rural communities. We have heard this again and again and most recently on bills dealing with behavioral health and the need for additional nursing schools, just to name a couple of issues facing us in Nebraska. This year Senator Sullivan introduced and prioritized LB489, which would statutorily recognize the area health education program as a pipeline for connecting Nebraska's K-16 students to health careers, providing assistance and support for health professions students needing to complete their community-based training, and offering continuing education programs to local communities for health providers. In essence, AHECs build healthcare work force capacity in rural and underserved communities. In 2001, the University of Nebraska Medical Center, as part of its long-range plan on developing and nurturing future healthcare professionals, sought core funding from the federal Health Resources and Services Administration's Title VII Health Professions Training Program to establish the

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AHEC program in Nebraska. There are now five AHECs across the state. Each is a separate nonprofit organization, a 501(c)(3) designation, with cooperative agreements with the Med Center to specifically identify and implement strategies and programs that address healthcare worker needs in federally designated rural and nonmetropolitan communities and underserved urban communities. One of the federal requirements for initially obtaining this federal core funding and in order to continue to receive federal support in the form of model funding was that there also be financial support from the state and local communities. We appreciate Senator Sullivan's introduction and prioritization of LB489, specifically because, similar to federal law, LB489 will provide the Legislature with measurable outcomes as to the impact of the AHECs on healthcare work force development in rural and urban underserved communities. It also has a June 30, 2014, evaluation date, at which time the Legislature will evaluate the AHECs' effectiveness in increasing health professions work force in rural and urban underserved communities before any General Funds would then be expended after that. And that is...what I handed out to you was the amendment to LB489 that lays out the specific criteria and the sunset provision. We understand the current fiscal climate in our state and your incredible responsibility to develop a fiscally sound budget for the state. We also think that funding AHECs, as provided in the amendment to LB489, especially now, would be a valuable investment in developing Nebraska's healthcare work force. However, it is unclear to us whether there is federal stimulus money available that would help reduce the General Fund appropriations for this program. Therefore, we are before you today asking that you consider AHECs for potential funding either through General Funds or stimulus money. And I would be happy to answer any questions that you may have for us. [LB680]

SENATOR HEIDEMANN: Thanks, Robyn. I was reading in the amendment to LB489, it says the Legislature conduct an evaluation of effectiveness of some of the area health education centers in increasing the health profession work force in underserved urban and rural communities. Has...at this date has there been any evaluation done up to this date of the effectiveness of the AHECs? [LB680]

ROBYN HENDERSON: We have some preliminary data. For instance, our AHEC has only been open...we'll be starting our fourth year next month and so the first round of health profession students we have worked with just graduated the previous May, and of those 16 students that we've worked with, excuse me, 13, 3 of them we haven't identified where they're at yet, but for 8 of those 13 students are practicing in rural communities primarily here in Nebraska. I think there's one in Kansas and one in Iowa. So we have one over 50 percent for that. I also have some data from northeast Nebraska from the AHEC there, which has been in existence now for seven years so they have much more data that they can track, student data they can track. With pharmacists, there's two in Norfolk...well, let me just kind of summarize. There are pharmacists who are now working in Norfolk, Sioux City, rural Minnesota, Columbus, South Sioux City, and Neligh. PAs are now in...there's three in Norfolk; Alliance;

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Holdrege; Columbus; Alma; Fremont; Flagstaff, Arizona, with a community health center; and rural Georgia; and Tilden. Physical therapists, there's a new provider in West Point, Scottsbluff, and Topeka, Kansas. Dentists, there are new dentists in Norfolk, Tecumseh, and Kearney. Radiology Tech, Scottsbluff, Norfolk, and Tilden. Med Tech, there's a student in Hawaii working with a CHC program, and I believe they are also a loan repayment student, and there's a nurse practitioner that has opened practice in Norfolk and has been quite successful in building the capacity for family services in the Norfolk area. There's also a residency program in Norfolk that the AHEC in Norfolk has worked with extensively and several of those students are still in the community and will...looking at returning back to the community or to the area after they finish their full residency. I don't have data for the rest of the state but we can help. We can get that data for you. [LB680]

SENATOR HEIDEMANN: Thanks, Robyn. Are there any other questions? Seeing none, thank you. [LB680]

ROBYN HENDERSON: Thank you. [LB680]

SENATOR HEIDEMANN: Is anyone else wishing to testify underneath the category of health and human services? Seeing none, we will open up a new category called employment, family services, and housing. Welcome, Mike. [LB680]

MIKE MARVIN: Good afternoon, Chairman Heidemann and members of the committee. My name is Mike Marvin, M-a-r-v-i-n. I'm the executive director of the Nebraska Association of Public Employees, the union representing most state employees. I'm here today to urge you to use a portion of the American Recovery and Reinvestment Act of 2009 to help restore the \$20.6 million in agency cuts you have made into the budget. The act is meant to help the economy from the effects of the layoffs that are happening in this country and, as you heard Director Oligmueller say earlier, that it is also meant for city and states. They need the assistance also. What good does it do to layoff public sector employees when the demand for many of the services they provide, such as Social Services and unemployment, is rising? The effect of not filling vacancies is the same as layoffs, and you've seen as well as I have the proposed vacancy savings through the agencies. I do want to remind you that many of our positions also have as much as a two-thirds match in federal dollars. The \$225 million available in FMAP money coming to the state is contingent upon how much we spend based upon a match of somewhere between 60 and 66 percent. I wish I had a little bit better understanding of all the details of the ARRA. It's quite big and hard to get my hands around. But I do know, however, from conversations with Senator Nelson's office, who is the architect of the compromise who put this bill out, the money is definitely meant to lessen the impact on states' budgets also. That concludes my brief statement for today and if you have any questions I would be more than happy to answer them. [LB680]

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SENATOR HEIDEMANN: Are there any questions for Mike? Seeing none, thank you. [LB680]

MIKE MARVIN: Thank you. [LB680]

KEN MASS: (Exhibit 11) Senator Heidemann and members of the committee, my name is Ken Mass, last name is M-a-s-s. I'm here today in support of the unemployment insurance stimulus funds and what \$44 million will boost Nebraska's weakened economy and fill important gaps in Nebraska's unemployment insurance program. You've got a script in front of you there, a printout of what I have to say, but I just want to touch on a few things under the "Nebraska's Weakened Economy." In January, Nebraska's unemployment rate jumped to 4.3 percent, which is the highest since September of 1987, and up a full percentage from a year ago. As of March 7, 22,000...of this year, March 7 this year, 22,000 workers were collecting state unemployment benefits--nearly double the number a year ago. Over 2008, only 33 percent of the unemployed Nebraskans collected their state jobless benefits, ranking as the 37th lowest state in the nation. The average unemployment Nebraska collected was \$241 a week in jobless benefits, replacing just 35 percent of the average weekly wage in the state, which ranks 32nd nationally. The maximum weekly benefit in Nebraska is \$308 a week, which is lower than all but eight states. On the back a couple things with the federal stimulus funds, would boost unemployment tax fund, it would...the trust fund has a balance, the trust fund in Nebraska, has \$259 million and remains healthier than most state funds. Nebraska employers pay unemployment taxes on just the first \$9,000 of each worker's earnings at a rate of 1.4 percent in 2008, which totals about \$126 per worker. The new benefits that qualify for incentive funding under the act would cost about \$1.9 million a year, and represents only a small fraction of the total benefits paid by the state, which last year was \$103 million. Thus, given the extension federal funding compared to the minimum cost to the unemployment system, there is an especially remote likelihood that the new benefits would require an increase in payroll taxes even in the distant future. So that concludes my testimony. There's some other remarks there you can read for yourself so...on the unemployment. [LB680]

SENATOR HEIDEMANN: Senator Nantkes. [LB680]

SENATOR NANTKES: Hi, Ken. Welcome. Thank you for bringing this to the committee's attention. And I just wanted to clarify for the record, it's my understanding that labor and employers have begun dialogue and discussions about the best utilization of these funds to significantly improve the state of workers and employers in Nebraska. Is that right? [LB680]

KEN MASS: That's correct, yes. [LB680]

SENATOR NANTKES: And I was wondering if you could provide the committee maybe

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with just an update about those discussions and how you see the process moving forward from this point. [LB680]

KEN MASS: Well, basically, we probably will get together next week hopefully. Both sides did some research on their interest. We'll bring that through there and see if we can reach a conclusion to go forward with it. So that's where we're at, at this time. [LB680]

SENATOR NANTKES: Well, I commend you for that. [LB680]

KEN MASS: Yeah. [LB680]

SENATOR NANTKES: I commend you for that collaboration. Thank you. [LB680]

KEN MASS: Yes. [LB680]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thanks, Ken. [LB680]

KEN MASS: Thank you. [LB680]

SENATOR HEIDEMANN: Is anyone else wishing to testify underneath the category of employment, family services, and housing? [LB680]

AILENE MILLER: Hi. [LB680]

SENATOR HEIDEMANN: Welcome. [LB680]

AILENE MILLER: (Exhibit 12) Thank you. My name is Ailene Miller, M-i-l-l-e-r. I'm not with an organization. I am not a CEO. I am an individual blue collar worker. I work construction. I am a carpenter. I have...I am an inventor and entrepreneur. I have been through the Nebraska Department of Economics. I have been to the SBA. I have been to the current Rural Affairs and it seems like nobody can help me. I have an invention, a product for the healthcare system. It will employ hundreds of jobs in Nebraska for businesses out of one product, and I cannot get no government help. I looked through the stimulus package that our President came up with, and I'm proud to say I voted for him, but there is nothing for individuals like me, not even 50 cents. I have to have \$50,000 for a rotational mold for this product. I have health facilities calling me, very interested in it, and it is just an unbelievable product. We would be the first state in the nation to upgrade our personal hygiene for our patients and our loved ones with this product, but I cannot find any funding anywhere to help me with this. So I'm asking why is it not in the stimulus package? Why, as an individual and a blue collar worker, am I not in that stimulus package? I just don't understand that because it's us that make up

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the economy, you know, the same with the organizations, they make up the economy, law enforcement. We all work but why, as an individual, am I not included in that stimulus package so I can bring jobs to our area and help stimulate the economy and help women get off social services and help educate the children with the tax revenue this would bring in? I'm just not understanding that. Why was I left out? [LB680]

SENATOR HEIDEMANN: I don't know if I can answer that question. I would encourage you, if you truly have a product that you believe in, to continue to search for funds, whether it be... [LB680]

AILENE MILLER: Where do I go for it? [LB680]

SENATOR HEIDEMANN: I... [LB680]

AILENE MILLER: If I can't go to the state, if I can't go to my city council, if I can't go to my county, if I can't go to my government then where do I go? If I have to knock on Warren Buffett's door, that's exactly what I'll do. I cannot believe that my city, state, county government cannot help me with this. You know, we give millions of dollars to...I just heard on the radio last week, there is this gentleman studying belly button lint for 20 years and he's getting federal grants for it. I am just in disbelief of this. [LB680]

SENATOR HEIDEMANN: I understand your frustrations, whether it be through SBA or something... [LB680]

AILENE MILLER: They only loan up to \$25,000, is their most. I need \$50,000. [LB680]

SENATOR HEIDEMANN: Senator... [LB680]

AILENE MILLER: Fifty thousand is nothing compared to what...what...millions of dollars for belly button, studying belly button lint, that is nothing, I am just not understanding this, for a product this good, and this will be nationwide, it will be worldwide, and my belief is that insurance companies will make it mandatory. They will make it mandatory. I can't believe that in the year 2009 we're still carrying water to our patients. We can transplant hearts, we can do brain surgery, we can even grow fingers, ears, but we're still carrying water to our patients and I can't get the funding to help get this out there and I am just in total disbelief of this. Why did our President and Congress forget about me? [LB680]

SENATOR HEIDEMANN: Senator Nantkes. [LB680]

SENATOR NANTKES: Thank you for coming in and I sure understand your frustrations. I think that a lot of...most members of...all members of this committee are supportive of our individual citizens' efforts to be entrepreneurs and start small businesses and create

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new products and services that really help to improve people's lives and that generate jobs and economic activity throughout our economy. That being said, I know that you've tried a variety of different resources. My office would be happy to coordinate at least a referral in terms of some other programs that are available to help entrepreneurs and small businesses, but I just want to make clear for the record that we have very clear parameters in terms of how we utilize the federal stimulus dollars and we really are restricted from providing specific grants to individuals. They need to flow through existing avenues of state and local governments. And so I think that you've utilized your creativity to bring attention to your situation and your ideas in the context of this hearing, and that's great, but I just don't know if this is probably the appropriate vehicle, if we really are allowed the flexibility to make the kind of individual grant which you are seeking. [LB680]

AILENE MILLER: If I can't go to my senators then where do I go, you know? [LB680]

SENATOR NANTKES: Well, and I think that if you would agree that the private sector generally has resources that are available to reward people who are doing the hard work to create sound business plans and that most times the public sector does not in fact subsidize those kinds of private activities. And I'll tell you that from the EDGE Program to the GROW Program to microenterprise, there's a variety of things that government does do to try and help small business people like yourself and, like I said, I'd be happy to provide you with a list of those after the hearing, if that might be helpful. [LB680]

AILENE MILLER: I would appreciate that. [LB680]

SENATOR NANTKES: Okay. [LB680]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you. [LB680]

SENATOR NANTKES: Thank you. [LB680]

AILENE MILLER: Thank you. [LB680]

SENATOR HEIDEMANN: Is anyone else wishing to testify under the category of employment, family services, and housing? Seeing none, we will move on to the category of energy, environment, natural resources, and transportation. Welcome, Jill. [LB680]

JILL BECKER: (Exhibits 13, 27) Good afternoon, Senators. My name is Jill Becker and I'm here today as a registered lobbyist on behalf of Black Hills Energy. I am having the page distribute some...a provision, Section 410, of the stimulus act itself. And I just

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wanted to bring this provision to the committee's attention. Section 410 deals with a portion of money that we could potentially receive under the state energy program provisions and in order to be eligible for this money there are basically two components. Our Governor has to assure that the applicable state regulatory authorities will seek to implement in their regular regulatory proceedings for electric and gas utilities a general policy to ensure that utility financial incentives are aligned with helping their customers use energy more efficiently. And then the second piece is enactment of the building codes as listed in that sheet. And I provided the actual language for you because it's pretty detailed as far as what the feds are looking for on these two pieces. And I don't expect this committee to have a big impact on these two provisions. We expect that first piece for us to play out more at the Public Service Commission because they are our regulatory body. But since this is a significant chunk of money, we expect the state to receive approximately \$31 million, I just wanted to bring that to the committee's attention. We're hopeful that the Public Service Commission will move in this direction. I can't tell you a whole lot about those building codes. They don't impact us as much. But we do definitely see this piece as benefiting our customers. We do have energy efficiency and decoupling in some of the other states in which we operate and we do see this as a benefit to our customers. And that's really all I have to say. We expect this program to go through the normal programs in place through the state Energy Office. And with that, I'd be happy to answer any questions. [LB680]

SENATOR HEIDEMANN: Are there any questions? Seeing none, thanks, Jill. [LB680]

JILL BECKER: All right. Thank you. [LB680]

SENATOR HEIDEMANN: Welcome. [LB680]

KEN WINSTON: (Exhibit 14) Good afternoon, Chairman Heidemann and members of the Appropriations Committee. For the record, my name is Ken Winston, last name spelled W-i-n-s-t-o-n, and I'm appearing on behalf of the Nebraska Chapter of the Sierra Club. What I want to talk about this afternoon are bills that have already been heard by the Legislature and ideas for funding those bills. The three bills that I'm going to talk about are LB569, which was heard by this committee; LB624, which was heard by the Natural Resources Committee; and LB632, which was heard by the Revenue Committee. I was recently made aware, actually just yesterday, that there's more than \$30 million which has been allocated to Nebraska Energy Office for energy efficiency and renewable energy programs. All three of these bills would make use of funds that are currently not available. LB569 would provide \$25,000 for the wind for schools program and, as I indicate, Nebraska has a lot of wind potential but not much wind development. And although this is mostly an educational program and not a program that would provide for wind development per se, the more that we learn about these things, the more that people become aware of them, the more likely that new developments will occur and people will become more attuned to this potential. LB624

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was a bill that was heard by the Natural Resources Committee. This bill would create an energy efficiency loan program for schools and local governments. This bill was unanimously supported. There was a wide range of organizations, I believe there were nine or ten different organizations that came and testified in support of the bill. It was specifically introduced for the purpose of making use of federal stimulus funds. During the 1990s, there was a statutorily authorized loan program for school energy efficiency programs but that program was phased out by the Legislature in the late 1990s and at the present time there is no energy efficiency loan program for schools. Many school districts cannot afford to make the initial investment involved in energy efficiency programs which would reduce their energy costs, thereby benefiting their taxpayers in the long run. Lincoln Public Schools has invested in energy efficiency programs and at the present time they believe that they save more than \$1 million annually in energy costs. We believe that this would be an appropriate program to be funded through the \$30 million that are provided for this purpose. LB632 was introduced by Senator Mello. It would provide tax incentives for builders and developers who build structures that meet LEED certification standards. A LEED-certified structure provides many benefits. First of all, it reduces the amount of energy needed to heat and cool the structure. Greater energy efficiency reduces the amount of carbon dioxide emitted into the atmosphere, as well as reducing other emissions. LEED also has other requirements. They require a minimum amount of waste to be generated so that reduces the amount of waste that goes to landfills. It also requires minimum runoff standards so that...and funding storm water systems has been a perennial problem for the state Legislature and continues to be a problem. As a matter of fact, there's a bill that's...well, bills continue to be introduced and I don't know, one has yet to be passed dealing with the storm water runoff issue. Then the final point that I want to make is we believe that all three of these bills meet the central criteria of the stimulus package, which is to create jobs and economic benefits for the people of the state of Nebraska. We'd respectfully ask the committee to provide funding for these programs. I don't have dollar amounts for any of the programs except for LB569, but I believe that those are issues that the introducers of the bills would be glad to provide you. And I would be glad to answer questions if I can. [LB680]

SENATOR HEIDEMANN: Thanks. Are there any questions? Senator Mello. [LB680]

SENATOR MELLO: Thank you, Mr. Winston, for your testimony. And I did notice, looking through your testimony, there is an issue that maybe you could expand upon a little bit which is kind of the work force development issues regarding green collar jobs and/or energy education components. I believe the committee received the document from a fellow senator, Senator Ken Schilz, regarding a work force development education initiative from Western Nebraska Community College in regard to wind turbine manufacturing and distribution or a technician program. Can you give us any more information on any programs at all that might not be in your testimony? [LB680]

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KEN WINSTON: Well, I know that in addition to the program you're talking about, there's one at the community college in Norfolk as well that focuses specifically on renewable energy education, and this is an area...there's also a program dealing with energy...I don't have the name of it right off the top of my head, but the university also has a program dealing with new energy development. And so there's great potential for developing people who are technicians who can work in this area. I guess one other area that I'd like to mention is the fact that the electricians union, for example, has programs to train people how to work on the turbines. And so there are a lot of opportunities to develop jobs if we have the training programs available so that they can learn how to do these kinds of things. [LB680]

SENATOR MELLO: Thank you. [LB680]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thanks, Ken. [LB680]

KEN WINSTON: Thank you. [LB680]

SENATOR HEIDEMANN: Welcome. [LB680]

ROBERT BYRNES: Thank you. Thank you, Senator Heidemann, members of the Appropriations Committee. My name is Robert Byrnes, spelled B-y-r-n-e-s. I'm representing the Nebraska Renewable Energy Association today. I'm kind of unprepared for this discussion but appreciate being a part of it regarding energy and the opportunity we have to make some investments in our future regarding energy. I echo many of Ken's comments. I don't agree that some of the programs that he mentioned, particularly LB569, is a good investment of taxpayer dollars because Nebraska businesses are left out of the loop. I think the primary purpose of these funds is to provide jobs and economic benefit that derive from these jobs, and these jobs are best and most efficiently created through small business. We have a window of opportunity here to invest funds that will hopefully provide long-term returns, so these should be considered wisely. Senator Mello, your comments regarding some of the programs that are under development, Northeast Community College is initiating a wind energy training program, which is a two-year degree, and I have the ability...I'm on the advisory committee there. They could use a wind turbine to train on because they have a very...they have \$15,000 to invest in a very small wind turbine that really has nothing to do with what they're training on because they're training on large megawatt devices. So that would be an excellent use of funding to get the community colleges that are actually doing the actual training for the jobs that will be in Nebraska, get them the tools they need to train these students, you know, in a first-class or appropriate manner. Also, I think the...because there has, particularly in the area of renewable small energy businesses, of which I own several, and other business owners that we work with in our coalition are in...it's a very difficult situation. We have rich resources here in Nebraska

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but we don't...we have a policy environment that is five years behind and it's not a policy environment conducive to development. I think the LB90 grant program that the Ag Committee had developed for value-added agriculture saw some funding go for renewable energy projects. I think a renewable energy grant program specifically targeted toward developing technologies and intellectual property to be based in Nebraska would be a good way to distribute a lump sum such as this and get this into the hands of entrepreneurs and small businesses that will be able to make these investments and provide long-term returns to the state. I know of several opportunities and I am involved in several of small businesses that are just kind of sitting there needing just one last kick or push over the...kind of over the hill and there's a lot of folks that have been working for a long time, developed these things on shoestring budgets and, you know, our biodiesel industry is in shambles. The state has no...really no support, has no support mechanism there. Ethanol is in tough shape. There's, you know, there's just a lot of...and I'm not talking about big ethanol plants. I'm talking about rural small business, Nebraska owned businesses. I think it's a great...this is a good opportunity to get those funds into the hands of the people that can most efficiently use them. I'll be glad to entertain any questions. Again, I apologize. I'm not quite prepared. I was presenting at the Heartland conference this morning, just happened to catch this. [LB680]

SENATOR HEIDEMANN: Actually, you did very well representing your position. Are there any questions? Senator Mello. [LB680]

SENATOR MELLO: Thank you, Mr. Byrnes, for your testimony and for your feedback. For us to be able to kind of wrap our hands around maybe a couple ideas you mentioned, do you...were you kind of envisioning maybe more competitive grants targeted more towards entrepreneurs and small businesses in the renewable energy industry to be able to apply for these competitive grants through the state Energy Office? Is that kind of what you were envisioning? [LB680]

ROBERT BYRNES: Yeah, absolutely. And the LB90 grant, I feel, has been extremely successful. And again, I live in a renewable energy bubble, but the LB90 grants focus toward getting money into the hands of Nebraska small businesses that exhibit entrepreneurship and innovation, and there have been a lot of successful projects that came out of that. However, it's a difficult decision when you have to make a decision between an on-farm milk processing plant and an on-farm methane digester, and it's almost an unfair decision to have to make because we need them both. So I felt for years that we needed...that I think Nebraska would benefit from an LB90-type program with a very straightforward and simple application process and follow-up, and the ability to replicate those results in other places for...just for the realm of renewable energy and to use those funds applied to it until they were exhausted. And, you know, the replication is...the need to replicate is part of the grant criteria so that it's not just now, it's not just one person. You have that research and those findings available to anybody

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who can go and utilize that and really leverage that initial investment. [LB680]

SENATOR MELLO: I think that sounds like a very innovative idea and I think it falls directly in line with what some of these stimulus dollars are intended to do, which is to create jobs as well as move our economy forward, to thank you for the idea. [LB680]

ROBERT BYRNES: I appreciate your feedback. I had the opportunity also to visit with...and I would support Neil Moseman's ideas regarding...we've had some discussions regarding a green energy portal for the Nebraska Energy Office. Currently, if you look at the structure, really don't have a renewable energy structure within government and we've been discussing the idea of creating a virtual organization where citizens can get information through a decision tree and get to the resources and stuff that they need to make decisions, because right now everything is personally handled on an individual basis and a Web portal would really streamline the operation, again, a first-time initial expense and something that will go on serving for a long time. [LB680]

SENATOR MELLO: That's great too. Thank you. [LB680]

SENATOR HEIDEMANN: Thanks, Robert. Are there any other questions? Seeing none, thank you. [LB680]

ROBERT BYRNES: Thank you. [LB680]

SENATOR HEIDEMANN: Senator. [LB680]

SENATOR DUBAS: Good afternoon, Senators. My name is Senator Annette Dubas, A-n-n-e-t-t-e D-u-b-a-s, and I represent the 34th Legislative District. I, too, like Robert Byrnes, am kind of flying by the seat of my pants here. I wasn't necessarily expecting to come in and testify but when I saw what you were talking about today, could not resist that opportunity, so. It's no secret that I am an avid supporter of renewable energy and the opportunities that renewable energy is going to afford our state for a long, long time out. And I think this influx of stimulus dollars is going to give us the very needed shot in the arm and kick start that we're going to be able to get things off dead center and really get things moving. Job training money, you know, I think, you know, we can develop the energy but do we have the people that are going to be able to support that industry and build the infrastructure that we need for it or build the equipment that we need for it? We have a job training fund already in place. If we could target specifically some of this stimulus money to go into green job training, that's something that's going to go on to serve us for many, many years out. We spoke this morning a little bit on the floor about the importance of education and how that education is ongoing and definitely reaps benefits for our citizens and our state's economy. So I think if we could get some of the stimulus money specifically targeted for green jobs, it will go a long way to supporting the renewable energy industry in the state. I think some programs have already been

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mentioned, Northeast Community College, Western Community College. I believe Central Community College might be doing something also as far as developing some curriculum specifically related towards green jobs. The bill that I brought before you here a few weeks ago, the wind for schools, I think that's some one-time seed money that our local schools, K-12, can use towards developing curriculum and an understanding of wind energy and the opportunities that wind energy is going to provide for those students and pique their interest and get them ready to step into the community college level to be trained for those jobs. So I think this would be a great opportunity to use some of those stimulus dollars for that very worthwhile program. You know, I think we're seeing in the state that we are losing some of our jobs and a lot of these jobs are either directly or indirectly related to the automotive industry. We can take those same people and others and get them retrained and develop a whole new industry for our state and help us with our unemployment issues. I also have a bill, unfortunately, I struggle with remembering my bill numbers, but it's one that I've worked with the University of Nebraska and Bio Nebraska in putting together a statewide assessment on the bioeconomy. And while it's looking at more than just energy, energy is definitely a part of that bioeconomy. We have what Novazyme has just done in Blair and how that's going to create jobs and boost up that economy. So this is, again, another one-time thing. We've got some private dollars that have been committed towards helping us with that assessment, so if we could come up with some state dollars to match those dollars, we would be able to move that assessment forward. That would help us see where our comparative advantages are, really know what's working for us and what's not, and get things moving in that direction. I also see us having...the state Energy Office has taken some rudimentary steps towards putting together a comprehensive energy plan so how do we take what they've started and continue to build on that and move that from a plan to an actual action in getting a comprehensive approach towards not just wind energy development but all types of renewable energy development, solar, geothermal, methane capture. You know, there's just...the list goes on and on. And so, as Mr. Byrnes mentioned about that virtual Web site where we could have a more coordinated effort towards our renewable energy plan and direction, rather than have everybody out there just kind of doing their own thing without really a coordinated effort and an understanding of what's going on. So I see these flexible dollars that are coming into the state through the energy...Department of Energy and to our state Energy Office as there's just no end to what we can...where we can put those dollars and I see them as a great return on any investment that we put there. So these are just a few of the things that I would like to see us take that stimulus money and put into action. So with that, I'd be happy to try to answer any questions. [LB680]

SENATOR HEIDEMANN: Senator Mello. [LB680]

SENATOR MELLO: Senator Dubas, I'd just like to thank you for taking time out of your busy schedule today to give some feedback on LB680. I share your affinity for trying to make our state do more in regards to renewable energy, also in energy efficiency, but I

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really do think your job training idea that I believe was in another bill earlier this session is the right direction that we need to move as a state, as well as where this money in this bill can actually be spent on those programs. So I applaud you for bringing that to our attention. Thank you. [LB680]

SENATOR DUBAS: Oh, thank you. [LB680]

SENATOR HEIDEMANN: Any other questions? Senator Nantkes. [LB680]

SENATOR NANTKES: Thank you, Senator Dubas. There's no question that you've really taken a leadership role in terms of renewable energy and alternative energy issues within the Nebraska Legislature. And just one technical point that Senator Wightman and I were discussing off mike during your presentation, but in relation to your wind for schools bill, is that an ongoing expenditure or is that...did you say that is one-time seed money? [LB680]

SENATOR DUBAS: Well, I think if we put that money into the program and that would give us...I'm trying to remember the number of schools that I had in my original testimony, that would really move their ability to expand the number of schools that they put that into. So I think, you know, while they could come back and ask for money, more money down the road, it would definitely give that program the extra boost they need to get it into some additional schools. They've got some...they have some revenues, but they're looking at...for some matching revenues from the state. Most states have a state commitment, so. [LB680]

SENATOR NANTKES: Okay. Okay. That's very helpful. Thank you. And then just a general follow-up question, I know that you and I have had a chance to talk outside of this hearing in relation to the significant resources that will be coming to our state and through the Energy Office in relation to the federal stimulus legislation. I think that's about \$30 million from what most estimates have provided for us. And it's my understanding that, you know, particularly in relation to those funds, there's not a federal...there's not a state match requirement. There's very little direction or parameters provided in terms of how those funds are expended in that area and I'm wondering if you could share with this committee, if you've had a chance to address those plans with Director Moseman or other folks from the state Energy Office and what their response was. [LB680]

SENATOR DUBAS: I have not yet had a chance but in about 15 minutes I will be meeting with Director Moseman to talk to him about what his thoughts and plans are and what I can do as a senator, what we can do as a Legislature to help him move those plans forward. Because it is my understanding that those are very flexible dollars and so, you know, whatever we can do to maximize that \$30 million will serve us well. [LB680]

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SENATOR NANTKES: Yes. Yes. Thank you. Thank you. [LB680]

SENATOR HEIDEMANN: Any other questions? Seeing none, thanks, Senator. [LB680]

SENATOR DUBAS: Thank you. [LB680]

SENATOR HEIDEMANN: Welcome, Roger. [LB680]

ROGER KUHN: (Exhibit 15) Hi, Chairman Heidemann and members of the committee, my name is Roger Kuhn, it's R-o-g-e-r K-u-h-n. I'm assistant director with Nebraska Game and Parks Commission and I welcome the opportunity to testify on this bill concerning the stimulus package. I guess just a few things I'd like to comment or say. You know, from my understanding, I know through the stimulus package that, you know, the National Park Service is in line for some significant dollars, primarily to be used towards a lot of deferred maintenance or backlog of infrastructure needs in the national park system. Along those lines, the state park system in Nebraska, and maybe many of you are aware of this, but tourism is the third largest industry in the state of Nebraska and 15 of the top 25 tourist attractions in Nebraska are state park areas. From what I understand, one out of every eight jobs or working people in Nebraska are connected in some way to the tourist industry. According to the department of tourism, the most highly requested information or request for information they receive is brochures or literature, questions about the state park system and what there is to offer in the state of Nebraska. So for those simple statistics I think one could come to the conclusion that the state park system is probably the backbone of the tourism industry, which is the third largest industry in the state. Currently, our state park system has 35 vacant positions, and we talk about putting people to work, etcetera, and out of the 160 positions we have available or 30 to fill, there's 35 vacant, and that's not due to the Legislature. That's due by design in our own decisions to make ends meet financially. Currently, in the budget bill that's been presented to the Legislature there's 21 positions to be eliminated in the state park system, so you're talking about some significant, percentagewise, very significant cuts or reductions in those things. We have...and before you what has been handed out is the list of deferred maintenance needs in the state park system. This isn't a completely inclusive list. This is the top priority list. But as you can see, there's a little over \$25 million identified in maintenance needs. Just to go through some quick examples, most of these needs are infrastructure needs which primarily are water, sewer, electrical distribution systems, these types of needs, roofs, windows, but those are the big ticket items. We're at a crossroads, I think, in the park system, too. Are responsible to try to take care of some of these state properties and these needs. Some examples would be recently Fort Kearny State Recreation Area. The septic system out there was red-flagged by DEQ and, therefore, this summer that's probably not going to be operational. It's something we, you know, we need to take care of immediately. Buffalo Bill, you'll notice in there Buffalo Bill Ranch, electrical system

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needed in the Cody House. Many of these things are related to health issues, safety issues, fire issues. Platte River State Park water system, water tower, sewer system. The reason for a water tower and so forth is under new requirements sprinkler systems are needed in many of these cabins and lodging facilities. Fort Robinson State Park, we'd like to replace the boiler system. That's a historical park. It's on the National Register of Historic Sites. There's many, many needs there. Boilers, we had one explode, blow up, in the lower level of the lodge recently. So we're in the process of trying to replace those systems as quickly as we can. However, they take money. Sprinkler system, recently we replaced the water and sewer system throughout Fort Robinson. It was a little over \$2 million. It was a 1930 system. The septic lines and so forth were actually seeping out of the ground. It was an environmental concern, hazard, etcetera. We got that done, but the next step was to provide sprinkler systems into the large lodges and Comanche halls and so forth where the public stays, where the people stay. Again, it's a safety issue that current budgets we have cannot take of. So I think, you know, we meet a lot of the criteria. We provide a lot of jobs throughout the state border to border. Currently, we have a contractor doing work at Ponca, we have one at Champion, we have them all over the place. These are contractors or private business people. We also provide jobs for state employees. Many of these fixes, these infrastructure fixes, an example, the electrical distribution system at Mahoney State Park is one example--it was installed in 1987, it has a 20-year life expectancy, it's 22 years old--you know, that needs to be replaced. You have to have it in order to operate the park. It's the second largest tourist attraction in the state of Nebraska. So, you know, economy wise, I think health/safety wise, putting people to work, environmental, you know we meet all those criteria and so if there's any room or possibility for this funding to assist with those facilities or these state properties, I think it would be very beneficial. And a lot of them are long-term investments. Once you invest these things, you're probably going to get 20 to 50 years out of them. You know, they keep returning the investment. And, like I say, our park system receives over 9 million visits a year. It's a major economic engine, I think, for the state of Nebraska. So with that, I see the red light is on so if I can answer any questions, I'll try to. [LB680]

SENATOR HEIDEMANN: Thanks, Roger. I think the Appropriations Committee has a lot of interest in finding out how we can help out the park system, so we'll do what we can. I did notice that there's some of these projects actually are eligible for 309 funds. [LB680]

ROGER KUHN: Right. We partner a lot with 309 and currently in our budget we try to attack these problems each and every year in our capital budget. We receive 1 penny on each pack of cigarettes sold. That generates \$1.2 million a year. That was originally created for new capital development. However, in recent years we've spent about 100 percent of that towards maintenance. It's still not enough. We do use it to leverage and match with 309 to get certain things done, but it just isn't enough volume to keep up. So we are attacking it with that program but, really, that's the only program we have to try to

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attack this problem. [LB680]

SENATOR HEIDEMANN: Are there any other questions? Senator Nelson. [LB680]

SENATOR NELSON: Thank you, Roger, for these spreadsheets. This helps us get a better idea of the projects that you have, what needs to be done over a period of time, so. [LB680]

ROGER KUHN: Okay. Well, thank you, Senator. [LB680]

SENATOR HEIDEMANN: Thanks, Roger. [LB680]

ROGER KUHN: Okay. Thank you. [LB680]

CAMI WATKINS: (Exhibit 23) Good afternoon. [LB680]

SENATOR HEIDEMANN: Welcome. [LB680]

CAMI WATKINS: My name is Cami Watkins. I am the Cool Cities campaign coordinator for the Sierra Club. I'm here representing the National Sierra Club's Cool Cities Program. Just for those that aren't familiar, the Cool Cities Program is an organization that works with cities and counties across the country in addressing different climate change and energy efficiency issues across the country. Again, I'm not as prepared. I have some great handouts for you guys but, unfortunately, I didn't have a chance to get them copied. So I definitely will try to get those to you later, but I do wanted to just come out in support of...overall support for the state energy programs that come out of the stimulus funding, as well as the energy efficiency conservation block grants that are coming from the stimulus money. We've talked a lot about renewable energy, which is a great opportunity for Nebraska, but I think another thing that definitely warrants some attention and the reason why we need these funds infused in Nebraska is the energy efficiency dollars that are going to come from the ARRA. I'm just going to run through a couple quick programs and when I get these documents to you, the Sierra Club has actually developed several documents in terms of just laying out highlights of the state energy program, the different activities that are eligible, how we can apply for them, and examples of other states and what they're doing that can give us kind of a sense of what we can use the money for. Some of the programs that are available to receive funds for the state energy grant are: public education, to promote energy efficiency and renewable energy; transportation energy efficiency programs; energy audits of buildings and industrial facilities. And as we know in Douglas County in particular, about 29 percent of our greenhouse gas emissions come from residential housing and about 27 percent comes from commercial. So we're seeing that the majority of our emissions or energy use comes from homes and buildings, so what we can do in terms of getting money infused to take care of reducing some of that energy use will be a great savings,

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not only to upon our public utilities and the demand that they have to deal with, but also it's a savings in terms of utility and energy costs to our homeowners and renters. Another program is promoting energy efficiency as an integral component of economic development planning, and then also providing education and training to building designers and contractors. And this is all based on state energy. I'm just going to jump quickly to the energy conservation block grants. I don't know if we've talked a lot about those programs and the availability, but there's lots that is actually available from that program, including recycling and infusing money into recycling programs; hiring consultants, doing programs that deal with doing energy audits on commercial, governmental, and residential buildings, as well as dealing with energy efficiency retrofits, which I think is something that the state definitely needs, particularly looking at a lot of the old buildings that we see around the cities, and this will help in terms of answering a need that I know that many of our mayors are starting to call for in terms of retrofitting some of these older buildings. At that, I'll just kind of open it up to questions and I'll be happy to answer what I can. [LB680]

SENATOR HEIDEMANN: Are there any questions? Seeing none, thank you. [LB680]

CAMI WATKINS: Thank you. [LB680]

BOB SIVICK: Good afternoon, Senators. I want to thank you for affording the public this opportunity to address you. My name is Bob Sivick. I am the Howard County Attorney and I am here on behalf of Howard County. For those of you who may not know, Howard County is the county immediately north of Hall County where Grand Island sits. Its county seat is St. Paul. The specific reason why I'm here is regarding Highway 281. Highway 281 is a highway that runs north from Grand Island and through Hall County and into Howard County. It's a very safe, a very well-built, divided four-lane highway. Just north of St. Libory, Nebraska, it goes back to a two-lane highway, which is what it was originally. This...I've been county attorney since 2007 but I am told from people in Howard County and in St. Paul that this project was supposed to be completed, four-lane highway all the way to St. Paul, for a number of years ago and Howard County officials and St. Paul officials have been trying to get the rest of the job done to no avail for a number of years. It's a project where the rights of way have been acquired, most of the engineering has been done. The phrase "shovel ready" would apply to this project. A recent article in the Omaha World-Herald said that 10 of the 93 counties in the state are growing in population. Howard County is one of them, not a great deal of growth, between 1 and 2 percent, but that's because Howard County is north of Grand Island and Grand Island acts as an economic engine and a jobs engine for Howard County and for St. Paul. It's no coincidence that the counties, the areas of the state that are growing in population are the Omaha and Lincoln metropolitan areas and areas along that I-80 corridor. This is a project where the state Department of Roads would complete another two lanes for ten miles and it would have a great deal of effect on that area and on the central Nebraska area as far as jobs creation, as far as safety. The

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local chamber of commerce, the St. Paul economic development director have had a great deal of trouble getting any employers of any size to locate in the St. Paul area or the Howard County area primarily because of this road, a safety issue. It's a road that we have a number of 18-wheel trucks that transport grain and livestock along there and most of these folks that they're trying to court for economic development are scared away by that road because it is not safe. As you know, if for no other reason than from Senator Pirsch's bill, county attorneys are also county coroners in the state and I serve as the county coroner for Howard County. Howard County is a county that's shy of 7,000 in population, but I can tell you, since November of 2007, when I took office, I've had two coroner calls for traffic fatalities along that section of Highway 281. So it's not just an economic development issue. It's a safety issue. I know that there's been a lot of talk about this economic stimulus package. There's been discussion of whether or not state government...or federal government should be funding this or funding that, bailouts, bonuses, etcetera, and those are all issues that are legitimate and should be discussed. And I'm not here to discuss them, but I will submit to you that it is a function of government to provide this basic infrastructure to its community, and I will also submit to you that state government has failed to provide this infrastructure for the rural areas. Now I know most of the people in this state live in Omaha and Lincoln and until just a few years ago I also lived in Omaha. But I don't think you could find a project that would give the state more bang for the buck as far as economic development, and I'm not just talking about employing workers to build the road and the services that they would consume, but I'm also talking about jobs that would be created. Again, unless areas have access to roads, specifically the interstate, they are cut off from the economic lifeblood of the area, of the state and of the country. Areas of the state that do not have access to these roads, that is economic bloodstream, are withering and dying on the vine. So I would ask that you consider this project. I just found out about this hearing yesterday so I don't have any handouts or things like that or any figures for you, but certainly if anybody wants to call me, I can provide that to you. I would just ask that you consider that. I think it would do a world of good. If economic development is the goal here, this would be a worthwhile project. Thank you. [LB680]

SENATOR HEIDEMANN: Senator Nantkes. [LB680]

SENATOR NANTKES: Thank you, Mr. Sivick. Can you tell me, where does the Highway 281 project currently fit in to the Department of Roads' priority designation and list for their work? [LB680]

BOB SIVICK: It's not on the list this year and it's not been on the list for a number of years. I assume...have you traveled that road? [LB680]

SENATOR NANTKES: No. [LB680]

BOB SIVICK: If you travel the road you'll see it's divided four lanes through Hall County

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from Grand Island into Howard County. Once you get north of St. Libory it goes back to two lanes, but you can see as you drive on this road, if you look to the east, you can see where the road bed is supposed to go for that additional two lanes. I don't know when the project was supposed to have been done, but I'm told it's been sitting for 10-15 years, and I know people there in the community that have been trying for years and years and years to get the Department of Roads to complete this project. [LB680]

SENATOR NANTKES: Okay. And did you...I'm sorry, maybe I missed it, but did you have a general estimate in terms of what the costs would be for a project like that? [LB680]

BOB SIVICK: I don't know. I'm not an engineer. [LB680]

SENATOR NANTKES: Okay. That's okay. [LB680]

BOB SIVICK: But just...I'm sure you folks controlling the purse strings know what...probably have a good idea of what ten miles of two lanes would cost. [LB680]

SENATOR NANTKES: Yeah. Okay. Thank you. [LB680]

SENATOR HEIDEMANN: Senator Fulton. [LB680]

SENATOR FULTON: Got a comment. Driven 281 a number of times on my way to Burwell and I know exactly what you're talking about. Could I ask if someone from your county could provide a breakdown of what the costs are, because we don't, at our disposal anyway, right away, have an idea of what the cost is and I don't recall that 281 was on the list in the Department of Roads. But if indeed this is something which is shovel ready and would be appropriate for ARRA funding, it would help to have a breakdown of, you know, how much, when, how much the overall project would be. If you could provide that to our office... [LB680]

BOB SIVICK: I will. I will provide it to all of you. I will talk to Jay Meyer, the county roads superintendent, and get that to you. Again, I apologize, I just got the call on this yesterday and I was asked to come down so I didn't do my homework so...and I apologize. [LB680]

SENATOR FULTON: Thank you. [LB680]

SENATOR HEIDEMANN: I think the state's portion is approximately \$150 million approximately. I think it would have been nice to get almost \$1 billion and maybe we could build some expressways around here which a lot of people would like to see. I encourage you to get a hold of your highway commissioner from your district and let him know your concerns also. I think that would be very helpful for you. So thank you for

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coming in and testifying today. [LB680]

BOB SIVICK: Thank you, Senators. I appreciate your time. [LB680]

SENATOR HEIDEMANN: Is anyone else wishing to testify under the category of energy, environment, natural resources, or transportation? Seeing none, we will go on to the next category, the next category being state fiscal stabilization, education fund, and other government service fund, and state fiscal relief, including enhanced Medicaid FMAP. Would anyone like to testify underneath that category? Welcome. [LB680]

ROGER BREED: Senator Heidemann, members of the Appropriations Committee, I'm Roger Breed, B-r-e-e-d, the Commissioner-elect. I'm kind of in-between jobs. Elkhorn has said don't let the door hit you on the way out; they don't open the door until Monday, so I'm here representing, I guess, myself. Please know I fully appreciate the difficult role the Appropriations Committee has in economic times that are tough. I have a brief statement in support of using the state fiscal stabilization funds to fund TEEOSA, the formula going forward over the next two years, and then I'll invite your questions. Providing assurances at this time of the use of the \$234 million in state fiscal stabilization allotment to fund state aid to K-12 public schools over the next two years would accomplish, in my mind, several things. First, as the April 15 date approaches, the mandatory teacher contract renewal date, school districts would be able to plan for adequate funding for staffing and would avoid wholesale layoffs of certificated and support staff personnel. Second, stability in the General Fund budgets of school districts will allow the possibility for a better use of the additional title funds which number \$61 million over the next two years, and special education IDEA funds which number \$80 million over the next two years to address needs and to invest in one-time long-term assets. Third, distribution of the stabilization dollars through the state aid formula assures that the dollars will flow in the pathways towards equity and need that have been deliberated and agreed to by the Legislature since 1990. And fourth, offering stability in general funding over the next two years allows the Legislature and the education community time to make adjustments and implement the plans for a sustainable and predictable level of funding in 2012, 2013 and beyond. I thank you for your attention, for the difficult work you do. Are there any questions? [LB680]

SENATOR HEIDEMANN: I have a quick comment. Even though you haven't taken the job officially, it's been a pleasure working with you and I look forward to working with you as a senator in the future. [LB680]

ROGER BREED: Thank you, Senator. [LB680]

SENATOR HEIDEMANN: Are there any questions? Senator Hansen. [LB680]

SENATOR HANSEN: Thank you, Roger, for coming today. How many teachers would

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be...would you expect to be riffed this year without some stimulus money or the \$100 million that we're planning on putting in there prior to that? [LB680]

ROGER BREED: Well, it's...you know, which figure do you want to use? [LB680]

SENATOR HANSEN: Well,... [LB680]

ROGER BREED: If we stay where we're at... [LB680]

SENATOR HANSEN: Can I have both? [LB680]

ROGER BREED: (Laugh) If we...and if I had my crystal ball. If we stay where we're at, around \$825 million, where we anticipated a 12 percent increase, whatever percentage of your budget going forward, if it would be the same across districts--of course, all districts are different--then you could anticipate a similar cut in personnel. If 80 to 85 percent of school district budgets are people then, treating it as a singular district, you could look at, you know, literally hundreds of layoffs across the state. [LB680]

SENATOR HANSEN: Okay. Thank you. [LB680]

SENATOR HEIDEMANN: Senator Nordquist. [LB680]

SENATOR NORDQUIST: Thank you, Mr. Breed. Thank you for your willingness to serve...continue your service, I should say, to the citizens of the state. I asked Gerry earlier about tracking these dollars separately from state aid, and I was just wondering if you've given any thought to that and how we're going to work with school districts to make sure that they maintain that separate tracking and transparency. [LB680]

ROGER BREED: Well, yeah, the thought I had was the image of myself in an orange jumpsuit with a number on it (laughter) if we don't do it properly. The ARRA calls for transparency and for clear tracking. That will be something that we'll be working very hard on the department. And I just came back from NRCSA out in Kearney and had a cracker barrel session for an hour and a half and 95 percent of the questions were on that topic--how do I, in a small school district, now getting three separate funds, do the accounting, do the tracking? Because I think people want to do it properly and want to use it for proper purposes and certainly understand transparency. We have started the process to give it some thought and I think Mr. Oligmueller probably indicated that also. We've had a meeting. We have people thinking and working on it at this time. The intent is before the budget year goes in September 1 that we would have in place the budget documents and the procedures so that people, the first day, the first expenditure of the money, would know how to track it. Because if you do it that way it's much easier to do your accounting up front than it is to try to recreate it after you've expended it. My wife teaches me that every month with the checkbook. [LB680]

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SENATOR NORDQUIST: Yeah, that's right. Thank you. [LB680]

SENATOR HEIDEMANN: Senator Mello. [LB680]

SENATOR MELLO: Mr. Breed, I'd like to thank you for your testimony. And just a couple questions similar to what I asked Director Oligmueller, in his testimony, which is if we travel this path of putting \$234 million in our current state aid formula aren't we essentially just delaying two years of cuts and hard decisions with education funding, knowing that we're not going...at least my understanding from the plan is that we're not going to stay and maintain that \$234 million in two years? [LB680]

ROGER BREED: The analogy is, and I don't know if Gerry used it or not because I wasn't here for his testimony and I apologize for that, is that we've started the car and it's traveling along the edge of the cliff and it will go over the cliff in two years. And the question is, how far will it fall? And if we do nothing, you know, I guess all of us riding in that car, which would be me and, you know, 255 superintendents, we'd all die. And some people would say that was a good thing, you know, but for the most part I think what we're doing now is we're either going to deal with a cliff decision now or we're going to deal with it in two years' time. The difference between now and two years is, is the glass half full or is it half empty? If it's half full, we hope things begin to turn around and we can have a conversation about making ends meet two years from now. [LB680]

SENATOR MELLO: Do you also, I guess as a follow-up question, there are other options that are still available to the Education Committee and to the Legislature as a whole in regards to how to deal with this \$234 million. And Senator Hansen, and all joking aside, mentioned that currently our appropriation in our preliminary budget is \$100 million of state General Funds. That's still an option that's available if the Legislature and the Education Committee would choose to go down that path and still provide. There's a mechanism so that \$234 million could still flow to school districts for one-time funding needs, is there not? [LB680]

ROGER BREED: If the formula is fully funded then there is a provision for that money to go to higher ed or to go through...back through to K-12 school districts through a Title I allotment. It's not used for Title I purposes. Title I allotment is just the formula that you would use to distribute the money. [LB680]

SENATOR MELLO: Thank you. [LB680]

ROGER BREED: Uh-huh. [LB680]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thanks, Roger. [LB680]

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ROGER BREED: Thank you. [LB680]

SENATOR NANTKES: I'm sorry. Can I ask one? [LB680]

SENATOR HEIDEMANN: Senator Nantkes. [LB680]

SENATOR NANTKES: I'm sorry. I'm sorry. Mr. Breed, thank you. [LB680]

ROGER BREED: I almost got away. [LB680]

SENATOR NANTKES: Sorry. Sorry. Well, I just wanted to give you a chance to maybe provide some additional detail or information for this committee in regards to I believe some communications that the Department of Ed has had with members of our federal delegation and the federal Department of Education in regards to how this money will be utilized to ensure it's not replacing existing state obligations but rather supplementing and not supplanting those, and I just wanted to give you the opportunity to maybe talk about that... [LB680]

ROGER BREED: Okay. [LB680]

SENATOR NANTKES: ...and provide the committee some assurances for how that plan will work as we move forward. [LB680]

ROGER BREED: Well, the communication, I assume you're referring to Senator Nelson's letter. [LB680]

SENATOR NANTKES: That's one that I've seen. I don't know if there's been other ones or not but... [LB680]

ROGER BREED: Yeah. It requested a... [LB680]

SENATOR NANTKES: I know you're getting a lot of guidance from the department... [LB680]

ROGER BREED: Right. (Laugh) [LB680]

SENATOR NANTKES: ...the federal Department of Education as well, and so... [LB680]

ROGER BREED: Right, and other people too. [LB680]

SENATOR NANTKES: And other people. [LB680]

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ROGER BREED: And some of them are here. [LB680]

SENATOR NANTKES: Okay. [LB680]

ROGER BREED: The request from Senator Nelson's office was a listing by...was taking that \$234 million and showing what would happen through our Title I formula on a per district basis. That list was compiled and was sent out. The, you know, the other options that are available to us have been weighed. You know, again, the two words none of us want to utter are "tax increase," but in the absence of revenue your choices, as this committee well knows, are one of two things, and that is to cut or to increase taxes. The third option that's presented us now is the use of the stimulus money through the federal government. Having weighed all of those options and looked at the possibilities in the future, I think our perspective in the department and as an advocate for school districts is that the use of the stimulus money to fund the TEEOSA formula to the degree that we can over the next two years is the best possibility we can hope for. [LB680]

SENATOR NANTKES: Okay. Thank you. [LB680]

ROGER BREED: Fair enough? [LB680]

SENATOR NANTKES: Fair enough. [LB680]

SENATOR HEIDEMANN: Senator Mello. [LB680]

SENATOR MELLO: Commissioner Breed, one more question. Would it be safe to say that we have a fourth option, too, which is the state's Cash Reserve, is a fourth option? Would that be safe to say? [LB680]

ROGER BREED: Yes. Yes, I'm sorry I didn't mention it. [LB680]

SENATOR MELLO: Would it be safe for us to say that the more money we would put through the TEEOSA formula, and you can include the stimulus money as well, would ultimately lower property taxes in the long run on local school districts if we provided them more funding from the state? [LB680]

ROGER BREED: It would vary from district to district, as it always does. But as a general concept, you could make that argument. The, you know, the ideal situation is to not have a fiscal dilemma... [LB680]

SENATOR MELLO: Uh-huh. [LB680]

ROGER BREED: ....at this time, to have our revenues flowing as they were a mere ten months ago. But in the absence of that and in the absence I think of the options I just

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went through for the senator's questions, that I think our best option is to still use the stimulus money in this format. [LB680]

SENATOR MELLO: All right. Thank you. [LB680]

ROGER BREED: Okay? You bet. [LB680]

SENATOR HEIDEMANN: Seeing no other questions, thank you. [LB680]

ROGER BREED: Thank you. [LB680]

SENATOR HEIDEMANN: I do at this time...come on up. I do at this time want to also note that we have a lot of letters that we have been...have received in support of various ideas on different categories. We will put those letters into the record. So thank you for those. (See Exhibits 1, 2, 22, 24, 25, 26, and 28.) We need a page. [LB680]

RON WITHEM: (Exhibit 16) Hopefully I'll be done with my testimony before they all get distributed because I have very, very short remarks to make. Senator Heidemann, members of the Appropriations Committee, I'm Ron Withem representing the University of Nebraska, and I'm here today to ask the Appropriations Committee to consider, along with all of the other difficult issues you have to deal with, the impact on higher education of any decisions you make regarding the distribution of the ARRA funds. In doing so, I'd like to remind you that the purpose of the stimulus package is to preserve and create jobs and promote economic recovery. Note I have underlined the word "preserve." A little over three weeks ago President Milliken appeared before this committee and indicated that, even if your preliminary budget of the committee is enacted, we will still have a shortfall of \$45 million over the biennium. That is assuming that we meet the...what we consider to be the essential needs of the university in terms of salaries, utilities, etcetera, assuming no increase in tuition. If we assign 80 percent of that shortfall to personnel, the result is the elimination of as many as 600 good jobs across the university. If the jobs are to be protected at the university, the state needs to make judicious use of the stimulus funds. Since the committee's preparation of the preliminary budget, additional bad news has arrived. Recent newspaper article identified the current gap between spending commitments and likely revenue as being over \$200 million. I'm sure the committee has a better handle on what the exact number is. We recognize that although higher education is mentioned in the stabilization language of ARRA, Nebraska's unique budgetary situation makes it highly unlikely that any stimulus funding will come directly to the university or to any of higher education. However, in making decisions regarding distribution of the stimulus funds, you can have an impact on higher education by allocating the funds in a manner that frees up existing state revenues to meet the core needs of the state, such as funding a strong, higher education system. Please consider the needs of higher education as you distribute these funds. And I will be happy to attempt to respond to any questions. [LB680]

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SENATOR HEIDEMANN: I would like to note that even though that right now we have you pegged in at a 1.2 percent spending increase, it is an increase. We realize that the university, the state colleges, and the community colleges have difficult budgeting decisions before them. Are there any other questions? Seeing none, thanks, Ron. [LB680]

RON WITHEM: Thank you. [LB680]

SENATOR HEIDEMANN: Out of curiosity, at the present time can we get a show of hands of who was still intending to testify on LB680? Doesn't matter what category, just who's planning to testify? Not too bad. Thank you. [LB680]

BRENDON POLT: (Exhibits 17, 18) Good afternoon, Chairman Heidemann and members of the committee. My name is Brendon Polt, that's P-o-l-t. I'm here representing the Nebraska Health Care Association, and that's a private trade association representing about 200 nursing homes and 200 assisted-living facilities, both proprietary and nonproprietary. And first of all, thank you very much for introducing this bill and seeking public comment. The irregularity of receiving these funds I imagine presents as many challenges as it does opportunities for the state, so I empathize with that. Today I'm speaking only to the 6.2 percent of FMAP increase, or federal matching percentage, or maybe more specifically, the state match associated with that federal match increase. On Monday at the mainline budget hearing for the Department of Health and Human Services, I advocated that because the intent of the Medicaid component of stimulus is specifically to protect and maintain state Medicaid programs, including by helping to avert cuts to provider payment rates and benefits or services, use of these funds to pay rates should not be completely disregarded because low rates and unprecedented losses facing providers are a cut in real dollars and will result in cuts in benefits and services. So that being said, as someone trained in public and private budget and finance, I can't completely discredit the viewpoint that exists even with members of this committee that since stimulus funds are temporary they shouldn't be obligated beyond receipt of the funds and that time frame. So I empathize with your challenging decision. What I mean to tell you is I present for you two options, and you'll either take one paradigm, and that's one-time projects, or you might build them into the base, and I believe either decision is appropriate. If the committee does take the position to allocate funds towards temporary one-time projects, we ask your consideration of the following. You'd allocate the state General Fund match associated with the FMAP increase and allow providers to request grant funds for one-time projects that would stimulate local economies in the same proportion that that provider group uses state Medicaid funds in general, or 348 funds. So, for example, home health uses 2.6 percent of regular Medicaid funds, assisted living is 5 percent, hospitals are 14.9 percent, nursing homes are 20.5 percent. But so those provider groups could request use of funds for one-time projects. The reason I say this is that our healthcare

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infrastructure is in desperate need of maintenance and/or modernization. For example, all nursing facilities have to be sprinklered by the year 2013. We have about 60 facilities, estimated, statewide that are not fully sprinklered and the cost to fully sprinkler a nursing home is \$250,000. By 2013 this is going to be crippling to the industry. Another example: A facility might request grant funds for security improvements. As behavioral health reform is unfolding, we're seeing the need for security improvements in nursing homes and assisted-living facilities for behavioral residents or even those with dementia issues. Medicaid reform relies on development of additional assisted living or independent living throughout the state with access to healthcare services. These are the types of improvements that could be requested with one-time funds. So I'm receiving numerous, as all of the media about stimulus funds is unfolding relating to Medicaid, I'm receiving numerous requests from members of our association asking, well, what types of things might this money be used for by a healthcare facility, and I tell them to hold on, there's a lot of decisions to be made. But in those e-mails, they keep on sending me specific projects and so I thought I'd just touch on a couple of those. And I remind you that some of these projects are quite expensive and so they would not only...they might request just a small fraction of state funds but then the matching funds could stimulate quite significant development. For example, and I see my time is about to expire, \$3 million is needed by Chadron Health Services for development of an Alzheimer's unit. Tabitha could use over \$5 million in funds creating 50 jobs. Good Sam in Atkinson is in need of \$500,000. If they were to receive just portions of these, the private development associated with that grant would be enormous, plus the ongoing jobs and economic development created with the ongoing operation of a facility. So I have attached and what you've received is some examples I just pulled out of my e-mails and wanted to just show you. There's a lot of need out there in long-term care. And so with that, I thank you for your time and I just want to remind you that all of these projects are perfectly consistent with congressional intent and the President's plan for stimulus associated with the ARRA. Thank you. [LB680]

SENATOR HEIDEMANN: Thanks, Brendon. Are there any questions? Seeing none, thanks. [LB680]

BRENDON POLT: Thank you. [LB680]

SENATOR HEIDEMANN: Welcome. [LB680]

MATTHEW WILLIAMS: Senator Heidemann, thank you. My name is Matthew Williams, M-a-t-t-h-e-w W-i-l-l-i-a-m-s. I'm with Kearney Public Library and we're a little unique when it comes to education because we serve people from early childhood until they're quite old, and we have a shovel-ready project that I'd like to talk to you about. A couple weeks ago my city manager asked me to go out and look for some of those stimulus funds and so I spent a good deal of time on the phone with various organizations and departments. And when I heard about this, I thought it was a great time to come down

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and tell you about it. Libraries, as you know, are getting busier and busier. With the economic downturn, many people, are turning to us. At Kearney, we've had an 80 percent increase in our circulation the last five years and we are now the third largest circulating library in the state, behind Lincoln and Omaha. In Kearney we've had layoffs at Eatons, Baldwins, Chief Industries. These people are now frequenting the library. They're using our computer labs because they need to find jobs, they need to apply for jobs on-line. They need to write resumes and cover letters. They need help from our staff. And also, people are turning to the library because they need a source of education and recreation that doesn't cost them a lot of money. And so over the last couple years we've been developing a plan to increase the size of the library. We're going to double the size of the library. The library is 35 years old and our circulation, our amount of books and other materials in the library have just increased exponentially over those 35 years. We now have a circulation of over a half a million. And so this is a shovel-ready project. We are ready to break ground in the fall of 2009 and be done in two years. This would double the size of the library. It would vastly increase the amount of space for collection for public meeting for the community, for the youth and young adults, and it would also double the size of our computer lab. I'll open it up to questions now, if you have any for me. [LB680]

SENATOR WIGHTMAN: Yeah, Senator Nelson. [LB680]

SENATOR NELSON: Thank you. Thanks for testifying. Early childhood education, how does that fit in here with your library? Did I misunderstand? [LB680]

MATTHEW WILLIAMS: Well, what I'm saying is this is lifelong education. This is self-education from early childhood up until old,... [LB680]

SENATOR NELSON: Oh, okay. [LB680]

MATTHEW WILLIAMS: ...elderly,... [LB680]

SENATOR NELSON: All right. [LB680]

MATTHEW WILLIAMS: ...including homeschooling, including visits to schools, school tours of the library, homework of course. [LB680]

SENATOR NELSON: I understand. Okay. Thank you. [LB680]

SENATOR WIGHTMAN: Thank you, Senator Nelson. Any other questions? Thank you, Mr. Williams,... [LB680]

MATTHEW WILLIAMS: Thank you. [LB680]

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SENATOR WIGHTMAN: ...for being here and testifying. Welcome. [LB680]

JIM THIBODEAU: I have a handout. [LB680]

SENATOR WIGHTMAN: Yes. Do we have a page here or did they leave? [LB680]

JIM THIBODEAU: (Exhibit 19) Hello, Senators. My name is Jim Thibodeau, J-i-m T-h-i-b-o-d-e-a-u. I'm general counsel at Metro Community College and I'm here today to talk to you a little bit about our Fremont Center and the renovation project that we're just about to embark on. We've had a presence in Fremont since 1986. We had pretty much a store front facility there. And in 2007 we moved into the 76-year-old, old junior high school in Fremont. It's three stories. We renovated the first two floors in 2006 and 2007. We've been holding classes there since 2007 and we lease a large part of the first floor to the Nebraska Department of Labor. They use it as a regional work force development office. We're now just about to start the renovation of our third floor. Once we complete that, we'll be increasing teaching space by a little over 14,500 square feet. The planned use of our third floor is to add nine flexible use classrooms that can be used for various different kinds of classes. We'll also have three state-of-the-art learning labs, one computer lab, one emergency medical services lab, and one for...it will be a data center training lab. We're particularly excited about the data center lab. It will be the first teaching data center program in the Midwest. As you know with Yahoo and Google and other companies coming in, they have a great need for trained employees who can go work there and be from the area. We've had conversations with various companies that we could partner with. And in addition to that third floor renovation and the addition of the classrooms, we're also starting the project of updating the electrical and mechanical, the heating and ventilation, for the entire building. We're actually going to have to stop having classes there for one quarter. We'll be using classroom space that we've worked out with Midlands College. The board of governors approved the awarding of these contracts, the contracts for the mechanical and the electrical, at its board meeting on...two days ago, Tuesday night. We're still in the process of finalizing the renovations for the interior of the third floor. Due to some funding issues, we've had to kind of delay that a little bit longer than we had planned to. We anticipate that the investment in the local economy for this renovation will create 26 jobs and result in about a \$1.7 million infusion into the Fremont and surrounding economies. We encourage the general contractors to use as much, as many local subcontractors and local suppliers as we can, and we expect to have the mechanical and electrical work done by the end of May. We hope to have the whole thing done by the end of the year. The college had planned to fund the renovation and the upgrades partly out of its capital fund, partly from grants, and partly from community investment. With the recent downturn in the economy, though, we've had a more difficult time securing some local investment than we had anticipated and I'm here today to explain this project to you and hopefully impress on you the importance of it and the value for a one-time investment, the kind of returns that not only Fremont but the whole area will be able to reap for

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years to come. You know, we believe that Metro Community College is more than just a school and a series of buildings but a vital part of the economic engine of its four-county area and beyond, and we believe this is a very worthwhile project that's certainly worthy of consideration for some of these stimulus funds. If you have any questions, I'd be happy to answer them. [LB680]

SENATOR WIGHTMAN: Thank you for your testimony. Do we have any questions? Seeing none, thank you. [LB680]

JIM THIBODEAU: Thank you. [LB680]

SENATOR WIGHTMAN: Anyone else wanting to testify on the section state fiscal stabilization, education fund, and other governmental services and state fiscal relief? If not, we'll move on to the next section, education. You are here on education, is that correct, or were you on the last? [LB680]

LIZ STANDISH: I can go either way... [LB680]

SENATOR WIGHTMAN: No. [LB680]

LIZ STANDISH: ...so if we're moving on to education, let's move on. [LB680]

SENATOR WIGHTMAN: No. Come on. You're welcome. [LB680]

LIZ STANDISH: Okay. [LB680]

SENATOR WIGHTMAN: Just trying to figure out what category to put you. [LB680]

LIZ STANDISH: (Exhibits 20, 21) Well, they blend together. Committee members, good afternoon. My name is Liz Standish, spelled S-t-a-n-d-i-s-h. I work in general administration for the Omaha Public School District and I'm here just to speak specifically in the area of education as it pertains to the act. I'd like to highlight three key considerations and about...for your deliberation about ARRA funds I'd also like to request a legislative change necessary for school districts to use the interest-free bonding authority that's provided in the act. Specifically, the American Recovery and Reinvestment Act includes \$22 billion worth of interest-free bonding authority for new construction, rehabilitation or repair of a public school facility. Our school district would like to have the option to use those interest-free bonds. The way it works is that the school district utilizes the bonding authority and would be required to repay the principle but not the interest, and the bondholders would receive a tax credit from the U.S. Treasury in lieu of interest payments from the district. So this is a cost savings for taxpayers. It's also an opportunity for the school district to address some needs. We've provided a handout with some suggested legislation. The provisions are already in

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place. They pertain to the qualified zone academy bonds and so it's really just taking those provisions and expanding them out to include the build America bonds provided for in the act. It seems as though it's something that we need as a school district just to have the option. We would still stay within the levy limits. All the other rules related to bonds would apply. All the other procedures, processes, and public hearings for budget adoption would also apply. I'd also like to just highlight a few of the key principles as it relates to the American Reinvestment and Recovery Act. We know that there are four principles that guide the act. We also know that the funds must align with the federally defined core assurances. We know that the state must make assurances and document progress to receive the second portion of the funds. And we also know that accountability, transparency, and tracking are paramount with these funds. For those reasons, we do not believe that ARRA funds can simply be a replacement for general operating funds of a school district. If the funds were appropriated through the TEEOSA formula for a replacement of general operation, school districts would be challenged to find different activities that they have in their budget to align to the federally defined assurances. So we believe that's very important to keep in mind. The separate tracking and the expectations of the funds are very different than general appropriation funds from this committee through the Legislature to the school district. It's just an opportunity for us today to share. We've participated in many webinars, teleconferences, meetings, and we know that there might even be new federal guidance as early as next week. So this is what we know for today and wanted to provide you with an update. I'd be happy to answer any questions you may have. [LB680]

SENATOR WIGHTMAN: Thank you for your testimony. Senator Nordquist. [LB680]

SENATOR NORDQUIST: Yeah, I just had a quick question on the build America bonds. So there's \$22 billion worth of it? Is that a...how is that going to be distributed? Is it on kind of a first come, first serve? Your school district, if OPS wants to go forward with one of these bond, I mean how... [LB680]

LIZ STANDISH: The preliminary calculations we've been given is that OPS would be authorized for a little over \$35 million. [LB680]

SENATOR NORDQUIST: Okay. Okay. There's a specific amount. Okay. [LB680]

SENATOR WIGHTMAN: Any other questions? [LB680]

SENATOR NANTKES: I have a question. [LB680]

SENATOR WIGHTMAN: Yes, Senator Nantkes. [LB680]

SENATOR NANTKES: Thank you. So this proposal that you've brought forth in regards to the statute change that would be required to qualify for those bonds essentially has

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no fiscal impact for the state but, rather, is just a statutory change. Is that right? [LB680]

LIZ STANDISH: Correct. [LB680]

SENATOR NANTKES: Okay. [LB680]

LIZ STANDISH: We would require the statutory change in order for the school district to have the opportunity to take advantage of the funds in the act. [LB680]

SENATOR NANTKES: Great. Thank you. [LB680]

SENATOR WIGHTMAN: Is there any pending legislative bill that you think could be worked into a statute at this point? Is there anything pending that's similar to your proposed statutory change? [LB680]

LIZ STANDISH: I didn't think that far in advance as to where this could go. I know that the Education Committee has finance bills that deal with some of the same areas of statute. I'm not sure if it's these specific statutes, but some of the same areas. [LB680]

SENATOR WIGHTMAN: Thank you for your testimony. [LB680]

LIZ STANDISH: Okay. [LB680]

SENATOR WIGHTMAN: Any other questions? Thank you. [LB680]

LIZ STANDISH: Thank you. [LB680]

SENATOR WIGHTMAN: Welcome. [LB680]

KEN FOSSEN: Good afternoon. I'm Ken Fossen. I'm the associate superintendent for the Millard schools in Omaha. I'll be very brief because we're here just simply to support the positions and rationale taken by Commissioner Breed, especially with regard to the distribution under the TEEOSA formula. TEEOSA formula has been around for a number of years, I believe Roger said since 1990. It involves all kinds of provisions with regard to head count, number of students that you have, the poverty students you have, the...even the property values in your districts. It's a somewhat complex formula that has been developed that represents the unique interests that every one of the school districts in the state might have. So we would encourage you to use that avenue for the distribution of the funds. [LB680]

SENATOR WIGHTMAN: Thank you for your testimony. Do we have any questions? Thank you. [LB680]

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KEN FOSSEN: Thank you. [LB680]

SENATOR WIGHTMAN: Anyone else with regard to the education portion? Welcome. [LB680]

JEREMY MURPHY: Thank you. Good afternoon, Senator Wightman, members of the committee. My name is Jeremy Murphy. I'm the...J-e-r-e-m-y M-u-r-p-h-y. I serve as associate director for education issues for the Nebraska Catholic Conference. The comments that I have might be more appropriate towards the SFSF funds that were discussed earlier, but it's our understanding there are two separate pots that that...that those stabilization funds are divided into. Eighty-two percent of that, roughly, is not accessible to private schools or their students. However, the state has more flexibility with the remaining 18.2 percent and basically the states must use the remaining 18.2 percent of their SFSF allocation for public safety and other government services. Those services may include assistance for elementary and secondary education and public institutions for higher education. We would note the absence of the word "public" before "elementary and secondary education," in that clause, and as mentioned by other testifiers, the 18.2 percent share can also be used for modernization, renovation, and repair of public school facilities and institutions, public or private, of higher education. In other words, services to students and teachers in private schools fall within these categories of allowable uses. Despite an advocacy effort on our part at the federal level, ARRA does not include an explicit requirement that SFSF monies serve children and teachers in private schools in an equitable way but neither does the act exclude such services under SFSF, and we would encourage the state of Nebraska to treat all students and teachers equitably regardless of the type of school. And I guess the analogy I would draw for the committee is Title I funding or funding under certain titles of NCLB, private school students and teachers are able to share equitably in that, for example, under Title I-A or Title II-D for educational technology grants, for IDEA money for students with special education needs, and I guess we think a similar argument can be made here to allow private school students and teachers to be able to equitably participate in at least some portion of the 18.2 percent of the stabilization funds. That's all I have. [LB680]

SENATOR HEIDEMANN: Thank you for your testimony. Are there any questions? Seeing none, thank you. [LB680]

JEREMY MURPHY: Thank you. [LB680]

SENATOR HEIDEMANN: Is there anyone else wishing to testify underneath the category of education? Seeing none, we will move on to the next category, which is law enforcement and military. Is anyone wishing to testify underneath that category? [LB680]

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SENATOR NORDQUIST: Show me the money. [LB680]

SENATOR WIGHTMAN: They're leaving in droves. [LB680]

SENATOR NANTKES: I know. I think Friend knows how to clear a room. (Laughter)  
[LB680]

SENATOR HEIDEMANN: Senator, did you turn your cell phone off? [LB680]

SENATOR FRIEND: I did. [LB680]

SENATOR HEIDEMANN: Okay. Thank you. [LB680]

SENATOR FRIEND: I can leave it on, if you'd like. Thank you, LaMont. Chairman Heidemann, members of the Appropriations Committee, my name is Mike Friend. Last name is F-r-i-e-n-d. I represent northwest Omaha, District 10 in the Nebraska Legislature. I'm here on...also on behalf of Senator Ashford. LB63 is a comprehensive, comprehensive violence prevention bill. We have an A bill attached to it that encompasses what we felt like is a need to create...actually, the original legislation creates, statutorily creates the Office of Violence Prevention and the A bill would provide funding for that office, based on the statutory authority. I can go down what I believe is a pretty general itemized list of...believe the A bill was set and we advanced it to Select File at \$455,000. I said, and I believe Senator Ashford spoke a little bit to this as well, that we believed at that time that this was a moving target. But I do have some itemized things in here that would indicate more or less why we asked for the \$455,000. I can tell you that the Office of Violence Prevention shall, more or less, because of the bill, LB63, will more or less be responsible for fostering and promoting the...and assessing violence prevention programs across the state and in order to accomplish this we believe that this office will need a director. We estimated that to be at about \$95,000 to \$100,000. I think Senator Ashford has a cheat sheet, \$85,000 to \$90,000. There are also...there are also itemized numbers in here that would include administrative assistants, an Office of Violence Prevention operating budget of \$100,000 and then grant money to be awarded by the Crime Commission to the tune of maybe \$225,000--\$455,000 for '09 and '10; \$459,000 for 2010-2011. Now let me sum up and you can ask me all the questions you want. I just came from Revenue. I don't live in a dream world. I know what we're up against. I believe that that number is difficult to achieve. With that, I believe that the money would go, based on the statutory language that we've created in LB63, would go to some really worthwhile causes, but so will everybody else's. So I'm telling you there's a number in here. I don't know what it is. I think we can put a director in place that can instigate and drive a lot of the efficiencies that I think that this office needs. I will leave it in the lap of the Appropriations Committee to decide what number, you know, that should be, but I can also distribute the breakdowns for you, if you'd like. So that would be it at this point. [LB680]

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SENATOR HEIDEMANN: I know there's various stimulus money that is flowing straight to the cities under various titles probably. Have you looked to see if you could utilize any of those funds over the next two years, thus alleviating the state maybe for a couple years, and then maybe we could go in and pick it up at that time? Have you looked into those? [LB680]

SENATOR FRIEND: I have, okay, and I'm kind of lukewarm on the whole thing, and let me tell you why. Byrne funding...Byrne funding is a...Byrne grants or Byrne funding created...I believe the gentleman's name was Edward, it was the Edward Byrne Memorial Justice Assistance Program. I don't know when it was created but the bottom line is I think we're going to get some funding there. The problem that I have with Byrne funding, if I have any problems with Byrne funding, is that I think the programs can be deemed necessary. What I'm concerned about is that paying local and state agencies to do what they're supposed to do anyway is a little troubling to me, but that brings us to the point you just made. If we can get through with some Byrne funding until...you know, we realize that this is stuff that we should be funding anyway, prevention programs in crime and violence, things we should be funding as a state and from a local standpoint. If we can just get through to that point, I think that there would be a value in Byrne funding. The COPS Program has been brought up too. Senator Mello and I have talked about that. COPS is difficult for me as well. It's a love/hate thing for me because I think that there are studies out there that show that these programs haven't been excruciatingly effective at preventing crime, mostly because a lot of that money goes right to what the cops were going to do...to the law enforcement agencies and what they were going to do anyway and what they were going to spend that money on anyway, and a lot of that isn't necessarily geared toward academic thought process in regard to violence prevention. So the short answer is, yes, I think we can supplement it, but I'd be awful worried about trying to stovepipe a bunch of money, you know, from Byrne funds or COPS funds to a great degree. [LB680]

SENATOR HEIDEMANN: Thank you. I appreciate the fact that you actually looked into that and, you know, when during the tough times that are before us, we try to get pretty inventive and... [LB680]

SENATOR FRIEND: I know, and I just wanted to reiterate. Like I said, you know where I sit. I sit on the other side and we're trying to figure out how to get your guys money. The problem that I have is if it's worth funding, let's talk as an Appropriations Committee and as a body as to whether we should fund it. I have agreed with Senator Ashford that I think it's worth funding. The key question is, what can we afford? [LB680]

SENATOR HEIDEMANN: Without raising taxes. [LB680]

SENATOR FRIEND: (Laugh) You know me too well. [LB680]

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SENATOR HEIDEMANN: Senator Hansen. [LB680]

SENATOR HANSEN: Thank you, Senator Friend, for being here. In your comment you said on LB63, \$90,000 approximately for a commissioner? [LB680]

SENATOR FRIEND: But Senator Ashford had numbers, \$85,000 to...I said \$100,000. I think I round...I... [LB680]

SENATOR HANSEN: Was there another \$100,000 for something else for... [LB680]

SENATOR FRIEND: I think...I think off...well, let me look at the...\$35,000 to \$40,000 for an administrative assistant salary and benefits, and then another \$100,000 for an operating budget for the Office of Violence Prevention. [LB680]

SENATOR HANSEN: Would you be any more receptive to this idea of using stimulus money for this if you used it in maybe three different ways, overtime, undercover, and education or prevention of gangs and graffiti, no cars, no new positions, doing what you're supposed to be doing? We're doing it for the law enforcement to be doing what they're supposed to be doing anyway, but give them a boost of...I mean across the state--I mean North Platte could use this too--... [LB680]

SENATOR FRIEND: Correct. [LB680]

SENATOR HANSEN: ...the first year. And Senator Ashford said on the floor, well, maybe two or three years down the way, you know, get some money, funnel it clear out in North Platte. Well, right off the bat, if we had some for officers doing what they're supposed to be doing anyway but paying for some overtime and some undercover and prevention. [LB680]

SENATOR FRIEND: As long...and maybe it would require more statutory authority in LB63. I don't think so, but I would be very...yeah, I'd be very open to that thought process. [LB680]

SENATOR HANSEN: And using stimulus money for that rather than hiring new people, buying cars, buying equipment that you're going to have to maintain... [LB680]

SENATOR FRIEND: Look, our... [LB680]

SENATOR HANSEN: ...and replace after four or five years. [LB680]

SENATOR FRIEND: Yeah, Senator Hansen, I don't mean to sound...our taxpayers in Nebraska funneled money to the federal government. That stimulus money coming

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back, even though we're credit carding a lot of it, that's our money too. And there's a long history of us in Nebraska not having the type of federal strength to get the money back that our taxpayers actually had already delivered to the federal government. So I understand exactly where you're going and I'd be very open to that thought process. The problem is, and a lot of you have heard me say this, I just worry about establishing something that we cannot maintain. [LB680]

SENATOR HANSEN: I agree. Thank you. [LB680]

SENATOR HEIDEMANN: Anyone...anybody else have any questions? Seeing none, thanks, Senator. [LB680]

SENATOR FRIEND: Thank you. Enjoy. [LB680]

SENATOR HEIDEMANN: Is anyone else wishing to testify underneath the category of law enforcement and military? Seeing none, we're going to move on to the next category of energy management, technology and science, tribal governments, and general provisions. Is anyone wishing to testify underneath that category? Seeing none, is anyone wishing just to testify with general comments? Does anybody wish to testify in opposition of LB680? Does anyone wish to testify in the neutral position on LB680? (See also Exhibit 29.) Seeing none, we are going to close the public hearing on LB680. [LB680]

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Disposition of Bills:

LB680 - Held in committee.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Committee Clerk